ATLANTIC GOLD

MANAGEMENT DISCUSSION & ANALYSIS

For the three months ended March 31, 2018 and 2017

ATLANTIC GOLD CORPORATION

Dated: May 22, 2018

Contents

GENERAL

All amounts are reported in Canadian dollars, unless otherwise stated

This management, discussion and analysis ("MD&A") has been prepared as of May 22, 2018, and should be read in conjunction with **Atlantic Gold Corporation's** (the "Company" or "Atlantic") unaudited condensed consolidated interim financial statements with accompanying notes for the three months ended March 31, 2018 and 2017 (the "Interim Financial Statements"), as well as the audited consolidated financial statements with accompanying notes for the year ended December 31, 2017 and 2016 (the "Annual Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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.

This MD&A contains forward-looking information. Please see "Cautionary Statement Regarding Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop the Company's forward-looking information.

COMPANY PROFILE AND OVERVIEW

Atlantic is a Canadian-based gold producer engaged in gold production and in the acquisition, exploration and development of precious metal mineral properties. Atlantic currently operates the Moose River Consolidated Gold Mine ("MRC") in Nova Scotia, Canada which comprises of the Touquoy, Beaver Dam, Cochrane Hill and Fifteen Mile Stream gold deposits. MRC commenced commercial production on March 1, 2018 with production coming from the Touquoy deposit. Phase 1 of MRC comprises two deposits in close proximity, Touquoy and Beaver Dam ("Phase 1").

The MRC Phase 2 expansion plan was completed in early 2018 and proposes to expand the MRC mine plan to include production from Fifteen Mile Stream and Cochrane Hill deposits ("Phase 2") as set out in the *Life of Mine Plan for MRC* section of this MD&A. The Phase 3 Expansion drilling program is completed and Phase 4 corridor regional program is underway, both as discussed in the *Exploration Update* section of this MD&A. The Phase 4 corridor regional program commenced in April 2018 and will systematically explore the +45km corridor of prospective un-tested structure targeting the Atlantic model for disseminated style gold deposits amendable to open pit mining.

Atlantic is a reporting issuer in British Columbia, Alberta, Ontario and Quebec and its common shares trade on the TSX Venture Exchange under the symbol of "AGB". The Company's registered office is at Suite 3083, Three Bentall Centre, 595 Burrard Street, Vancouver, B.C. Canada.

KEY MILESTONES AND OUTLOOK

Key Milestones

- MRC commenced commercial production effective March 1, 2018. In the three months ended March 31, 2018, the company produced 18,183 ounces.
- On January 29, 2018, the Company announced the results of the Phase 2 Life of Mine Expansion Pre-Feasibility Study in accordance with National Instrument ("NI") 43-101 which identified Mineral Reserves at Cochrane Hill and the Fifteen Mile Stream deposits. The NI 43-101 report is filed on the Company's website and on SEDAR.
- Completion of the Phase 3 Expansion drilling program at Fifteen Mile Stream and Cochrane Hill which is a program designed to target extensions of mineralization and define/ upgrade inferred resources not included in the Company's Pre-Feasibility Study released in January 2018.

Outlook

Throughout 2018, the Company will continue to focus on the following:

- Producing 82,000 - 90,000 ounces from Touquoy in 2018 at a cash cost of $500 - $560 per ounce (US$400 – US$448 per ounce assuming an exchange rate of CAD$0.80), and an All-in-Sustaining Cost ("AISC") between $675 and $735 per ounce (US$540 – US$588 per ounce assuming an exchange rate of CAD$0.80) (see Non-IFRS Performance Measures section).
- Progressing the Company's Phase 4 regional diamond drilling program which commenced in April 2018, designed to systematically explore the corridor of prospective structure targeting the Company's disseminated style gold deposit model amenable to open pit mining.
- Progressing and seeking approval of the Environmental Impact Statement for Beaver Dam which was submitted in June 2017.
- Preparation of the Fifteen Mile Stream and Cochrane Hill Projects Environmental Impact Statements, with submissions expected in 2018 and Q1 2019, respectively.
- Achieving the Company's Q2 2018 production guidance for MRC being between 21,000 to 22,000 ounces

OVERVIEW OF OPERATING RESULTS

		For the month ended March 31, 2018[1]	For the three months ended March 31, 2018
Operating data[3]			
Ore mined	Tonnes	367,456	1,094,487
Waste mined	Tonnes	232,042	514,182
Total mined	Tonnes	599,498	1,608,669
Strip ratio (waste to ore)		0.63	0.47
Mining rate (total material)	Tonnes/day	19,339	17,874
Ore milled	Tonnes	188,221	419,150
Head grade	g/t au	1.53	1.44
Recovery	%	95	94
Mill throughput	Tonnes/day	6,071	4,657
Gold ounce produced	ozs.	8,810	18,183
Gold ounces sold	ozs.	7,755	17,187
Average price realized	$/oz.	1,663	1,619
Cash costs[2]	$/oz.	552	549
Average realized margin[2]	$/oz	1,111	1,070
All in sustaining costs[2]	$/oz.	752	751
Financial data[5]			
Revenue [4]	$		12,881,462
Mine operating earnings	$		5,889,743
Net earnings	$		3,310,557
EBITDA[2]	$		7,313,290
Long-term debt at period end	$		136,067,784

(1) MRC commenced commercial production effective March 1, 2018. As such, only financial operating results from this date are recognized in the Company's Statement of Income (Loss) and Other Comprehensive Income (Loss) for the three months ended March 31, 2018. Financial operating results prior to that were capitalized to mine development within property, plant and equipment.
(2) Refer to the "Non-IFRS Financial Performance Measures" section.
(3) The operating data for the three months ended March 31, 2018 in the column above, assume pre-commercial production results are included. For accounting purposes, pre-commercial production mine operating costs have been capitalized to PP&E (see Note 9 of the interim financial statements for the three months ended March 31, 2018).
(4) Total gold sales for the first three months of 2018 was $27,791,125, which comprised revenue for the month of March 2018 of $12,881,462 which is recorded in the Company's Statement of Income (Loss) and Other Comprehensive Income (Loss), as commercial production was declared on March 1, 2018; and revenue earned during the first two months of 2018 being $14,909,663 which was capitalized (see note 9 of the interim financial statements for the three months ended March 31, 2018). Under IFRS operating results are capitalized until commercial production is declared.
(5) The financial data for the three months ended March 31, 2018 are the same as the month ended March 31, 2018, as the Company commenced commercial production on March 31, 2018, and, all pre-production mine operating earnings were capitalized to mine development costs (see Note 9 of the interim financial statements for the three months ended March 31, 2018).

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 judgment which will impact when the Company recognizes revenue, operating costs and depreciation and depletion in the statement of profit and loss. In making this determination, management considered whether (a) the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended was complete; (b) ramping up to nameplate design capacity has been achieved for the operations; (c) the mill was meeting performance design criteria such as hourly throughput and process recovery; and (d) a saleable product could be produced. Effective March 1, 2018, management declared commercial production at MRC.

Operations Discussion

Note that in the disclosure of operations results and supporting discussion in this MD&A does not present comparative statistics for the prior year as MRC began producing gold in Q4 2017 and commenced commercial production effective March 1, 2018.

<u>Gold production and sales</u>

During the three months ended March 31, 2018, Phase 1 operations at MRC produced 18,183 ounces of gold, which includes 9,373 ounces of gold produced during operation ramp up in January and February 2018, prior to commencement of commercial production.

During the three months ended March 31, 2018, the Company sold 17,187 ounces of gold, which includes 9,432 ounces of gold sold during operation ramp up in January and February 2018, prior to commencement of commercial production.

<u>Mining</u>

During the three months ended March 31, 2018, a total of 1,094,487 tonnes of ore were mined at a strip ratio of 0.47:1 with a total of 1,608,669 tonnes of material moved. For the month of March, 2018, a total of 367,456 tonnes of ore were mined, and a total of 599,498 tonnes of material moved. Approximately 36% of the ore mined in the quarter was stockpiled as low grade material averaging 0.53 g/t for processing later in the mine life. This material was assumed as waste in the 2015 Feasibility Study. Waste material was used to build the waste dump and ditching.

Processing

During the three months ended March 31, 2018, a total of 419,150 tonnes of ore was processed at an average grade of 1.44 g/t Au and average process recovery of 94%. For the month of March 2018, a total of 188,221 tonnes of ore was processed at an average grade of 1.53 g/t Au with a recovery of 95%. MRC experienced extreme winter conditions in January and February with +100 year precipitation and several power outages which caused several days of operating downtime. During the ramp up months, the Company took the opportunity to fine tune the processing plant particularly in terms of materials handling associated with the crushing circuit. Production in March 2018 supports the Company's full year production guidance for 2018.

Sustaining capital

The Company incurred a total of $2,028,796 in sustaining capital expenditures during the three months ended March 31, 2018 with $928,519 being incurred in March 2018. The vast majority of the expenditures relate to the ongoing development of the Tailings Management Facility to the targeted elevation which commenced ahead of schedule due to favorable weather conditions in March 2018.

Growth capital

The Company incurred a total of $2,762,442 in growth capital expenditures during the three months ended March 31, 2018, with $977,860 being incurred in March 2018. The majority of the expenditures relate to commissioning activities, costs associated with initial fit-out of site infrastructure, as well as costs incurred due to design and commissioning issues identified as part of the ramp-up process.

FINANCIAL OPERATING RESULTS

Results for the three months ended March 31, 2018 and 2017

In the three months ended March 31, 2018 the Company had earnings of $3,310,557, an increase of $4,772,960 when compared to the $1,462,403 loss in the 2017 comparative period as the Company commenced commercial production on March 1, 2018, recognizing mine operating earnings of $5,889,743. The mine operating earnings were offset by an increase of $723,713 in finance costs, which starting with the commencement of commercial production were recognized to the profit or loss statement as borrowing costs are no longer capitalized to property, plant and equipment. An increase in general and administration costs was offset by a higher deferred income tax recovery.

The income (loss) for the three months ended March 31, 2018 and 2017 is comprised of the following items:

	2018	2017
Mine operating earnings	**$ 5,889,743**	$ -
General and administration costs	**(2,427,663)**	(1,661,733)
Financing costs	**(988,787)**	(265,074)
Interest and other income	**94,144**	62,041
Net earnings (loss) before income taxes	**2,567,437**	(1,864,766)
Deferred income tax recovery	**743,120**	402,363
Net earnings (loss) and comprehensive earnings (loss) for the period	**$ 3,310,557**	$ (1,462,403)

Mine operating earnings

The mine operating earnings for the three months ended March 31, 2018 and 2017 is comprised of the following.

	2018	2017
Revenue	**$ 12,881,462**	$ -
Costs of sales	**(4,357,163)**	-
Depreciation and depletion	**(2,634,556)**	-
Mine operating earnings	**$ 5,889,743**	$ -

Since commercial production started on March 1, 2018 the company sold 7,755 ounces of gold at a weighted average price of $1,663 resulting in revenue of $12,881,462. The Company delivered 2,217 ounces into fixed price contracts and the remaining 5,538 ounces were sold at spot. Revenue is net of treatment and refining costs which were $15,910 for the month ended March 31, 2018.

The costs of sales are comprised of production costs, (including mining, processing, maintenance, site administration and site share-based payments), and royalties and selling costs. Cash costs per ounce sold in March 2018 were $552 (see *Non-IFRS Performance Measures* section).

Depreciation and depletion was $2,634,556 since the start of commercial production. Most assets are depreciated or depleted on a units-of-production basis over the reserves to which they relate.

AISC per ounce sold for the month of March 2018 was $752 (see *Non-IFRS Performance Measures* section). This is slightly higher than average guidance as it was the first month of commercial production, but consistent with guidance for the full year of 2018.

General and administration

General and administration for the three months ended March 31, 2018 and 2017 is comprised of:

	2018	2017
Amortization	**$ 26,007**	$ 24,301
Corporate development and investor relations	**173,854**	153,583
Director fees	**75,999**	77,625
Management fees, salaries and benefits	**753,703**	403,610
Office and general	**58,073**	47,480
Professional fees	**133,288**	88,738
Rent	**50,496**	49,611
Share-based payments	**1,120,695**	781,584
Transfer agent and filing fees	**35,548**	35,201
	$2,427,663	$1,661,733

In the three months ended March 31, 2018, the Company experienced an increase in general and administration costs over the three months ended March 31, 2017 due to increased activity and aligning staffing to that for an operating entity.

Management fees, salaries and benefits were $753,703 in the three months ended March 31, 2018, an increase of $350,093 over the three months ended March 31, 2017. The increase is as a result of the growth of the Company largely stemming from increased activity, specifically, the commencement of operations at MRC and the further development of the Company's other Nova Scotia deposits.

Professional fees in three months ended March 31, 2018 increased by $44,550 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.

Share-based payments, increased by $339,111 to $1,120,695 and 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 primarily to the increase in the number of options granted and vesting and to the increased share price, which, with all other variables being equal increases the value assigned to each option. The average exercise price of options granted was $1.63 per share in the three months ended March 31, 2018 compared to $1.01 per share in the 2017 year.

Financing Costs

Financing costs are comprised of interest incurred on the Company's long-term debt facilities, and amortization of deferred transaction costs. Prior to the start of commercial production on March 1, 2018, the interest, accretion and amortization of the transaction costs related to the long-term debt facilities were capitalized to mineral properties and expensed thereafter.

Financing costs for the three months ended March 31, 2018 were comprised of:

	Expensed to the statement of income (loss)	Capitalized to mineral properties	Total financing costs - 2018	Total financing costs - 2017
Interest on the PLF	$ 655,337	$ 1,272,939	$ 1,928,276	$ 808,921
Amortization of transaction costs on the PLF	153,086	306,173	459,259	218,097
Interest and accretion of convertible debt	110,887	221,659	332,546	396,967
Financing fees on capital leases	51,515	103,143	154,658	149,438
Accretion on reclamation provision	17,962	-	17,962	-
	$ 988,787	$ 1,903,914	$ 2,892,701	$ 1,573,423

In the three months ended March 31, 2017 there was $1,573,423 finance costs which were all capitalized to mineral properties and development costs, compared to a total of $2,892,701 finance costs in the current period, with $1,903,914 capitalized to mineral properties and $988,787 expensed to the statement of income (loss), as a result of the Company commencing commercial production on March 1, 2018. The costs in the three months ended March 31, 2017 was lower as the loan balances were lower on the Company's long-term debt facilities during the same period in the prior year, resulting in lower interest charge. The PLF was not fully drawn until Q3 2017. Terms of these loans are discussed further in the *Liquidity and Capital Resources* section. In May, 2018 the convertible debt and the all unpaid interest owing was converted into 21,927,360 common shares of the Company.

In the three months ended March 31, 2017, the Company incurred $252,462 of standby fees related to the PLF and Equipment Facility. There were no standby fees incurred in the three months ended March 31, 2018. Accretion expense on the reclamation obligation was $17,962 in the three months ended March 31, 2018 compared to $12,612 in the three months ended March 31, 2017.

Other items impacting earnings

In the three months ended March 31, 2018, the Company recorded a deferred tax recovery of $743,120 compared to $402,363 for comparative 2017 period. The deferred tax recovery included amounts related to the spending of eligible flow through expenditures. Based on Canadian tax law, the Company is required to spend the amount raised by the issuance of flow-through shares on qualifying exploration expenditures by December 31 of the year after the year the shares are issued. The Company uses the residual method to record the premium of the flow-through share which is recorded as other liability on the consolidated balance sheet. The liability balance is decreased as a result of the Company incurring a portion of the qualifying expenditures, therefore fulfilling part of its obligation with the offset being recognized as a deferred income tax recovery on the statement of loss and comprehensive loss. The Company spent $3,251,107 on qualifying expenditures in the three months ended March 31, 2018 compared to $2,485,181 in the three months ended March 31, 2017.

EXPLORATION UPDATE

Exploration and evaluation expenditures

During the three months ended March 31, 2018 and 2017 the Company incurred the following exploration and evaluation expenditures on Cochrane Hill, Fifteen Mile Stream and Other Nova Scotia Properties:

	Cochrane Hill		Fifteen Mile Stream		Other NS Properties	
	2018	2017	2018	2017	2018	2017
Acquisition costs	$ -	$ -	$ 250,000	$ -	$ -	$ -
Compensation	188,376	326,766	474,115	149,027	141,452	2,388
Environmental	30,929	11,629	64,374	-	840	20,831
Permitting and claims	-	4,053	135,749	8,107	182	5,684
Assays and metallurgy	163,815	308,951	472,949	264,094	22,387	17,615
Travel and accommodation	5,304	12,171	14,970	7,978	1,263	5,010
Drilling and fieldwork	239,118	304,284	1,069,638	775,866	115,006	85,959
Equipment and supplies	47,464	89,851	142,968	144,500	71,087	2,796
	$ 675,006	$ 1,057,706	$ 2,624,763	$ 1,349,572	$ 352,217	$ 140,283

Phase 3 Expansion Drilling Program

The Company completed its Phase 3 Expansion drilling program at Fifteen Mile Stream and Cochrane Hill in the first quarter of 2018. The objectives of the Phase 3 Expansion drilling program were to:

- identify additional gold resources immediately peripheral to those resources previously defined at Fifteen Mile Stream and Cochrane Hill,
- at Cochrane Hill and at Fifteen Mile Stream – particularly at the Hudson and Plenty zones, to upgrade previously defined Inferred Mineral Resources to Measured and Indicated categories, and
- seek additional new Resources within the 350-metre gap between the Plenty and Egerton MacLean zones at Fifteen Mile Stream.

The Phase 3 Resource Expansion diamond drilling program at Fifteen Mile Stream comprised 185 holes to December 31, 2017 and was completed at the end of January with a total of 24,325m drilled in 221 holes. Holes were generally drilled on 25m x 20m centres, except for the first-pass drilling along the 350m gap between Plenty and Egerton MacLean where holes were drilled on 50m-spaced sections. The Phase

3 Resource Expansion diamond drilling program at Cochrane Hill was completed at the end of December, 2017 with a total of 44 holes for 6,900 metres having been drilled.

It is expected that further drilling will be required in 2018 to further define the additional mineralization identified. The Company currently plans to have the updated resource estimates completed toward the end of the second half of 2018 when all the results of drilling to date and planned drilling have been received and analysed. Results from the Phase 3 Resource Expansion diamond drilling program were announced in news releases dated December 20, 2017, January 17, 2018, January 24, 2018, February 22, 2018, March 15, 2018 and April 4, 2018.

In addition to the expenditure above for Fifteen Mile Stream and Cochrane Hill the Company incurred $119,983 on Beaver Dam during the three months ended March 31, 2018 compared to $364,512 in the year ended December 31, 2017. The focus of expenditures at Beaver Dam were to secure the environmental approval expected in early 2019.

Phase 4 Program

The Phase 4 Corridor Regional Program is designed to systematically explore along the + 45km un-tested structure hosting all existing deposits. This under-explored and geologically prospective 45Km trend extends northeast from the central processing facility at Touquoy to the Beaver Dam gold deposit and through to the Fifteen Mile Stream gold deposit in the east. Two drill rigs have been mobilized and have commenced drilling. The objective of the program is to explore the gaps between the three known deposits along this trend. The program will comprise up to a total of 100,000 metres of diamond drilling distributed throughout the Touquoy-Beaver Dam-Fifteen Mile Stream Corridor

LIFE OF MINE PLAN FOR MRC - PRE-FEASIBILITY STUDY ("PFS")

Reserves and resources

The Mineral Resources estimates summarized in the PFS 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.

The PFS is based on a technical report entitled Moose River Consolidated Project, Nova Scotia Canada, NI 43-101 Technical Report on Moose River Consolidated Phase 1 and Phase 2 Expansion with an effective date of January 24, 2018 and a filing date of March 15, 2018. Qualified Persons responsible for this report are Paul Staples, Neil Schofield, Marc Schulte, Jeff Parks, James Millard, Daniel Fontaine and Tracey Meintjes. The full report is available on the Company's SEDAR profile and the Company's website.

The table below is a summary of the mineral reserve and resources at MRC, Phase 1 (Touquoy, and Beaver Dam) and MRC Phase 2 (Cochrane Hill and Fifteen Mile Stream gold deposits).

Mineral Reserves Table - MRC Phase 1 and Phase 2 Expansion	Tonnes (m)	Grade (g/t)	Gold oz. (000)
Touquoy			
Proven reserves	2.63	1.41	119
Probable reserves	6.58	1.45	306
Proven and probable reserves	**9.21**	**1.44**	**425**
Beaver Dam			
Proven reserves	4.03	1.47	191
Probable reserves	3.22	1.39	144
Proven and probable reserves	**7.25**	**1.44**	**335**
Cochrane Hill			
Proven reserves	6.46	1.15	239
Probable reserves	4.70	1.02	154
Proven and probable reserves	**11.16**	**1.10**	**393**
Fifteen Mile Stream			
Proven reserves	2.89	1.24	115
Probable reserves	7.91	1.24	316
Proven and probable reserves	**10.80**	**1.24**	**432**
			1,585

Mineral Resources Table - MRC Phase 1 and Phase 2 Expansion	Tonnes (m)	Grade (g/t)	Gold oz. (000)
Touquoy			
Measured resource	2.75	1.47	130
Indicated resource	7.34	1.48	349
Measured and Indicated resource	**10.09**	**1.48**	**479**
Inferred resource	**1.58**	**1.52**	**77**
Beaver Dam			
Measured resource	4.07	1.55	202
Indicated resource	5.20	1.34	224
Measured and Indicated resource	**9.27**	**1.43**	**426**
Inferred resource	**1.84**	**1.37**	**81**
Cochrane Hill			
Measured resource	6.17	1.22	242
Indicated resource	4.49	1.08	156
Measured and Indicated resource	**10.66**	**1.16**	**398**
Inferred resource	**1.63**	**1.32**	**69**
Fifteen Mile Stream			
Measured resource	2.71	1.33	116
Indicated resource	7.88	1.33	336
Measured and Indicated resource	**10.59**	**1.33**	**452**
Inferred resource	**6.64**	**1.12**	**240**
Total Measured and Indicated resource			**1,755**
Total Inferred resource			**467**

The above mineral reserves and resources are based on the NI 43-101 technical report *Moose River Consolidated Phase 1 and Phase 2 Expansion* dated January 24, 2018, prepared by an independent Qualified Person, Mr. Marc Schulte, P.Eng. (the "January 2018 Study"), and can be found on the Company's website and on SEDAR.

Touquoy measured, indicated and inferred estimate - dated August 1, 2014. Mineral resources are reported at a cut-off grade of 0.50 g/t Au, which assumes a gold price of US$1,300/oz. at a currency exchange rate of 0.80 C$ *per US$.*

Beaver Dam measured, indicated and inferred estimate - dated March 2, 2015. Mineral resources are reported at a cut-off grade of 0.50 g/t Au, which assumes a gold price of US$1,300/oz. at a currency exchange rate of 0.80 C$ *per US$.*

Cochrane Hill and Fifteen Mile Stream measured, indicated and inferred estimate – dated July 20, 2017. Mineral resources are reported at a cut-off grade of 0.35 g/t Au, which assumes a gold price of US$1,300/oz. at a currency exchange rate of 0.80 C$ *per US*$; mining costs of $3.25/t, process costs (including general and administrative costs of $11.73/t; 95% process recovery; and overall pit slope angle of 45°.

PFS Production Profile

The table below sets out gold production from MRC over the life of mine per the January 2018 Study and includes production from Touquoy, Beaver Dam, Fifteen Mile Stream and Cochrane Hill.

	Waste (000's tonnes)	Ore processed (000's tonnes)	Gold production (000's ounces)
Pre-production	2,639	-	-
2018	5,616	1,800	74
2019	4,897	2,000	96
2020	6,795	2,000	94
2021	15,413	3,700	171
2022	29,187	5,700	231
2023	26,711	6,000	254
2024	16,448	6,000	245
2025	6,306	6,000	202
2026	838	3,747	80
2027	-	1,457	13
Life of mine production	114,850	38,404	1,460
Overall strip ratio		3.0	
Life of mine cash operating costs ($/oz)		$643	
Life of mine cash all-in sustaining costs ($/oz)		$692	

The Touquoy production numbers included in the above are taken from the Company's July 2, 2015 feasibility study, NI 43-101 Technical Report Feasibility Study for Moose River Consolidated Project, Nova Scotia with an effective date of July 2, 2015 and a filing date of August 13, 2015. Qualified Persons responsible for this report are Kevin Scott, Neil Schofield, Marc Schulte, Jeff Parks, and Tracey Meintjes. The full report is available on the Company's SEDAR profile and the Company's website.

The pre-tax net present value is $612 million ($422 million after-tax) with a 5% discount rate and assuming a gold price of USD$1,300 and an exchange rate of $0.80.

Phase 1

The July 2, 2015 feasibility study, *Feasibility Study for Moose River Consolidated Project, Nova Scotia* established the proven and probable reserves for Phase 1 and is based on the developing the deposits as conventional surface open pit mining operations with drill/blast/load/haul activities utilizing a leased production fleet operated by Company employees. Initial production commenced at Touquoy in late 2017, 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. Commercial production began March 1, 2018.

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 MRC processing facility located on the Touquoy property. 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. Beaver Dam has estimated recoverable gold of 315,000 ounces.

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.

Phase 2

Phase 2 mining operations are planned to be typical of similar small-scale open pit operations in flat terrain. They are conventional drill-blast-load-haul open pit operations with excavators and haul trucks supported by ancillary equipment.

Ore treatment at both locations will be essentially the same, with some differences in equipment sizes to suit ore properties such as ore hardness. The ore will be crushed in a three-stage crushing unit, essentially the same as that installed at Touquoy. A ball mill will grind the ore to a P80 of approximately 240 micrometers for Fifteen Mile Stream and 350 micrometers for Cochrane Hill. A part of the cyclone underflow will be screened and the undersize will be treated in two centrifugal gravity separators. The concentrate will be collected in custom made tote containers. It is expected that gold recovered in gravity concentrate will be significant and at times represent up to 60% of total gold production. The cyclone overflow will be treated in a split circuit with conventional flotation and hydrofloat separation to produce a concentrate. The concentrate will be cleaned, thickened and filtered. The tailings `will be pumped to a conventional tailings management facility.

Both concentrates will be trucked to the Touquoy processing facility, the gravity concentrate in tote boxes, the flotation concentrate as a bulk solid. The gravity concentrate will be treated in a new intensive cyanide leach unit and gold recovered from new electrowinning cells. The flotation concentrate will be fed into the cyclone feed pump of the existing circuit and gold will be recovered in the existing carbon-in-leach (“**CIL**”) circuit. An extra tank will be provided in the CIL circuit to allow for increased volume throughput but the carbon treatment and gold recovery circuit has sufficient existing capacity.

PFS Cash operating costs

The cash operating costs of MRC are expected to be:

		Phase 1		Phase 2	
		Touquoy	**Beaver Dam**	**Fifteen Mile Stream**	**Cochrane Hill**
Mining	$/tonne milled	$ 10.10	$ 17.10	$ 9.40	$ 10.80
Processing	$/tonne milled	8.90	15.30	7.90	8.30
General and administration	$/tonne milled	1.90	2.20	1.90	1.90
Total	$/tonne milled	$ 20.90	$ 34.60	$ 19.20	$ 21.00
Annual average cash costs	Millions of $	$ 41	$ 69	$ 39	$ 43

		Phase 1	Phase 2
Life of mine costs	$/ounce	$626	$627
Sustaining costs	$/ounce	$690	$692

PFS Capital Costs

Initial capital costs include contingency, owner's costs, engineering, procurement and construction costs, new mine equipment and infrastructure. Estimates incorporate current data from the recently constructed processing facilities at Touquoy. The modifications required to the Touquoy procession facilities to treat the gravity and flotation concentrates from Phase 2 are estimated at $4.3 million and this amount is included in the estimated capital costs for Fifteen Mile Stream. Incremental sustaining capital expenditures for the MRC Phase 2 expansion are estimated at $48.2 million.

(Millions of $)	Touquoy	Beaver Dam	Fifteen Mile Stream	Cochrane Hill
Mine development	$17	$1	$16	$27
Processing	51	3	52	56
Tailings management	9	1	-	-
On-site infrastructure	14	4	12	11
Off-site infrastructure	2	6	6	6
Growth	-	-	1	-
Direct Costs	93	15	87	100
Indirect	15	1	16	15
Owners	16	-	7	6
Contingency	13	2	13	15
Indirect cots	44	3	36	36
	$137	$18	$123	$136

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. At the Report effective date, information requests had been received from government agencies (federal and provincial) and were being processed by Atlantic Gold. Approvals from both the federal and provincial environmental offices are expected to be received in 2018. Atlantic Gold currently intends to submit the Environmental Impact Study for both Fifteen Mile Stream and Cochrane Hill in Q4 2018 and Q1 2019, respectively.

OTHER FINANCIAL INFORMATION

Summary of Quarterly Results

	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenue (1)	12,881,462	N/A	N/A	N/A
Net earnings (loss) for the period	**$ 3,310,557**	$ (1,149,320)	$ (1,320,198)	$ (992,626)
Earnings (loss) per share				
Basic	**$0.02**	$(0.01)	$(0.01)	$(0.01)
Diluted	**$0.01**	$(0.01)	$(0.01)	$(0.01)
	Q1 2017	**Q4 2016**	**Q3 2016**	**Q2 2016**
Revenue (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)

(1) MRC began commercial production on March 1, 2018. Revenues earned in the commissioning period in 2017 and January/February 2018 were capitalized to property, plant and equipment.

The Company commenced commercial production at MRC in Q1 2018 resulting in net earnings during the quarter. In historical periods, the quarterly results fluctuate depending on timing of stock option grants and stand by fees related to the PLF and the Equipment Facility (as described in the Liquidity and Capital Resources section of this report). The largest stock option grant, in which all eligible employees are considered, is generally in the first quarter ended March 31 which resulted in a higher charge for stock-based compensation expense. The PLF and the Equipment Facility both have standby charges and were put in place in May 2016 and as the facilities have been drawn down the standby fees have decreased. The deferred income tax recovery related to the flow-through shares also impact earnings from period to period and are dependent on the amount spent on qualifying expenditures from period to period.

Financial Position

The following financial data is derived from the Interim Financial Statements and should be read in conjunction with the Annual Financial Statements.

	March 31, 2018	December 31, 2017
Cash and cash equivalents	$ 15,282,095	$ 22,093,914
Property, plant and equipment	$ 172,292,927	$ 178,712,023
Total assets	$ 255,204,721	$ 258,565,362
Long-term debt	$ 136,067,784	$ 137,827,950
Total liabilities	$ 157,664,999	$ 167,616,583
Working capital	$ (23,216,469)	$ (24,003,425)

The Company's financial position has changed significantly due to the construction and financing of MRC. See "Cash Flow" discussion below for impacts from operating, investing and financing activities.

Cash flows

The cash and cash equivalents decreased from $22,093,914 at December 31, 2017 to $15,282,095 at March 31, 2018. Cash inflow from operating activities was $4,214,432 during the three months ended March 31, 2018, primarily due to proceeds received on gold sales of $12,881,462, partially offset by mine operating cash costs of $4,688,511, $1,064,529 of cash general and administration costs (net of non-cash share-based payments of $1,120,695 and depreciation of $26,007) and $2,988,725 of cash used in inventory build up.

Cash flows used on operating activities in the three months ended March 31, 2017 was $1,971,358 and related primarily to general and administrative costs and changes in non-cash working capital of $863,048 which related to changes in amounts owed by the Company.

Cash flows used in investing activities were $7,235,175 in the three months ended March 31, 2018 compared to $32,834,689 in the same period in the prior year. Investing activities is comprised of the following:

	Three months ended March 31			
		2018		2017
Cash (used) provided by investing activities				
Capitalized pre-commercial production mine operating costs and capital expenditures	**$**	**(15,325,625)**	$	(30,576,686)
Capitalized revenue		**14,909,663**		-
Exploration and evaluation expenditures		**(6,898,885)**		(2,292,297)
Interest received		**79,683**		34,294
Net cash used in investing activities	**$**	**(7,235,175)**	$	(32,834,689)

Property, plant, and equipment relates to the commissioning of MRC. Property, plant and equipment includes revenue proceeds of $14,909,663 earned in the first two months of 2018. Exploration and evaluation expenditures are related to Fifteen Mile, Cochrane Hill and the Company's other Nova Scotia exploration properties. Expenditures on Property, plant and equipment and on exploration and evaluation expenditures are discussed in the Properties section of this report.

Cash flows used in financing activities were $3,791,076 in the three months ended March 31, 2018 compared to $31,698,399 cash inflow from the same period in the prior year. Financing activities is comprised of the following:

	Three months ended March 31			
		2018		2017
Cash (used) provided by financing activities				
Proceeds from stock option exercise	**$**	**66,000**	$	400,000
Proceeds from exercise of share purchase warrants		**777,942**		9,742
Proceeds from long-term debt				
Project Loan Facility		**-**		32,500,000
Interest payments and transaction costs				
Project Loan Facility		**(3,870,937)**		(610,836)
Finance lease payments		**(764,081)**		(600,507)
Net cash (used) provided by financing activities	**$**	**(3,791,076)**	$	31,698,399

LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, development, exploration and evaluation of assets. The Board does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types of third party financing, whether through debt, equity, or other means, in addition to cash flow from operations at MRC. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, and acquire or dispose of assets to facilitate the management of our capital requirements. Atlantic prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. As at March 31, 2018, the Company had a balance of $15,282,095 in cash deposits and short-term GICs with major Canadian financial institutions. The Company also holds a restricted cash balance of $10,593,432 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 a working capital deficit position as at March 31, 2018 of $23,216,469. Included in this deficit position is $32,150,000 related to principal payments under the PLF. These amounts will be repaid from operating cash flow generated from MRC, and therefore does not represent a liquidity risk for the Company. 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, as well as estimated future operating cash flows. MRC is expected to produce 82,000 to 90,000 ounces of gold in 2018 at a cash costs between $500 and $560 per ounce. In order to mitigate gold price risk, the Company entered into margin free gold forward sales contracts for 215,000 ounces which is at a flat forward price of $1,550 per ounce and scheduled out its hedged contracts over the life of the PLF and beyond (the “Hedge Facility”). In February 2018, the Hedge Facility delivery schedule was amended to align with the Company’s revised Life of Mine plan.

As of March 31, 2018, there were 206,456 ounces committed to the gold forward contracts for delivery between April 2018 and February 2021.

The Company has received the following sources of funding:

Long-term debt

Project Loan Facility

On May 6, 2016, the Company, through a wholly owned subsidiary, executed a syndicated project facility agreement in respect of a $115 million PLF to fund construction costs of the Company’s MRC. The PLF has been fully drawn.

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 production. Project Completion is when, among other things, 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 90 consecutive days. The Company may prepay all or part of the principal balance outstanding at any time without penalty.

In February 2018, the PLF Agreement was amended to revise the debt amortisation schedule to align with the Company’s revised Life of Mine plan. The new repayment schedule for repaying the $115 million is as follows:

2018	$	18,650,000
2019		58,400,000
2020		37,950,000

Convertible Debentures

On May 10, 2016, the Company issued convertible Debentures of $13 million. The 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 Debentures is convertible at the subscriber’s option 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 is also convertible at the subscriber’s option into common shares of the Company but at the market price of the shares at the time of conversion.

On April 11, 2018, the Company provided notice to all holders of the Company's Convertible Debentures that the Company intends on prepaying the entire principal amount of the Debentures on May 11, 2018, and on May 3, 2018, the debentures had been fully converted into common shares of the Company.

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 MRC. The term of the Equipment Facility is 5 years from delivery and is secured by the mining fleet. As at December 31, 2017, the Company has entered into a total of 23 equipment lease contracts forming part of the $20 million Equipment Facility, and as a result the Company recognized a $10,409,317 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 90-day period to reflect increases or decreases to CDOR.

Other sources of funding

Stock option and warrant exercises

During the three months ended March 31, 2018, the exercise of stock option awards and warrants provided the Company with additional liquidity. A total of 125,000 stock options were exercised for total proceeds of $66,000. A total of 1,269,569 warrants were exercised for total proceeds of $777,942. At March 31, 2018, there were 19,435,548 warrants outstanding with an exercise price of $0.60 per warrant which expire in August 2018.

Private placements

In September 2017 and October 2017, the Company completed a series of private placement financings for cumulative gross proceeds of $21,279,325, of which $11,053,060 was related to the issue of flow-through shares. The funds raised through flow-through share private placements will be used for qualifying exploration expenditures by December 31, 2018.

Restricted cash

The Company holds a restricted cash balance of $10,593,432. This 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.

Restricted cash also includes guaranteed investment certificate ("GIC") of $3,871,000, which represents 70% of a $5,530,000 reclamation performance bond that was issued by way of a surety bond in August 2017 (the "Surety Bond"), through the Company's wholly owned subsidiary Atlantic Mining NS Corp. ("Atlantic Mining"), and a surety provider. The surety provider secured the Surety Bond by a line of credit with the Bank of Montreal ("BMO") at 70% of the value of the required level of the reclamation performance bond. 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 August 18, 2018, and earns interest at 0.6% per annum.

An additional $722,432 of restricted cash is in the Debt Service Reserve Account ("DSRA"), and is required under the 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 Facility. The DSRA is to be maintained up to and including three months after Project Completion.

Commitments

During 2017 the Company issued flow-through shares and as a result as at March 31, 2018 is committed to spend approximately $6,217,545 in qualifying exploration expenditures by December 31, 2018.

An NSR of 3% is payable in respect of the Touquoy deposit, two-thirds of which can be purchased for $2.5 million. Additionally, a 3% NSR is payable on production from the Company's 100% owned Cochrane Hill deposit, of which two-thirds can be repurchased by the Company for $1.5 million. For the Company's 100% owned Beaver Dam deposit, a 0.6% NSR is payable to a private third-party. The Company must also remit a 1% NSR on production from all deposits in Nova Scotia to the government in Nova Scotia.

In order to maintain current rights of tenure to exploration tenements, the Company is required to incur expenditures of approximately $350,000 in respect of claim renewal fees and minimum work requirements in 2018.

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

SUBSEQUENT EVENTS

Subsequent to March 31, 2018, 4,196,079 share purchase warrants and 2,100,000 stock options were exercised for gross proceeds of $2,517,647 and $734,000, respectively.

On April 11, 2018, the Company provided notice to all holders of the Company's Convertible Debentures that the Company intends on prepaying the entire principal amount of the Debentures on May 11, 2018 (the "Prepayment Date"). The holders maintain their conversion right to convert at any time up until the Prepayment Date. As of May 3, 2018, all outstanding debentures and accrued interest had been fully converted into 21,927,360 common shares of the Company.

OFF - BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

As at the date of this report, there were 221,925,638 common shares issued and outstanding, 15,155,000 stock options outstanding, 15,239,469 share purchase warrants outstanding.

TRANSACTIONS WITH RELATED PARTIES

Key management compensation

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

Related Party	Relationship	Compensation Type	Three months ended March 31 2018	2017
Steven Dean	Chairman and CEO	Consulting fees, benefits and share-based payments (1)	**$ 443,842**	$ 333,317
Robert Atkinson	Director	Directors' fees and share-based payments	**47,164**	43,175
Donald Siemens	Director	Directors' fees and share-based payments	**47,164**	43,175
David Black	Director	Directors' fees and share-based payments	**47,164**	43,175
William Armstrong	Director	Consulting fees, directors' fees and share-based payments (2)	**58,580**	45,915
Ryan Beedie	Director	Director's fees	**40,289**	27,572
Wally Bucknell	Director	Consulting fees and share-based payments	**70,789**	77,915
Maryse Belanger	President and COO	Wages, benefits, and share-based payments	**360,531**	312,414
Chris Batalha	CFO and Corporate Secretary	Wages, benefits, and share-based payments	**194,710**	125,232
John Morgan(3)	Director	Wages, benefits, and share-based payments	**-**	38,715
			$ 1,310,233	$ 1,090,605

(1) Consulting fees are paid to Sirocco Advisory Services, a company controlled by Steven Dean.
(2) Consulting fees are paid to Metallica Consulting, a company controlled by William Armstrong.
(3) John Morgan resigned as a director of the Company on November 30, 2017.

Amount due to related parties

Amounts due to related parties are as follows:

Related party	March 31, 2018	December 31, 2017
Beedie Investments Limited[1]	**$ 7,778,182**	$ 7,573,469
Sirocco Advisory Services[2,4]	**65,779**	428,246
Metallica Consulting Services[3,4]	**10,500**	14,000
Directors[4]	**15,000**	7,500
Officers[4]	**35,011**	293,059

(1) The Company issued $8 million of Debentures to Beedie Investment Limited, a company controlled by a director of the Company. Of the amount owing, $262,685 is current at March 31, 2018 (December 31, 2017 - $95,014). The remaining amounts are recorded as long-term debt. In the period, Beedie Investment Limited received interest of $nil (2017 – $nil). Subsequent to March 31, 2018, all debentures and any unpaid accrued interest held by Beedie Investment Limited were converted into common shares of the Company.
(2) Sirocco Advisory Services, is a company controlled by a director and officer of the Company.
(3) Metallica Consulting Services is a company controlled by a director of the Company.
(4) Amounts due to related parties are unsecured, non-interest bearing and due on demand.

Amount due from related parties

The Company charges office lease and administrative expenditures to Oceanic Iron Ore Corp. ("Oceanic"), a Company with officers and directors in common. During the three months ended March 31, 2018, office lease and administrative expenditures billed to Oceanic amounted to $19,624 (2017: $23,881). As at March 31, 2018, the Company was due $69,772 from Oceanic (December 31, 2017: $49,167).

ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Critical accounting estimates and judgments

The preparation of the Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements are set out in Note 5 to the December 31, 2017 Annual Financial Statements.

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 judgment which will impact when the Company recognizes revenue, operating costs and depreciation and depletion in the statement of profit and loss. In making this determination, management considered whether (a) the major capital expenditures to bring the mine to the condition necessary for it to be capable of operating in the manner intended; (b) ramping up to nameplate design capacity has been achieved for the mine; (c) the mill was meeting performance design criteria such as hourly throughput and process recovery; and (e) a saleable product could be produced. Effective March 1, 2018, management declared commercial production at MRC.

Fair Value of Investment in a Private Company

As a result of the adoption of IFRS 9 (discussed below), judgment was used in determining the fair value of the Company's investment in a private company. Significant assumptions are used in preparing the valuation models used to determine the fair value of the asset, including gold prices, reserves and resources, foreign exchange, mine plans, operating costs, capital expenditures, and discount rates. Note 12 of the interim financial statements outlines the significant inputs used when calculating the fair value of the financial asset.

Changes in accounting standards recently adopted

IFRS 9 - Financial Instruments ("IFRS 9")

During the period, the Company adopted IFRS 9 which addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relates 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. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. We have made the irrevocable classification choice to record fair value changes on our investment in a private company in other comprehensive income.

Classification and Measurement Changes

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	**New (IFRS 9)**
Financial assets		
Cash and cash equivalents	Amortized costs	**Amortized costs**
Due from related parties	Amortized costs	**Amortized costs**
Receivables	Amortized costs	**Amortized costs**
Restricted cash	Amortized costs	**Amortized costs**
Investment in a private company	Available-for-sale	**Fair value through other comprehensive income**
Financial liabilities		
Accounts payable and accrued liabilities	Amortized costs	**Amortized costs**
PLF	Amortized costs	**Amortized costs**
Equipment facility	Amortized costs	**Amortized costs**
Due to related parties	Amortized costs	**Amortized costs**

The investment in a private company held by the Company is comprised of shares in a Company that does not have a quoted price in an active market. Under IAS 39, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity was precluded from measuring the instrument at fair value. This concept was not carried forward into IFRS 9 and as such the Company was required to assign a fair value to the available-for-sale asset for the March 31, 2018 reporting period. This resulted in a $948,056transitional adjustment from the adoption of IFRS 9, recognized in other non-current assets, with the fair value adjustment recognized through opening retained earnings. Any future changes in the fair value of the financial instrument will be recognized through other comprehensive income. The Company has elected not to restate comparatives as a result of the adoption of IFRS 9.

Changes in accounting standards not yet effective

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.

FINANCIAL INSTRUMENTS

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, investment in a private company, accounts payable, long-term debt, and due to related parties. Classification of the Company's financial instruments are disclosed in the table above.

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 investment in a private company is categorized as Level 3 on the fair value hierarchy as observable market data for this investment is not available. Financial instruments of the Company as at March 31, 2018 and December 31, 2017 are summarized as follows:

	March 31, 2018		December 31, 2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	**$ 15,282,095**	**$ 15,282,095**	$ 22,093,914	$ 22,093,914
Due from related parties	**69,772**	**69,772**	49,168	49,168
Receivables	**251,909**	**251,909**	223,539	223,539
Restricted cash	**10,593,432**	**10,593,432**	10,593,432	10,593,432
Investment in a private company	**1,196,134**	**1,196,134**	248,078	N/A
Financial liabilities				
Accounts payable and accrued liabilities	**$ 15,589,285**	**$ 15,589,285**	$ 22,807,073	$ 22,807,073
PLF	**113,628,344**	**112,112,000**	115,111,746	113.789.000
Equipment facility	**9,799,894**	**9,319,000**	10,409,317	9,859,000
Due to related parties	**121,540**	**121,540**	750,805	750,805

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.

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 PLF, Equipment Facility, and Debenture.

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, Debentures, the PLF, 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 $1,000,000 impact on the annual net earnings (loss) and comprehensive income (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. A $10 change in the gold price would have an approximately $900,000 impact on the annual net earnings (loss) and comprehensive income (loss) on an annual basis.

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.

NON-IFRS PERFORMANCE MEASURES

The Company has included certain non-IFRS measures in this MD&A. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable with similar measures by other issuers.

Cash costs

Cash costs is a common financial performance measure in the gold mining industry but with no standard meaning under IFRS. Atlantic reports total cash costs on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Cash costs include production costs such as mining, processing, refining and site administration, less non-cash share-based compensation divided by gold ounces sold to arrive at total cash costs per gold ounce sold. Costs include royalty payments and permitting costs Production costs are exclusive of depreciation. Other companies may calculate this measure differently. See calculation below.

All-in sustaining costs

The Company believes that AISC more fully defines the total costs associated with producing gold. The company calculates all-in sustaining costs as the sum of total cash costs (as described above), corporate general and administrative expense (net of stock-based compensation), reclamation cost accretion and amortization and sustaining capital, all divided by the gold ounces sold to arrive at a per ounce figure.

Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus growth capital. The Company commenced commercial production effective March 1, 2018 therefore the information contained in this section relates to the month of March 2018, as well as the three months ended March 31, 2018.

		One-month ended March 31, 2018		Three-months ended March 31, 2018
Gold ounces sold		**7,755**		**17,187**
Total cash costs reconciliation				
Cost of sales(2)	$	4,357,163	$	9,676,725
Less: Site share-based payments(2)		(95,959)		(287,878)
Add: Refining fees(3)		15,910		40,745
Total cash costs	$	4,277,114	$	9,429,592
Total cash cost per ounce sold	$	552	$	549
AISC reconciliation				
Total cash costs	$	4,277,114	$	9,429,592
Sustaining capital expenditures		928,519		2,028,796
Accretion on reclamation obligation		5,987		17,962
Amortization of reclamation obligation		67,429		149,440
Corporate general and administrative costs(1)		549,528		1,280,961
	$	5,828,578	$	12,906,752
AISC per ounce sold	$	752	$	751

(1) Corporate general and administrative costs is net of $441,102 and $1,120,695 of share-based payments for the 1 month and 3 months ended March 31, 2018, respectively.

(2) Cost of sales of $9,676,725 comprises $4,357,163 of operating costs for the month of March 2018 which is recorded in the Company's Statement of Income (Loss) and Other Comprehensive Income (Loss), and $5,319,562 of operating costs which is capitalized (see note 9 of the interim financial statements for the three months ended March 31, 2018). Under IFRS operating results are capitalized until commercial production is declared. Included in the $5,319,562 of capitalized mine operating costs are $191,919 share-based payments.

(3) Refining fees of $40,745 comprises $15,910 of refining fees incurred for the month of March 2018 which is netted against revenue in the Company's Statement of Income (Loss) and Other Comprehensive Income

(Loss), and $24,835 of refining fees which is netted against capitalized revenue (see note 9 of the interim financial statements for the three months ended March 31, 2018).

Average realized price and Average realized margin

Average realized price and average realized margin per ounce sold are used by management and investors use these measures to better understand the gold price and margin realized throughout a period.

Average realized price is calculated as revenue per the statement of comprehensive earnings (loss) divided by the gold ounces sold. Average realized margin represents average realized price per gold ounce sold less total cash costs per ounce sold.

		One-month ended March 31, 2018		Three-months ended March 31, 2018
Revenue (1)	$	12,881,462	$	27,791,125
Add: Refining fees		15,910		40,745
Gross Revenue		12,897,372		27,831,870
Gold ounces sold		7,755		17,187
Average realized price per ounce sold	$	1,663	$	1,619
Less: cash costs per ounce sold		552		549
Average realized margin per gold ounce sold	$	1,111	$	1,070

(1) Revenue of $27,791,125 comprises $12,881,462 of revenue for the month of March 2018 which is recorded in the Company's Statement of Income (Loss) and Other Comprehensive Income (Loss), and $14,909,663 of revenue which is capitalized (see note 9 of the interim financial statements for the three months ended March 31, 2018). Under IFRS operating results are capitalized until commercial production is declared.

EBITDA

The Company defines adjusted EBITDA as net earnings/loss before finance costs, finance income, income taxes, capital asset depreciation and amortization, equity-settled share-based compensation expense and gains/losses on assets, liabilities and investment dispositions. Adjusted EBITDA is a common financial measure used by investors, analysts and lenders as an indicator of cash operating performance, as well as a valuation metric and as a measure of a company's ability to incur and service debt. Our calculation of adjusted EBITDA excludes items that do not reflect our ongoing cash operations, including equity-settled share-based compensation and charges related to investing decisions, and that we believe should not be reflected in a metric used for valuation and debt servicing evaluation purposes.

While adjusted EBITDA is a common financial measure widely used by investors to facilitate an "enterprise level" valuation of an entity, they do not have a standardized definition prescribed by IFRS and therefore, other issuers may calculate adjusted EBITDA differently. The following is a reconciliation of our net earnings (loss) to adjusted EBITDA.

		2018		2017
Net earnings (loss)	**$**	**3,310,557**	$	(1,462,403)
Deferred income tax recovery		**(743,120)**		(402,363)
Depreciation and depletion		**2,634,556**		-
Share-based payments		**1,216,654**		781,584
Financing costs		**988,787**		265,074
Interest and other income		**(94,144)**		(62,041)
Adjusted EBITDA	**$**	**7,313,290**	$	(880,149)

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.

RISK AND UNCERTAINTIES

In addition to the risks noted above, risks related to Financial Instruments as set forth in this MD&A and those risk factors described in the Company's AIF, dated April 19, 2018 and filed on SEDAR, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business.

Qualified Persons

Kodjo Afewu, PhD: SME Registered Member #4173740, Plant Manager for the Company and a Qualified Person as defined by NI 43-101, has approved the scientific and technical information related to operations matters contained in this MD&A.

Doug Currie, P.Geo., MAusIMM(CP), General Manager of Exploration for the Company and a Qualified Person as defined by NI 43-101, has approved the scientific and technical information related to exploration matters contained in this MD&A.

APPROVAL

The Audit Committee and the Board of Directors of Atlantic approved the disclosure contained in this MD&A on May 22, 2018. A copy of this MD&A along with additional information, is available on the Company's and the SEDAR website at www.sedar.com.