ATLANTIC GOLD CORPORATION
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED – MARCH 31, 2017 AND 2016

INTRODUCTION

This MD&A has been prepared as of May 25, 2017, and should be read in conjunction with the Company's unaudited condensed interim financial statements with accompanying notes for the three months ended March 31, 2017, as well as the audited consolidated financial statements with accompanying notes for the years ended December 31, 2016 and 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The objective of this MD&A is to help the reader understand the factors affecting the Company's past and future financial performance. All amounts are reported in Canadian dollars, unless otherwise stated. Additional information on the Company, including the Company's Annual Information Form can be found in the filings with Canadian security commissions on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Statements

This MD&A contains "forward-looking statements". Forward-looking statements include, but are not limited to, statements with respect to the Company's current review of potential mineral project investments and/or acquisitions, the estimation of mineral resources, the timing and content of upcoming programs, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, actual results of planned expansion activities; changes in project parameters as plans continue to be refined; future prices of resources; exchange rates for Canadian and other currencies; possible variations in grade or recovery rates, accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. In making the forward-looking statements in this MD&A, the Company has made certain key assumptions, including, but not limited to, the assumptions that merited mineral assets or projects can be acquired and financings are available. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update or revise any forward-looking statements or information made in this MD&A, except as required under applicable securities legislation.

C O M P A N Y   P R O F I L E

Atlantic Gold Corporation ("Atlantic", or the "Company") is a company listed on the TSX Venture Exchange with a registered office at Suite 3083, Three Bentall Centre, 595 Burrard Street, Vancouver, B.C. Canada.

The Company is a Canadian-based exploration and development gold mining company engaged in the acquisition, exploration and development of precious metal mineral properties. Atlantic's strategic focus is a counter cyclical strategy of acquiring advanced projects in mining-friendly jurisdictions.

KEY MILESTONES AND OUTLOOK

Significant developments during the period include the following:

- Continued construction at the Moose River Consolidated mine
- Further drawdowns on the Company's Project Loan Facility in the amount of $32.5 million

Other corporate development milestones achieved or ongoing include the following:

- Submission of an Environmental Impact Statement for the Beaver Dam deposit;
- Continued exploration work at the Company's Cochrane Hill and Fifteen Mile Stream deposits as part of the resource definition drilling program
- Planning for Cochrane Hill and Fifteen Mile Stream Environmental Impact Statement

Construction Development Update

Construction of the Moose River Consolidated mine is progressing as planned with commissioning scheduled for September 2017. During Q1 2017, the Company completed the construction of the grinding building and the laboratory building. Ball mill assembly plus mechanical and piping equipment installation commenced during the quarter. Plant site construction was approximately 45% complete. The Company continues to focus on infrastructure construction and tailings facility construction. All major equipment for pre-production has been delivered and the fleet will be expanded as the mine moves towards full operation. The project remains on schedule and on budget in all material respects. The Company has incurred approximately $82 million in construction and development expenditures as of March 31, 2017.

Next Steps

Over the coming months, the Company will be focused on:

- Completion of construction of the Touquoy Project and commissioning in September 2017
- Completion of the resource definition drilling program at the Company's Cochrane Hill and Fifteen Mile Stream Projects, with preparation of a mineral resource update for both properties.

OVERVIEW OF THE COMPANY'S HOLDINGS

MRC PROJECT

The MRC Project currently comprises two deposits in close proximity, Touquoy and Beaver Dam, which have been the subject of a feasibility study for development. A technical report is available on the Company's website at www.atlanticgoldcorporation.com. Upon finalization of the feasibility study technical report, the Company made the decision to move forward with the development of the MRC Project. The two deposits are planned to be mined and processed through a central milling facility presently under construction at Touquoy.

A. Touquoy Deposit

Description and Ownership

The Touquoy deposit is located at the former village of Moose River Mines about 70 minutes' drive via 110km of sealed road north-east from the provincial capital of Nova Scotia, Halifax.

The Touquoy deposit is secured under a Mineral Lease (ML11-1) comprising 49 claims and a surrounding exploration license (EL10377) comprising 64 claims, the total of both titles covering an area of approximately 1,760 ha.

The Company's effective ownership interest in Touquoy is 63.5%. The Company is entitled to recover all operational, overhead, financing and sunk costs prior to any distributions to its non-public partner, in the project.

A net smelter return royalty ("NSR") of 3% is also payable in respect of the Touquoy deposit, two-thirds of which can be purchased for $2.5 million. The Company expects to exercise this buy-back option on Touquoy. In addition to the NSR, Touquoy is subject to a 1% royalty payable to the government of Nova Scotia.

The Touquoy deposit is well advanced with all major environmental permits. Environmental assessment approval and industrial approval are in place and a mineral lease has been granted.

In addition, ownership of all 63 private properties required for the development of the Touquoy deposit has now been secured. For 11 of these properties, the final compensation settlement related to land expropriation has not yet been finalized and is under review with legal representatives of former landowners, but Atlantic Gold has full rights to utilize these properties.

In relation to the seven parcels of Crown land required within the footprint of the Touquoy deposit the Company finalized a lease agreement in February 2016, providing the Company with all remaining surface and sub-surface rights necessary to progress the MRC Project to construction.

B. Beaver Dam

Description and Ownership

The 100% owned Beaver Dam Property is located in Halifax County, in central Nova Scotia, approximately 85km northeast of the provincial capital of Halifax (Figure 4.1). The property covers the historical Beaver Dam Gold District located on NTS sheet 11E02/A with central coordinates of 521319 E / 4990700 N (UTM NAD 83 Zone 20). The area is uninhabited with the closest residences situated 5 km away.

The property is held under a single exploration license, EL50421, currently held by Annapolis Properties Corporation, a wholly owned subsidiary of the Company. EL50421 is comprised of 76 contiguous claims which cover an area of approximately 1,184 ha.

For Beaver Dam, a 0.6% NSR is payable to a private third-party. There are no buyback options for this private royalty. Similar to Touquoy, Atlantic must remit a 1% NSR on production from Beaver Dam to the government of Nova Scotia.

OTHER PROPERTIES IN NOVA SCOTIA

Cochrane Hill Project

Description and Ownership

The Cochrane Hill Gold Project is a 100% owned earlier stage development project. It is located approximately 80 km east of the Touquoy Property and about 35 kilometres south of the town of Antigonish. It is accessible via Highway #7 which passes within 300 metres of the old Cochrane Hill mine site.

The Cochrane Hill Property is secured under a single exploration license (EL6310) comprising 53 claims. The Cochrane Hill deposit is located entirely within ungranted Crown lands.

A private 3% NSR is payable on production from Cochrane Hill, of which two-thirds can be repurchased by Atlantic Gold for $1.5 million. The Company expects to exercise this buy-back option on Cochrane Hill. In addition to the private NSR, Cochrane Hill is subject to a 1% royalty payable to the government of Nova Scotia.

On September 29, 2014, the Company released the results of a Preliminary Economic Assessment ("PEA") which included the Company's Cochrane Hill Project. The technical report can be located on the Company's website www.atlanticgoldcorporation.com and on SEDAR, www.sedar.com.

Fifteen Mile Stream

Description and Ownership

Fifteen Mile Stream is a 100% owned property located in eastern Halifax County, Nova Scotia, approximately 95 km northeast of Halifax. It comprises the historic Fifteen Mile Stream gold district.

Access to the area is provided by highway #374 which transects the province from Sheet Harbour in the south to Stellarton in the north.

The Fifteen Mile Stream Property is secured under two exploration licenses (ELs 10406 and 05889) comprising 31 claims, as well as a special license (SL 11/90) comprising eight claims. All licenses cover a total of 701 hectares. The claims are currently held by 6179053 Inc. and Atlantic Mining NS Corp. ("Atlantic Mining"), both of which are wholly owned subsidiaries of the Company.

Other Exploration Properties

The Company's regional land package in Nova Scotia presently comprises approximately 210 km^2 of claims located throughout the Meguma Terrane specifically selected, or retained to explore for potential disseminated gold mineralization, similar to the Company's Touquoy and Beaver Dam properties. The exploration claims of prime interest are those which secure the 80km of key ground along the Touquoy–Beaver Dam–Fifteen Mile Stream–Cochrane Hill trend. The Company also holds existing royalty interests on the Goldenville (1% NSR), Dufferin (2% NSR) and Tangier (1% NSR) properties located in Nova Scotia. None of these properties are currently in production and no royalty income is currently being generated.

Feasibility Study – MRC Project

On July 02, 2015, the Company announced the results of a Feasibility Study (the "Study"), led and prepared by Ausenco Engineering Canada Inc. ("Ausenco") in accordance with National Instrument 43-

101 ("NI 43-101") in respect of the Company's MRC Project. The Study considers the co-development of Touquoy as well as Beaver Dam.

The Company engaged a team of specialized consultants, led by Ausenco, with the assistance of Moose Mountain Technical Services ("MMTS") in respect of mine design and pit optimization as well as compiling the economic results for the project. The Company also engaged Stantec Consulting Ltd. in respect of the design of the Tailings Management Facility, Mr. Neil Schofield, a principal of FSSI Consultants (Australia) Pty Ltd. ("FSSI") in respect of the resource modelling, and Conestoga-Rovers & Associates ("CRA") in respect of environmental and permitting aspects of the Feasibility Study.

Production Profile

The table below sets out gold production from the MRC Project over the life of mine:

MRC Project Life of Mine Production

Description	Waste (000's tonnes)	Ore Processed (000's tonnes)	Gold Production (000's oz.)
Pre-Production	2,639	0	0
Year 1	5,616	1,800	74
Year 2	4,897	2,000	96
Year 3	4,174	2,000	94
Year 4	3,274	2,000	92
Year 5	14,384	2,000	77
Year 6	14,368	2,000	90
Year 7	9,170	2,000	90
Year 8	2,686	2,000	85
Year 9	99	652	16
Total LoM Production	**61,307**	**16,452**	**714**
Overall Strip Ratio	**3.73**		

The Study is based on the deposits being developed as conventional surface open pit mining operations with drill/blast/load/haul activities utilizing a leased production fleet operated by Company employees. Initial production will commence at Touquoy where the relatively low strip ratio and short haul to external waste dumps translates to a smaller production fleet, minimizing production costs in the process.

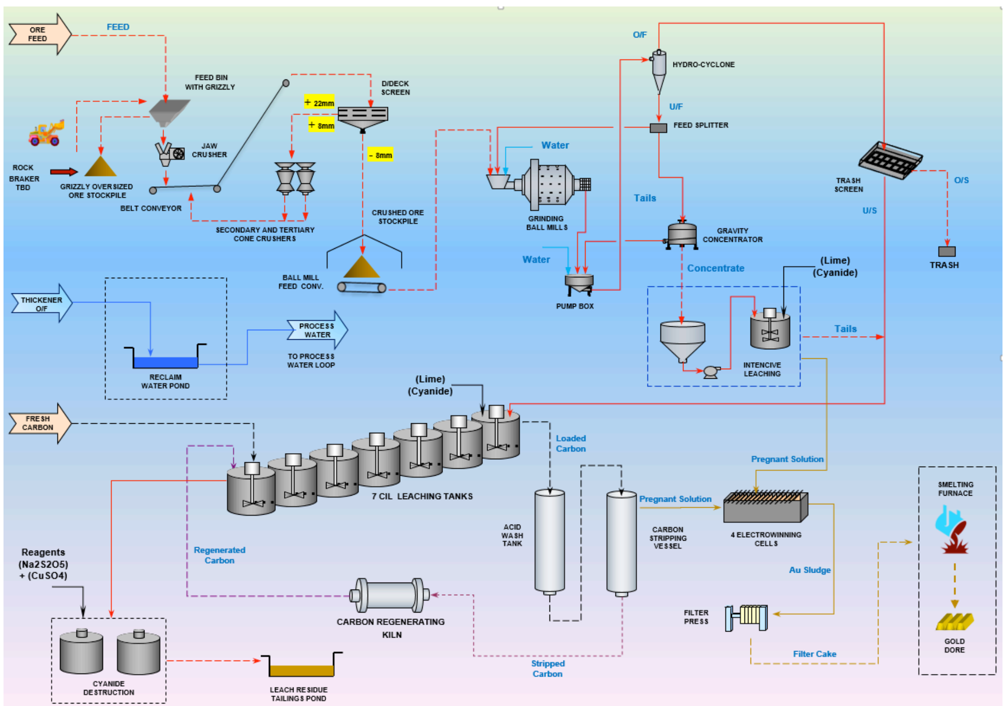
Beaver Dam, as a satellite operation, will require minimal infrastructure to supply basic office facilities and equipment maintenance requirements. The mining fleet at Touquoy will be transitioned to Beaver Dam and expanded due to the higher rate of material movement. Ore will be crushed at a location adjacent to the Beaver Dam pit near Highway 224 and then loaded onto highway trucks which will transport it along a combination of private logging and public roads to the Touquoy processing facility. Beaver Dam waste rock will be placed as close to the pit as practical to minimize waste haulage costs. Other than primary crushing, there will be no treatment of material at Beaver Dam and therefore no plant or tailings management facility is required there. A PEA prepared for the MRC Project released in October, 2014 estimated a total of 294,000 oz. of gold to be recovered at Beaver Dam. As a result of the resource drilling program conducted in 2015 at Beaver Dam to raise the majority of the resource to measured and indicated classifications following the PEA, the recovered gold at Beaver Dam has increased to 315,000 oz., with a related increase in tonnes processed as well as waste tonnes mined.

Metallurgical testing indicates that Beaver Dam ore will have treatment characteristics similar to the Touquoy ore and will therefore be processed in the same manner as the Touquoy ore. Tailings generated from treating the Beaver Dam ore is planned to be placed in the mined-out Touquoy open pit. After all mining is complete, the Touquoy pit will continue to fill with water and the tailings will be settled well below the expected final maximum water surface level. Permanently sealing tailings below water is globally considered a preferred method for long term tailings disposal.

Processing and Metallurgy

The processing of Touquoy ore has been extensively tested and the flow sheet to be constructed has been defined. The plant will have a capacity of 2 million tonnes per year with an expected gold recovery of 94%.

<u>MRC Project Flowsheet</u>



The flow sheet is conventional and consists of three stage crushing, ball milling to a grind of 80% passing 150 microns, with cyclones being used to close the grinding circuit. A centrifugal concentrator will be used to treat a portion of the cyclone underflow to recover coarse gold, with gold being recovered from the gravity concentrate by intensive cyanidation. The cyclone overflow will be screened to remove organic particles and then leached in a CIL circuit with a two stage pre-leach. Loaded carbon will be treated in a pressure Zadra circuit with the electrowinning sludge smelted to doré. The tailings from leaching will be treated for cyanide destruction using sulfur dioxide / air with a copper catalyst.

As previously mentioned, material from the Beaver Dam pit will be crushed and transported to the Touquoy plant. The metallurgical characteristics at Beaver Dam are very similar to the material from the Touquoy pit and as such, no modifications of the plant will be necessary. A similar recovery of 94% is expected.

Geology and Mineralization

Touquoy and Beaver Dam are geologically similar, being located about 20km apart within the same sedimentary stratigraphy of the Meguma Terrane and along the same structural corridor – the Moose

River-Beaver Dam-Fifteen Mile Stream Anticline. In both deposits, gold is disseminated throughout the host rocks – quartz-veined grey argillites (shales), though with a lower work index (~10) at Touquoy than Beaver Dam (~15) owing to a lower proportion of quartz veining at Touquoy. Both deposits extend to the near surface glacial till boundary and are amenable to open pit mining with relatively low strip ratios (2.4:1 at Touquoy and 5.5:1 at Beaver Dam). At Touquoy, most mineralization is disposed around the anticlinal hinge, and at Beaver Dam, mineralization is disposed in a tabular zone within one limb of the anticline.

Infrastructure and Power

The infrastructure requirements for Touquoy are relatively modest, with minor public road realignment required; and electrical power required to be accessed from a substation at Caribou Mines, a total distance of 13 km, with a large part of the line using existing poles. The power line is being provided by Nova Scotia Power, which has provided a cost estimate for this installation.

No mine site accommodation is required as the labour force will come from surrounding communities.

The tailings management facility will be constructed from mine waste rock and low permeability till from the mine area, avoiding importation of materials from more distant locations. The tailings management facility will have a positive water balance and therefore will provide process water requirements, but extraction from nearby Scraggy Lake will provide water for startup and in case of dry periods.

As all ore mined from Beaver Dam will be trucked to the Touquoy plant for treatment, a significant investment in forestry road upgrades (approximately 20 km in all) will be required. Three bridges and a number of culverts will need upgrading. These improvements will enhance the quality of the existing water crossings for the community and will also provide benefits from an environmental standpoint. Costs will be reduced by using crushed mine waste rock for the majority of the road bed and running surfaces. Road upgrading will be carried out during the fourth year of operation at Touquoy. As only primary crushing will be carried out at Beaver Dam, the electrical power demand at Beaver Dam is relatively small. As there is no appropriate power supply close to the facility, temporary diesel generators will be utilized. Tailings from the treatment of Beaver Dam ore will be stored in the Touquoy pit and no significant cost will be associated with their management. The buildings at Touquoy will remain in use and only temporary workshop, office and change room facilities will be built at Beaver Dam.

Environmental and Permitting

All major environmental permits are in place for mining and processing operations at Touquoy and background environmental information has been collected at Beaver Dam since the late summer and fall of 2014. The permitting process at Beaver Dam is underway with the relevant authorities. As mentioned earlier, the Company made its formal submission of the Company's Beaver Dam Project Description to CEAA, of which subsequent notice has been received from CEAA for the commencement of the environmental approval process. Approvals from both the federal and provincial environmental offices are expected to be received within the second half of 2017.

Mineral Reserve Estimate

The mineral reserve estimate for the Touquoy portion of the MRC Project is based on a mineral resource estimate contained within the Company's PEA reported in a Company news release dated September 29, 2014 and filed on SEDAR on October 14, 2014, prepared by MMTS with an effective date of August 1, 2014.

The mineral reserve estimate for the Beaver Dam portion of the MRC Project is based on a mineral resource estimate reported in a Company news release dated March 3, 2015 and filed on SEDAR on April 16, 2015, prepared by Mr. Neil Schofield of FSSI with an effective date of March 2, 2015.

MRC mineral reserves, shown below, have been developed by Moose Mountain Technical Services with an effective date of July 2, 2015. The mineral reserve is contained within the mineral resource, and is based on the following assumptions:

- Only Measured and Indicated Resource Class materials are included in the reserves;
- A cutoff gold grade of 0.40 g/t is applied;
- In addition to the modelled in-block dilution, a further dilution factor of 1.6% at 0.28g/t gold grade has been applied to account for mining face dilution;
- Additional tonnes from mining dilution are assumed balanced with lost tonnes due to an estimated mining recovery of 98.4% at the average diluted reserve grades;
- Mining recovery is reduced to 40% for material between 0.40 g/t and 0.50 g/t gold cutoff grades.

Summary of Estimated MRC Mineral Reserves

Classification	Mt	Diluted Grade (g/t Au)	Mined Au oz's (000)
	Cut-Off Grade: 0.4 g/t Au		
Touquoy			
Proven Reserves	2.62	1.41	119
Probable Reserves	6.58	1.45	306
Total Proven and Probable Reserves	**9.2**	**1.44**	**425**
Beaver Dam			
Proven Reserves	4.03	1.47	191
Probable Reserves	3.22	1.39	144
Total Proven and Probable Reserves	**7.25**	**1.44**	**335**
Moose River Consolidated			
Proven Reserves	**6.65**	**1.45**	**310**
Probable Reserves	**9.80**	**1.43**	**450**
Total Proven and Probable Reserves	**16.45**	**1.44**	**760**

(1) Mineral Reserves are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") Definition Standards on Mineral Resources and Mineral Reserves, whose definitions are incorporated by reference into National Instrument 43-101 -- Standards of Disclosure for Mineral Projects ("NI 43-101").
(2) CIM Standards on Mineral Resources and Reserves Definitions and Guidelines defines a ‘Proven Mineral Reserve’ as the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that eventual economic extraction is justified.
(3) CIM Standards on Mineral Resources and Reserves Definitions and Guidelines defines a ‘Probable Mineral Reserve’ as the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that eventual economic extraction can be justified.
(4) Mineral Reserves are mined tonnes and grade; the reference point is mill feed at the crusher.

(5) Diluted grades refer to mining dilution factors applied to the in situ resource grade estimates.
(6) The Mineral Reserves information is based on estimates prepared as of July 2, 2015, by independent Qualified Person, Mr. Marc Schulte, P.Eng., who has the appropriate relevant qualifications, and experience in mining and reserves estimation practices.

There are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral reserve.

The Feasibility Study mine schedule and economic analysis does not include Inferred Resources at MRC of approximately 1.10 million tonnes at 1.40 g/t Au. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Feasibility Study Metrics

The table below lists the key Feasibility Study economic metrics for the MRC Project. The economics take into account the fact that the Company's effective ownership in Touquoy is 63.5%, and that the Company will recover all operational, overhead, financing and sunk costs plus cost of capital, prior to any distributions to its privately-owned partner in Touquoy. As of March 31, 2017, the total estimated cost to be recovered under the agreement is approximately $139 million. The Company holds 100% of Beaver Dam.

Highlights of the MRC Project from the Study

Gold price: US $1,200/oz @ $0.80	MRC Project
Pre-tax NPV (5%)	$236 million
Post-tax NPV (5%)	$168 million
Pre-tax IRR	34.9%
Post-tax IRR	30.0%
Post-tax Payback	2.0 years

The economics have been calculated on an unlevered basis, based on a gold price of US $1,200/oz. and a foreign exchange rate of CAD$1 = USD$0.80. The Feasibility Study has estimated its capital and operating costs, which are detailed in the below table, in Canadian dollars. Substantially all operating costs are Canadian dollar denominated. The tables below show the sensitivity of after-tax NPV and IRR to changes in the US dollar gold price and the CAD/USD exchange rate.

Sensitivity Analysis on After-Tax NPV

CAD/USD Rate	US$ Gold Price					
	$ 1,000	$ 1,100	$ 1,200	$ 1,300	$ 1,400	$ 1,500
0.75	$ 121,644	$ 159,007	$ 195,961	$ 232,870	$ 269,627	$ 306,338
0.80	$ 98,248	$ 133,306	$ 168,263	$ 202,873	$ 237,465	$ 271,924
0.85	$ 77,643	$ 110,651	$ 143,596	$ 176,431	$ 208,972	$ 241,519
0.90	$ 59,142	$ 90,469	$ 121,644	$ 152,751	$ 183,672	$ 214,393
0.95	$ 42,310	$ 72,354	$ 101,932	$ 131,465	$ 160,956	$ 190,140

Sensitivity Analysis on After-Tax IRR

CAD/USD Rate	US$ Gold Price					
	$ 1,000	$ 1,100	$ 1,200	$ 1,300	$ 1,400	$ 1,500
0.75	24%	29%	33%	37%	40%	43%
0.80	21%	26%	30%	34%	37%	40%
0.85	19%	23%	27%	31%	34%	37%
0.90	16%	20%	24%	28%	32%	35%
0.95	13%	18%	22%	26%	29%	32%

The Feasibility Study economics take into account a 1% royalty payable to the Nova Scotia government (no other mining taxes apply), in addition to the following NSR's:

- 1% relating to production from Touquoy, post exercise of buyback options
- 0.6% relating to production from Beaver Dam

Income taxes are also accounted for using a 15% Federal and 16% Provincial income tax rate.

Capital Costs

Summary of MRC Project Capital Costs ($CDN)

Description	Total Initial Capital Cost ($ 000)	Total Sustaining Capital Cost*** ($ 000)	Total Capital Cost ($ 000)
Mine Development	16,948	2,041	18,989
Processing	51,045	3,948	54,993
Tailings Management Facility	9,158	8,572	17,730
Infrastructure	15,447	10,600	26,047
EPCM	9,955	500	10,455
Indirect and Other Costs*	21,523	(4,787)	16,736
Contingency**	13,260	1,903	15,163
Total	**137,336**	**22,777**	**160,113**

**Sustaining Indirect and other costs includes a credit representing the principal balance of a reclamation bond being returned to the Company.*
***Contingencies are applied according to the degree of certainty of the relevant line item.*
****Total sustaining capital costs includes construction capital expenditures at Beaver Dam.*

Operating Costs

Summary of MRC Project Operating Costs ($CDN)

Description	Unit Cost/ tonne ($ 000)	Unit Cost/ oz. ($ 000)
Mining*	2.89	304
Processing	11.94	275
Site G&A	2.03	47
Total Cash Operating Costs		**626**
Total All-In Sustaining Costs**		**690**

**Excludes pre-production mining, which is captured under initial capital*

***All-In Sustaining Costs excludes Corporate G&A expenses*

Mineral Resources

The table below is a summary of the mineral resources at the Touquoy, Beaver Dam and Cochrane Hill Projects, as well as the resource relating to the Company's Fifteen Mile Stream Gold Project.

	Tonnes (m)	Grade (g/t)	Contained Gold (oz)
Touquoy*			
Measured & Indicated	10.1	1.5	480,000
Inferred	1.6	1.5	77,000
Beaver Dam*			
Measured & Indicated	9.3	1.4	427,000
Inferred	1.8	1.4	81,000
Cochrane Hill*			
Measured & Indicated	4.5	1.8	252,000
Inferred	5.6	1.6	298,000
Fifteen Mile Stream*			
Inferred	11.7	1.6	584,000
Total Measured & Indicated	**23.9**	**1.5**	**1,159,000**
Total Inferred	**20.7**	**1.6**	**1,040,000**

**The Mineral Resources estimates relate to the Touquoy, Cochrane Hill and Beaver Dam deposits summarized in this report and are based on the following key parameters: (1) There are two main styles of gold mineralization, which are reflected in the geological domaining used in the resource modeling; (2) Drill hole sampling has provided a reasonably representative set of samples of the gold mineralization, (3) Multiple Indicator Kriging is an appropriate method for estimating the Mineral Resources in these deposits. Mineral Resources that are not mineral reserves do not have demonstrated economic viability.*

Touquoy - The Touquoy Mineral Resource estimates presented herein are based on a National Instrument 43-101 technical report entitled "Mineral Resource Estimate for The Touquoy Gold Project, Halifax County, Nova Scotia, Canada" dated August 1, 2014 which has been prepared in respect of the Touquoy Gold Project by FSS International Consultants (Aust) Pty. Ltd. ("FSSI") of Beecroft, NSW, Australia. These estimates are inclusive of the Touquoy Mineral Reserves presented in the 'Summary of Estimated MRC Mineral Reserves' table above. The report is available for review on the Company's website and on SEDAR (www.sedar.com).

Cochrane Hill - The Cochrane Hill Mineral Resource estimates are based on a National Instrument 43-101 technical report entitled "Technical Report of the Cochrane Hill Gold Project, Nova Scotia " dated August 1, 2014 which has been prepared in respect of the Cochrane Hill Gold Project by FSS International Consultants (Aust) Pty. Ltd. ("FSSI") of Beecroft, NSW, Australia. The report is available for review on the Company's website and on SEDAR (www.sedar.com).

Beaver Dam – The Beaver Dam Mineral Resource estimates are based on a National Instrument 43-101 technical report entitled "Technical Report of the Beaver Dam Gold Project, Nova Scotia " dated March 2, 2015 which has been prepared in respect of the Beaver Dam Gold Project by FSS International Consultants (Aust) Pty. Ltd. ("FSSI") of Beecroft, NSW, Australia. The report is available for review on the Company's website and on SEDAR (www.sedar.com).

Fifteen Mile Stream - The Fifteen Mile Stream Mineral Resource estimates presented herein are based on a National Instrument 43-101 technical report entitled "Mineral Resource Estimate for The Fifteen Mile Stream Gold Project, Halifax County, Nova Scotia, Canada" dated February 18, 2015 which has been prepared in respect of the Fifteen Mile Stream Gold Project by FSS International Consultants (Aust) Pty.

Ltd. ("FSSI") of Beecroft, NSW, Australia. The report is available for review on the Company's website and on SEDAR (www.sedar.com).

Economic Impact Study

In February 2015, the Company announced the results of an Economic Impact Study conducted in respect of the Company's MRC Projects based on the two potential open-pit production scenarios reported in the Company's PEA.

The Company engaged KPMG to produce the Study to be used as the basis for its continuing discussions with the Federal and Provincial governments in respect of the development of the Moose River Consolidated Gold Projects. The Study focuses on job creation, fiscal revenues, and overall economic wealth for the province as well as Canada.

The tables below provide a summary of the economic impact on the province as well as federally under the Base Case and Base plus Cochrane Case, respectively:

Summary of Economic Impact (direct and indirect) on Canada and Nova Scotia – Base Case*

	Economic Benefits to Canada		Economic Benefits to Nova Scotia	
	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)
Value-added [1] (millions $)	93.0	26.5	69.3	19.7
Jobs created (person-year equivalent)	1,005	278	781	228
Government revenues [2] (millions $)	5.5	8.1	4.1	10.2

**Base case assumes initial production from Touquoy and Beaver Dam*

Summary of Economic Impact (direct and indirect) on Canada and Nova Scotia – Base plus Cochrane Case**

	Economic Benefits to Canada		Economic Benefits to Nova Scotia	
	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)	Construction Phase (Cumulative - 2 years before commencement of production)	Production Phase (Per year)
Value-added[1] (millions $)	162.3	43.6	120.1	31.5
Jobs created (person-year equivalent)	1,749	455	1,352	367
Government revenues [2] (millions $)	9.7	13.1	7.1	17.0

***Base case plus Cochrane Case assumes Base Case (defined above) plus Cochrane Hill Project.*

1 – Value added refers to the economic definition of wealth created by a project (or its impact in terms of Gross domestic production). It is presented on an undiscounted basis but in 2014 constant dollars. Some of the major contributors to the Value added figures include, (a) salaries and benefits paid to employees by either Atlantic or its suppliers; (b) net revenues to individual businesses and c) the return on capital of businesses
2 – Government Revenues in Canada and Nova Scotia comprise corporate taxes (paid by Atlantic only), personal income taxes, provincial mining taxes (Nova Scotia only), as well as taxes on products.

The total impact on the Canadian economy as a whole compared to the province of Nova Scotia are approximately 30% to 35% higher under the Base case scenario, and 30% to 40% higher under the Base plus Cochrane case, as some of Atlantic's suppliers would likely be based in other Canadian provinces.

The technical information contained in this MD&A was reviewed by Wally Bucknell, Bsc (Hons), FAusIMM, a Qualified Person as defined by NI 43-101.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Three months ended March 31, 2017

The Company incurred a net loss of $1,462,403 during the three months ended March 31, 2017 (2016: $728,224). The most significant operating expenses incurred were management fees, salaries and benefits of $403,610 (2016: $255,915) share-based payments of $781,584 (2016: $255,539), corporate development and investor relations of $148,937 (2016: $42,458), and professional fees of $88,738 (2016: $26,102). The increase in management fees, salaries and benefits is a result of the growth of the Company largely stemming from increased activity, specifically, the construction and development activities at MRC and other Nova Scotia deposits. Share-based payments represents the Black-Scholes calculated fair value of stock options issued to directors, officers, consultants and employees which vested during the period. The increase in share-based payments is due to an increased number of options vesting during the period resulting from the stock option grants that occurred during Q1 2017. Corporate development and investor relations increased from the same period in the prior year due to increased marketing and investor relations activity around the construction of the Company's Touquoy Project. The increase in professional fees from the same period in the prior year largely as a result of legal fees incurred around the administration of the Company's credit facilities.

During the three months ended March 31, 2017, the Company incurred $252,462 of finance costs in respect of standby fees charged on the undrawn balance of the Project Loan Facility and Equipment Facility (2016: nil). Additionally, the Company recognized interest income of $62,041 (2016: $15,102). The increase in interest income is a result of interest earned on the Company's cash position. As discussed below in Liquidity and Capital Resources, the Company must maintain a minimum of $6 million in a designated account for the duration of the PLF. Such account was not held in the same period in the prior year. Further, the Company recorded a deferred tax recovery of $402,363 (2016: nil) during the period to reflect the fulfillment of a portion of the Company's flow-through liability due to eligible expenditures being incurred during the period.

Financial Position

Total assets increased to $176,020,585 at March 31, 2017 from $145,689,217 at December 31, 2016. The most significant assets at March 31, 2017 were property, plant and equipment of $128,763,815 (December 31, 2016 - $95,805,269), mineral properties of $20,409,788 (December 31, 2016 – $17,749,731), cash and cash equivalents of $11,289,339 (December 31, 2016 - $14,396,987), and restricted cash of $9,337,346 (December 31, 2016 - $9,337,346). The Company’s net working capital deficit at March 31, 2017 was $82,502,266.

The net increase in property, plant, and equipment of $32,958,546 was a result of $29,745,748of additions to mine property - construction and development for the expenditures incurred on Touquoy, with a majority of the balance relating to engineering, procurement and construction costs, and owners’ costs including earthworks, tailings management facility construction, and development of site infrastructure. The following expenditures were incurred in respect of the Touquoy deposit capitalized to mine property - construction and development during the period (excluding amortization of equipment and capital leases that were capitalized):

Three month period ended March 31, 2017	
Engineering, procurement and construction	25,584,849
Salaries & Consulting Fees	1,619,183
Environmental	97,064
Permitting & claims	84,228
Office and Admin.	118,499
Travel & Accomodation	77,144
Equipment & Supplies	2,025,074
Project Insurance	139,707
Expenditures for the period	29,745,748

Additionally, the Company recognized an increase of $1,513,297 to its reclamation provision which has been capitalized to mine property – construction and development.

Lastly, accretion of $396,967 in respect of the Convertible Debenture was capitalized as borrowing costs, as well as interest and finance charges of $1,176,456.

Mineral properties increased by $2,660,057 as a result of continued exploration at the Company’s Fifteen Mile Stream and Cochrane Hill Projects.

The decrease in cash and cash equivalents during the period of $3,107,648 resulted from $1,971,358 cash outflow used in operating activities, $32,834,689 cash outflow from investing activities of the Company, partially offset by $31,698,399 cash inflow from financing activities. Cash inflow from financing activities was in respect of $32,500,000 proceeds from drawdowns on the Company’s PLF, $409,742 cash inflow from stock option and warrant exercises during the period, partially offset by $574,849 in interest payments made on the PLF, and $600,507 in lease payments made on the Company’s Equipment Facility.

Cash outflows from investing activities included $30,576,686 spent on Touquoy expenditures largely in respect of engineering, procurement and construction costs, and owners’ costs including earthworks, tailings management facility construction, and development of site infrastructure, and $2,292,297 in mineral property expenditures, of which a majority of the cost incurred was in respect to the continued exploration work at the Company’s Cochrane Hill and Fifteen Mile Stream deposits. This was partially offset by $34,294 of interest income received on the Company’s cash and cash equivalents.

Summary of Quarterly Results

	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Total Revenue (Note 1)	N/A	N/A	N/A	N/A
Net loss for the period	$ (1,462,403)	$ (1,678,439)	$ (1,554,027)	$ (930,763)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Total Revenue (Note 1)	N/A	N/A	N/A	N/A
Net loss for the period	$ (728,224)	$ (946,534)	$ (649,305)	$ (732,313)
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

Note 1 – As the Company has yet to secure a mineral related asset in production, the Company has no revenue to report during the financial reporting periods noted above.

The net loss in Q3 2015 compared to Q2 2015 decreased slightly as a result of lower corporate development and investor relations expenditures, in addition to lower share-based payments recognized during the quarter as a result of fewer stock options vesting during the period as compared to the prior quarter. The net loss in Q4 2015 compared to Q3 2015 increased as a result of increased professional fees resulting from the Company's efforts in obtaining project financing, which was subsequently secured in Q1 2016. The net loss in Q1 2016 compared to Q4 2015 decreased as a result of these same professional fees expensed during Q4 2015. The net loss in Q2 2016 compared to Q1 2016 increased as a result of standby fees charged on the Company's undrawn balance of its PLF. This was partially offset by the deferred tax recovery that was recognized on the issuance of the Convertible Debenture. The net loss in Q3 2016 compared to Q2 2016 increased as a result of increased share based payments due to a higher number of stock options vesting during the quarter from two stock option grants, an increase in management fees, salaries and benefits as a result of the growth of the Company stemming from the development of the Company's Touquoy deposit during the period, in addition to further accrued standby fees charged on the Company's undrawn balance of its PLF. The net loss in Q4 2016 compared to Q3 2016 increased as a result of increased management fees, salaries and benefits due to annual performance bonus payments accrued in Q4, partially offset by $324 thousand deferred tax recovery that was recognized on the fulfillment of a portion of the Company's flow-through liability from eligible expenditures incurred during the period. The net loss in Q1 2017 compared to Q4 2016 decreased as a result of lower management fees, salaries and benefits due to the annual performance bonus payments that were accrued in the prior quarter, this was partially offset by an increase in share based payments in respect of stock option grants that were made during the quarter to directors, officers and employees of the Company.

LIQUIDITY and CAPITAL RESOURCES

As at March 31, 2017, the Company had a balance of $11,289,339 in cash deposits and short-term GICs with major Canadian financial institutions (December 31, 2016 - $14,396,987). The Company also holds a restricted cash balance of $9,337,346 which includes the $6,000,000 minimum proceeds account held as working capital contingency, as required under the terms of the PLF. The Company has received the following sources of funding:

Project Loan Facility

To provide funding for the development of the Company's MRC Project, on May 6, 2016, the Company, through Atlantic Mining, executed a syndicated project facility agreement (the "Credit Agreement") in respect of a $115 million Project Loan Facility ("PLF") to fund construction costs of the Company's MRC Project.

The PLF carries an interest rate of the Canadian Dealer Offered Rate ("CDOR") plus a 5% margin (pre-Project Completion), reducing to a margin of 4.5% post-Project Completion, and is repayable in quarterly installments over three years' post commencement of construction. Project Completion is when physical construction of all project facilities has been completed in accordance with the terms of the PLF, and the Company has achieved continuous production at Touquoy whereby the plant throughput reaches an average of 5,400 tonnes per day for 10 consecutive days.

As at March 31, 2017, the total drawdown on the PLF was $66.5 million (December 31, 2016: $34 million). The availability of the remainder of the PLF for drawdown is subject to the satisfaction of a number of routine and administrative conditions precedent for facilities of this nature. The PLF is also secured through guarantees and a first ranking charge on all assets of the Company and each of its material subsidiaries. There is also a standby fee of 1.5% per annum, payable quarterly in arrears, on the daily undrawn principal amount of the PLF during the availability period

The Company's PLF contains certain project covenants as well as a working capital ratio, calculated quarterly. In negotiations on the terms of the PLF it was the Company's intention for the working capital ratio to only apply to the period following commissioning as the mechanics of a working capital ratio under the agreement can be materially impacted by timing differences between construction costs that are incurred and classified as current liabilities and the loan drawdowns under the PLF as scheduled from time to time as required for payment of creditors particularly around balance sheet dates. Compliance with the working capital ratio can only be accurately calculated upon finalizing the financial statements, which occurs subsequent to the balance sheet date, and accordingly there will be times when non-compliance cannot be known until well after the balance sheet date. As a result of discussions in early 2017 with the PLF lenders, the requirement for compliance with a working capital ratio during construction was agreed as not necessary, and on April 25, 2017, it was agreed that any breach of this covenant was technical in nature and is waived for all of the year 2017, being the expected remaining period of construction of Touquoy.

At March 31, 2017, the Company was not in compliance with the working capital ratio. This non-compliance was waived subsequent to period end. IAS 1 states that unless any waiver to a breach of covenant has been obtained at the relevant balance sheet date then the loan must be classified as current. Because this waiver and clarification of the applicability of this ratio was not obtained until after the balance sheet date, the PLF and any debt facility with cross defaults are technically caught by the same issue, and have therefore been classified as current.

This is a significant variation to the accounting standard under Canadian GAAP, prior to the adoption of IFRS, whereby if a waiver was subsequently obtained after the balance sheet date, the default was deemed remedied and such indebtedness would remain classified as a non-current liability.

As at March 31, 2017, the Company had incurred $4,648,383 (December 31, 2016 – $4,648,383) in transaction costs which consisted primarily of legal and advisory fees, and other financing expenses with respect to the PLF described above. Transaction costs have been recorded proportionately against the amount drawn on the PLF, and will be amortized over the repayment period of each respective drawdown using the effective interest rate method.

For the three month period ended March 31, 2017, standby fees of $228,979 were recorded in the Company's interim consolidated statement of loss and comprehensive loss (2016 – nil), and interest of $808,921 and amortization of deferred finance charges of $218,096 were capitalized to borrowing costs (2016 – nil).

On September 30, 2016, the Company signed an amendment to the Credit Agreement, to amend certain definitions within the Credit Agreement as well as the PLF repayment schedule. The Company may prepay all or part of the principal balance outstanding at any time without penalty. As at March 31, 2017, the Company is committed to interest payments and minimum future principal payments for the PLF, assuming that the remaining $48.5 million is drawn, as follows:

2017		9,835,000
2018		41,498,000
2019		59,439,000
2020		17,585,000
	$	128,357,000

Stock option exercise
During the period ended March 31, 2017, the exercise of stock option awards provided the Company with additional liquidity. A total of 1,000,000 stock options were exercised for total proceeds of $400,000.

Brokered/Non-brokered private placements
On May 16, 2016, the Company completed a bought deal private placement financing for gross proceeds of $14,375,046 (the "Brokered Offering") through the issuance of 23,958,410 common shares of the Company at a price of $0.60 per share (the "Offering Price"), as well as the completion of a non-brokered private placement financing for gross proceeds of $13,543,997 (the "Non-Brokered Offering"), through the issuance of 22,573,329 common shares of the Company at the Offering Price.

On September 22, 2016, the Company completed a bought deal private placement financing for gross proceeds of $5,747,700 through the issuance of 5,474,000 flow-through common shares of the Company at a price of $1.05 per share. The Company also completed a non-brokered private placement financing for gross proceeds of $3,449,828 through the issuance of 3,285,550 flow-through common shares of the Company. The proceeds from the September 2016 private placements will be used in conjunction with the Company's resource definition drilling program on the Company's Cochrane Hill and Fifteen Mile Stream deposits and regional drilling program on other exploration prospects within Nova Scotia.

Convertible Debentures
On May 10, 2016, the Company completed a non-brokered financing of $13 million by way of issuance of convertible debentures. The Convertible Debentures carry an interest rate of 8.5%, with the principal payment due on the later of (a) May 10, 2021 and (b) the date that is the earlier of (i) six months after the final maturity date of the Company's $115 million PLF and (ii) May 30, 2022. The principal amount of the convertible debentures are convertible into common shares of the Company at a conversion price of $0.60 per share, representing a 20% premium to the closing trading price of the common shares of the Company, prior to the date the financing was originally announced. Accrued interest will also be convertible into common shares of the Company but at the market price of the shares at the time of conversion.

The Company may prepay, with notice, all of the principal amount of the Debenture and all accrued and unpaid interest thereon at any time following May 10, 2018. The Debentures are convertible at any time, at the subscriber's option, and are secured by way of a charge against all existing assets of the Company and its material subsidiaries, subordinated to the lenders of the PLF. Further, the Debenture agreements contain a cross- default provision, whereby an event of default with respect to the PLF triggers a default under the Debentures. An event of default provides the Debenture holders with the ability to call on the entire unpaid principal amount plus all accrued and unpaid interest. As discussed above, on March 31, 2017, the Company was not in compliance with a working capital covenant of the PLF. This non-compliance was waived on April 25, 2017, whereby it was agreed with the PLF lenders that any breach of this covenant was waived for all of the year 2017, being the expected remaining period of construction of Touquoy. Under the Debenture agreements, a waiver provided by the PLF lenders, is a deemed waiver under the Debentures. Although there was no change in the Company's repayment schedules, the full amount of the convertible debenture is required to be recognized as current.

Equipment Facility

On May 26, 2016, the Company executed a definitive Master Lease Agreement in respect of a $20 million mining fleet equipment lease facility to fund the Company's acquisition of mining equipment for the Company's MRC Project. The term of the Equipment Facility is 5 years from delivery, and is secured by the mining fleet. During 2016, the Company entered into 16 equipment lease contracts forming part of the $20 million Equipment Facility, and as a result the Company recognized a $10,695,746 finance lease obligation, determined as the net present value of the minimum lease payments owing on the executed lease contracts, with a corresponding amount recognized as a non-cash addition to equipment within PP&E.

Lease payments under the Equipment Facility are payable on a quarterly basis and comprise principal payments and interest, interest being CDOR plus 5.35%. The lease payment schedule is thus amended for each ninety-day period to reflect increases or decreases to CDOR.

The Company is required to maintain certain project covenants as well as a working capital ratio, calculated quarterly. Additionally, similar to the Debentures, there is a cross-default clause whereby an event of default with respect to the PLF triggers a default under the Equipment Facility. An event of default entitles the lessor to provide written notice to the Company to terminate all lease agreements. Upon such notice, the debtor at their option may require the Company to return the leased equipment to the lessor, and in addition, the Company may be required to pay on demand an amount equal to the aggregate of all unpaid rental payments payable at the termination date, all future rent payments that would be payable up to the last day of the lease period, and any costs and expenses incurred by the lessor in locating, repossessing, recovering, restoring, re-leasing or re-selling the leased equipment. As discussed above, as at March 31, 2017, the Company was not in compliance with the working capital covenant of the PLF, which is the same covenant under the Equipment Facility. This non-compliance was waived on April 25, 2017, whereby it was agreed with the PLF lenders that any breach of this covenant was waived for all of the year 2017, being the expected remaining period of construction of Touquoy. Within the Equipment Facility agreement, a waiver obtained from the PLF lenders constitutes a deemed waiver within the Equipment Facility. However, as the waiver was obtained subsequent to March 31, 2017, the full lease obligation has been classified as current.

Restricted cash

The Company holds a restricted cash balance of $9,337,346 which includes $6,000,000 held in respect of requirements under the Company's PLF, whereby the Company is required to maintain a minimum of $6,000,000 in a designated bank account until the PLF is repaid. A balance of $2,744,000 represents 80% of a $3.43 million reclamation performance bond that was issued by way of a surety bond on May 26, 2016 (the "Surety Bond"), through the Company's wholly owned subsidiary, Atlantic Mining NS Corp. and a surety provider. The $3.43 million is the first installment of a $10.4 million phased reclamation security in respect of Touquoy. The phased approach ensures that adequate security is in place before each phase of disturbance, construction and operation at Touquoy. The total $10.4 million financial security is to be posted in full by December 31, 2019.

The surety provider secured the Surety Bond by a line of credit with the Bank of Montreal ("BMO") at 80% of the value ($2,744,000). As part of the line of credit, BMO required that 100% of the line of credit be collateralized by way of a restricted GIC. The restricted GIC has a maturity date of May 19, 2017, and earns interest at 1.35% per annum.

The remaining $593,346 balance is cash held in respect of the Company's DSRA account under its Equipment Facility, whereby the Company is required to maintain an amount equal to 100% of one quarterly payment in respect of all leases under the Equipment Lease Facility. The DSRA account is to be maintained up to and including the date which is three months after the development of the Touquoy deposit is complete.

Commitments

The Company renewed its Vancouver office lease agreement expiring September 30, 2020 and shares office space and related costs with a related company. As part of the office sharing agreement, 15% of the Vancouver office lease rental payment are recoverable from the related company. One of the Company's subsidiaries has an office lease commitment in Nova Scotia. A summary of the Company's commitments in respect of the above-mentioned leases is set out below:

2017	303,588
2018	246,993
2019	226,283
2020	113,142
	$ 890,006

Crown Lease Agreement

In 2016, the Company finalized a lease agreement in respect of seven parcels of Crown land required within the footprint of Touquoy. Lease payments are $68,300 per annum, continuing until the termination of the lease in February 2026.

Phased Reclamation Bond

As discussed above in Restricted Cash, the Company is required to post a phased reclamation security in the amount of $10.4 million by December 31, 2019. The various future milestone payments for the reclamation security are as follows:

2017	2,100,000
2018	2,600,000
2019	2,100,000
	$ 6,800,000

EPC Agreement

On May 9, 2016, the Company signed a fixed price Engineering, Procurement and Construction ("EPC") contract in the amount of $86.34 million to build a 2 million tonne per annum process plant, truck shop and office facilities, as well as other support infrastructure related to these facilities, for the Company's MRC Project. At March 31, 2017, the Company had incurred $68 million in respect of the EPC contract.

Equipment Facility

As disclosed above, during 2016, the Company entered into 16 leases under the Equipment Facility. The Company is required to make quarterly lease payments in respect of each finance lease. The undiscounted future minimum lease payment requirements are as follows:

	Up to 1 year	**1-5 years**	**Total**
Minimum lease payments	2,402,027	8,345,076	10,747,104
Finance charges	(535,955)	(863,677)	(1,399,633)
Total	**1,866,071**	**7,481,399**	**9,347,471**

Exploration Tenement Commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to incur expenditures of approximately $255,000 in respect of claim renewal fees and minimum work requirements in 2017/2018.

The Company believes that it has sufficient funding to meet its obligations and to maintain administrative and operational expenditures for the next 12 months from existing treasury and the PLF.

OFF - BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SUBSEQUENT EVENTS

- The following drawdowns were made on the PLF subsequent to March 31, 2017:

April 12, 2017	$ 8,500,000
May 10, 2017	12,000,000
May 18, 2017	2,401,000
Total	**$ 22,901,000**

- Subsequent to March 31, 2017, 500,000 stock options and a cumulative total of 1,319,895 warrants were exercised at weighted average exercise price of $0.45 per share and $0.60 per share, respectively.

- Subsequent to March 31, 2017, the Company entered into four new lease agreements under the Equipment Facility.

OTHER MD&A REQUIREMENTS

Related party transactions and key management compensation

a) Key management compensation

Key management includes the Company's directors, Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer. Compensation awarded to key management is presented in the table below:

Related Party	Relationship	Compensation Type		Three months ended March 31, 2017		Three months ended March 31, 2016
Steven Dean	Chairman and CEO	Consulting fees, benefits and share-based payments *	**$**	**333,317**	$	197,715
Robert Atkinson	Director	Directors' fees and share-based payments		**43,175**		17,001
Don Siemens	Director	Directors' fees and share-based payments		**43,175**		17,001
David Black	Director	Directors' fees and share-based payments		**43,175**		17,001
William Armstrong	Director	Consulting fees, directors' fees and share-based payments **		**45,915**		35,524
Ryan Beedie	Director	Director's fees		**27,572**		-
Wally Bucknell	Director	Consulting fees and share-based payments		**77,915**		62,418
John Morgan	Director	Wages, benefits, and share-based payments		**38,715**		108,246
Maryse Belanger	President and COO	Wages, benefits, and share-based payments		**312,414**		-
Chris Batalha	CFO and Corporate Secretary	Wages, benefits, and share-based payments		**125,232**		55,847
			$	**1,090,605**	$	510,753

* Consulting fees are paid to Sirocco Advisory Services Ltd., a company controlled by Steven Dean.

** Consulting fees are paid to Metallica Consulting Co, a company controlled by William Armstrong.

b) Amounts due to related parties

As at March 31, 2017, the Company owed $22,594 to Sirocco Advisory Services, a company controlled by Steven Dean, the CEO and Chairman of the Company (December 31, 2016: $426,710).

As at March 31, 2017, the Company owed $15,000 (December 31, 2016: $8,333) to Metallica Consulting Services, a company controlled by William Armstrong, a director of the Company.

As at March 31, 2017, the Company owed $17,750 (December 31, 2016: $13,250) to Wally Bucknell, a director of the Company.

As at March 31, 2017 the Company owed $nil (December 31, 2016: $13,500) to Robert Atkinson, a director of the Company.

As at March 31, 2017 the Company owed $nil (December 31, 2016: $13,500) to David Black, a director of the Company.

As at March 31, 2017 the Company owed $nil (December 31, 2016: $13,500) to Don Seimens, a director of the Company.

As at March 31, 2017, the Company owed $nil (December 31, 2016: $3,333) to Ryan Beedie, a director of the Company.

As at March 31, 2017, the Company owed $1,299 (December 31, 2016: $75,168) to Chris Batalha, the CFO of the Company.

As at March 31, 2017, the Company owed $nil (December 31, 2016: $90,000) to Maryse Belanger, the COO of the Company.

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

As discussed above, on May 10, 2016, the Company completed a non-brokered financing by way of issuance of convertible debentures, of which $8 million is held by Beedie Investments Ltd., a Company controlled by Ryan Beedie, a director of the Company.

c) Amounts due from related party

The Company charges office lease and administrative expenditures to Oceanic Iron Ore Corp. ("Oceanic"), a Company with officers and a director in common being Steven Dean and Chris Batalha. During the three-month period ended March 31, 2016, office lease and administrative expenditures billed to Oceanic amounted to $23,881 (2016: $19,172). As at March 31, 2017, the Company was owed $23,646 from Oceanic (December 31, 2016: $19,034).

Critical Accounting Estimates and Judgments

Commercial production

The determination of when a mine is in the condition necessary for it to be capable of operating in the manner intended by management (referred to as "commercial production") is a matter of significant judgement. In making this determination, management will consider specific facts and circumstances. These factors will include, but are not limited to, whether the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management have been completed, completion of a reasonable period of commissioning, consistent operating results being achieved at a pre-determined level of design capacity and recovery for a reasonable period for time and the transfer of operations from construction personnel to operational personnel has been completed. Management anticipate that the Touquoy Project will achieve commercial production during 2017.

Changes in accounting standards not yet effective

Financial Instruments

IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change for liabilities is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income (loss) rather than in net earnings. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Management expects the adoption to have an impact on the carrying value of its available-for-sale financial asset.

Revenue

IFRS 15, Revenue from Contracts with Customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue and IAS 11, Construction contracts and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company adopted

IFRS 15 effective January 1, 2017 and revenue generated from operations at the Touquoy will be accounted for under the new standard. Management will assess the impact of IFRS 15 on all sales agreements executed prior to commencement of production.

Leases

In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16") which replaces IAS 17 – Leases and its associated interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. IFRS 16 will result in an increase in assets and liabilities as fewer leases will be expensed as payments are made. Management expects an increase in depreciation expenses and also an increase in cash flow from operating activities as these lease payments will be recorded as financing outflows in the cash flow statement.

Outstanding Share Data

As at the date of this report, there were 176,011,893 common shares issued and outstanding.

As at the date of this report, there were 15,408,700 stock options outstanding.

As at the date of this report, there were 21,955,174 share purchase warrants outstanding.

As at the date of this report, there were 21,666,667 common shares issuable pursuant to the convertible debentures. (This assumes the entire $13 million principal amount of the Debentures is converted at the conversion price of $0.60 per common share. Accrued interest in relation to the Debentures is also convertible into common shares, but is convertible at the market price of the common shares at the time of conversion.)

Financial Risk Management

The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, restricted cash, receivables, due from related party, deposits, available-for-sale financial asset, accounts payable, convertible debenture liability, lease obligation, Project Loan Facility, and due to related parties.

Cash and cash equivalents, restricted cash, receivables, due from related party, and deposits are designated as loans and receivables and are measured at amortized cost.

Accounts payable, convertible debenture liabilities, lease obligation, the Project Loan Facility, and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

All financial instruments for which fair value is recognised or disclosed are categorized within a fair value hierarchy based on the lowest level input that is significant to the fair value measurement as whole. The Company's available-for-sale financial asset held is categorized as Level 3 on the fair value hierarchy as the investment is in a privately held company of which observable market data is not available.

Financial instruments of the Company as at March 31, 2017 and December 31, 2016 are summarized as follows:

	March 31, 2017		December 31, 2016	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$11,289,339	$ 11,289,339	$ 14,396,987	$ 14,396,987
Due from related parties	23,646	23,646	19,034	19,034
Receivables	257,792	257,792	253,116	253,116
Restricted cash	9,337,346	9,337,346	9,337,346	9,337,346
Other non-current asset	248,077	248,077	248,077	248,077
Financial liabilities				
Accounts payable and accrued liabilities	$12,075,980	$ 12,075,980	$13,815,348	$ 13,815,348
Due to related parties	56,643	56,643	657,294	657,294
Convertible debenture	12,852,884	13,416,267	12,455,917	13,143,801
Lease obligation	9,347,471	9,347,471	9,798,540	9,798,540
Project Loan Facility	64,468,118	66,825,788	32,829,623	34,091,712

Management has determined that there are no embedded derivatives which require bifurcation.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The board approves and monitors the risk management processes.

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents, receivables, restricted cash and due from related parties. The Company has concentration of risk with respect to cash being held with two large Canadian financial institutions. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the carrying value of the financial assets noted above.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its obligations as they fall due. The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and its cash needs over the short term, and over repayment dates into the future as it pertains to the Project Loan Facility, Equipment Facility, and convertible debenture.

The following table summarizes the Company's contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2017 and December 31, 2016:

March 31, 2017

	Less than 1 year	1 - 5 years	Total
Accounts payable and accrued liabilities	$ 12,075,980	$ -	$ 12,075,980
Due to related parties	56,643	-	56,643
Convertible Debenture liability	1,105,000	552,500	1,657,500
Project Loan Facility	9,835,000	118,522,000	128,357,000
Lease obligation	2,402,027	8,345,076	10,747,103

December 31, 2016

	Less than 1 year	1 - 5 years	Total
Accounts payable and accrued liabilities	$ 13,815,348	$ -	$ 13,815,348
Due to related parties	657,294	-	657,294
Convertible Debenture liability	1,105,000	552,500	1,657,500
Project Loan Facility	4,707,000	124,272,000	128,979,000
Lease obligation	2,402,027	8,945,583	11,347,610

As discussed above, on March 31, 2017, the Company was not in compliance with the current ratio covenant of the PLF. This triggered a cross-default within the lease obligation and Debentures. Subsequent to March 31, 2017, a waiver of default was obtained from the PLF lenders stating that they will not exercise any rights arising with respect of the failure to comply with the current ratio requirements. Although IFRS required the Company to record the full amounts of the PLF, lease obligation, and convertible debenture liability as current, the repayment schedules remain unchanged for each respective financial instrument, as reflected in the table above.

Interest Rate Risk

The Company's interest rate risk mainly arises from the interest rate impact on its interest income derived from Canadian Dollar cash and deposits, restricted cash, convertible debentures, the Project Loan Facility, and the Equipment Facility. The Company invests surplus cash in fixed rate term deposits. It is the Company's policy to reduce interest rate risk over future cash flows through the use of instruments with a history of returns. Advances under the PLF bear interest at an interest rate of the CDOR plus a 5% margin (Pre-Project Completion), reducing to a margin of 4.5% post-Project Completion. Similarly, the Equipment Facility bears interest at a rate of CDOR plus a 5.35% margin. The Company manages this risk by monitoring fluctuations in CDOR, which are not expected to be significant. A 1% change in interest rates would have a $205,171 impact on net loss and comprehensive loss.

Market Risk

Market risk is the risk that the fair market value of the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, foreign exchange rates and equity and commodity prices. The Company is exposed to market risk in its cash and cash equivalents and restricted cash balance. The Company manages market risk by investing funds with reputable financial institutions that provide competitive rates of return.

The Company is subject to commodity price risk from fluctuations in the market prices for gold. As discussed above, in the prior year, the Company finalized and scheduled out its Hedge Facility covering the sale of 215,000 ounces at a flat forward price of $1,550 per ounce.

The Company's financial instruments are not subject to significant fluctuation due to changes in equity prices of investments included in marketable securities or foreign exchange rates.

Fair Value

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk.

Use of Proceeds

The Company funded the initial capital costs of the MRC Project with the PLF and Convertible Debenture. The proposed use of proceeds at the time of funding were as follows:

MRC Project Initial Capital Costs		Proposed Use of Proceeds (in million's)
Ausenco EPC costs - plant and infrastructure support - fixed component	$	86.3
Ausenco EPC costs - plant and infrastructure support - non-fixed component		5.0
Owner managed initial capital costs		35.6
Initial capital costs*	$	126.9

**Initial capital costs above excludes $10.4 million in reclamation bond cost, as this was financed separately.*

As at the date of this report, there are no material variances to the proposed use of proceeds.

Risks and Uncertainties

The Company is focused on acquisitions or other corporate transactions in gold, base metals, or other mineral-related assets or businesses. Due to the nature of the Company's proposed business, the following risk factors, among others, will apply:

Key Personnel

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Share Price Volatility and Liquidity

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Company toward the search and evaluation of minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

Although the Company has carefully prepared its mineral resource and mineral reserve figures with the assistance of independent experts, such figures are estimates only and no assurance can be given that the indicated tonnages and grade will be achieved or that the indicated level of recovery will be realized. There is significant uncertainty in any mineral resource and mineral reserve estimate, and the actual deposits encountered and the economic viability of, and returns from, mining a deposit may differ materially from estimates disclosed by the Company. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting engineering and geological information. Any future changes in assumptions regarding commodity prices, operating costs and exchange rates may also render certain mineral resources or mineral reserves uneconomic to mine and result in a significant reduction in the reported mineral resources or mineral reserves.

Uncertainties and Risks Relating to Feasibility Studies

Feasibility studies are used to determine the economic viability of a deposit, as are pre-feasibility studies and preliminary assessments. Feasibility studies are the most detailed and reflect a higher level of confidence in the reported capital and operating costs.

There is no certainty that the Technical Report will be realized. While the Technical Report is based on the best information available to the Company, it cannot be certain that actual costs will not significantly exceed the estimated cost. While the Company incorporates what it believes is an appropriate contingency factor in cost estimates to account for this uncertainty, there can be no assurance that the contingency factor is adequate. Many factors are involved in the determination of the economic viability of a mineral deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and estimates of future metal prices. Resource estimates are based on the assay results of many intervals from many drill holes and the interpolation of those results between holes and may also be materially affected by metallurgical, environmental, permitting, legal title, socio-economic factors, marketing, political and other factors.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in Nova Scotia, Canada. As such, the operations of the Company may be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: changing political conditions, and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in Nova Scotia or Canada more broadly may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards in general, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers being reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or require abandonment or delays in development of new mining properties.

Fluctuations in Metal Prices

The price of the common shares, and the financial results and exploration, development and mining activities of the Company, may in the future be significantly and adversely affected by declines in the prices of gold and other metals or minerals. The prices of gold and other metals or minerals fluctuate widely and are affected by numerous factors beyond the control of the Company such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market prices of gold or other metals or minerals could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the prices of gold and other metals and minerals, cash flow from mining operations could not be sufficient and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company's properties is dependent upon the prices of gold and other metals and minerals being adequate to make these properties economically viable.

In addition to adversely affecting the resource estimates of the Company and its financial condition, declining commodity prices can affect operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

Commodities

The Company's operations are or will in the future be dependent on various commodities (such as diesel fuel, electricity, steel, concrete and cyanide) and equipment to conduct operations. Market prices of commodities and equipment can be subject to volatile price movements, occur over short periods of time and are affected by factors that are beyond the control of the Company. The shortage of such commodities and equipment or any significant increase of their cost could have a material adverse impact upon the Company's ability to carry out its operations, and could affect the economic viability of the Company's projects.