ATLANTIC GOLD

MANAGEMENT DISCUSSION & ANALYSIS

For the three and nine months ended
September 30, 2017 and 2016

ATLANTIC GOLD CORPORATION

Dated: November 27, 2017

GENERAL

This management, discussion and analysis ("MD&A") has been prepared as of November 27, 2017, and should be read in conjunction with **Atlantic Gold Corporation's** (the "Company" or "Atlantic") unaudited condensed interim financial statements with accompanying notes for the three months and nine months ended September 30, 2017 and 2016 (the "Interim Financial Statements"), as well as the audited consolidated financial statements with accompanying notes for the years ended December 31, 2016 and 2015 ('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"). 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.

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 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. The Company's Moose River Consolidated ("MRC") gold mine is currently in commissioning and pre-production.

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

Atlantic currently holds three gold development projects in Nova Scotia, Canada: the MRC mine comprising the Touquoy and the Beaver Dam gold deposits, the Cochrane Hill and Fifteen Mile Stream gold deposits.

Construction of the MRC mine is 99% complete and commissioning started in August 2017 with the first ore from the Touquoy open-pit gold mine being processed in September 2017. Beaver Dam gold deposit is now in the permitting phase following the release of the results of a Feasibility study. Technical reports prepared in accordance with National Instrument 43-101 ("NI 43-101") are available for review on the Company's website www.atlanticgoldcorporation.com and on SEDAR (www.sedar.com).

The Touquoy deposit is located at the former village of Moose River Mines, about 110 kilometres on sealed roads north-east of Halifax. The Touquoy property covers an area of approximately 1,760 hectares and hosts the MRC mill and other mine administration infrastructure. Atlantic has an effective ownership interest of 63.5% in the Touquoy deposit, is the project operator and manager, and will recover all operational overhead, financing and sunk costs prior to any partner distributions. The Beaver Dam gold deposit is located approximately 37 kilometres by road from the Touquoy property, is approximately 1,184 hectares and is 100% owned by Atlantic.

The Cochrane Hill and the Fifteen Mile Stream deposits are at an earlier stage of development, with a Mineral Resource estimate in place.

KEY MILESTONES AND OUTLOOK

Key Milestones

- As of September 30, 2017, the Company had substantially completed the construction of the MRC mine facilities and development of the Touquoy pit with dry commissioning of the mill beginning in August 2017. The first gold pour and the official opening of the mine was in October 2017.
- The Company's Project Loan Facility ("PLF") for $115 million was fully drawn with $81 million drawn in the nine months ended September 30, 2017.
- On September 21, 2017 the Company issued 2,609,700 million shares for gross proceeds of $3,775,860. Subsequent to September 30, 2017, the Company issued an additional 10,295,550 shares for gross proceeds of $17,503,465. Of the total proceeds, $14,052,525 were raised from flow-through shares which will be used for qualifying exploration expenditures to be incurred by December 31, 2018.
- Completion of the Company's resource definition drilling program and mineral resource update at Cochrane Hill and Fifteen Mile Stream deposits and included in the "Moose River Consolidated Phase 2 Project Nova Scotia Canada" NI 43-101 report filed on the Company's website and on SEDAR.
- Submission of an Environmental Impact Statement for the Beaver Dam deposit in June 2017.

Outlook

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

- The start of commercial production at the MRC mine expected in the first quarter of 2018.
- Currently the MRC mine is in commissioning, and therefore no production statistics or costs are currently reported; upon the start of commercial production, expected in the first quarter of 2018, the Company will report on production statistics and costs.
- Completion of an economic study for Cochrane Hill and Fifteen Mile Stream as well as additional future step out and new exploration drilling to be completed later in 2017 and in 2018 on both deposits. Flow-through funds of $14,052,525 were raised in September and October 2017 to advance these exploration goals in late 2017 and 2018.
- Planning for Cochrane Hill and Fifteen Mile Stream Environmental Impact Statement, with submissions expected in 2018.

PROPERTIES

The Mineral Resources estimates summarized in this report 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 table below is a summary of the mineral resources at MRC, Phase 1 (Touquoy, and Beaver Dam) and MRC Phase 2 (Cochrane Hill and Fifteen Mile Stream gold deposits).

	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	10.7	1.16	398,000
Inferred	1.6	1.32	69,000
Fifteen Mile Stream			
Measured & Indicated	10.6	1.33	452,000
Inferred	6.6	1.12	240,000
Total Measured & Indicated	**40.7**	**1.34**	1,757,000

The above mineral resources are based on the following NI 43-101 technical reports which can be found on the Company's website and on SEDAR.

Touquoy - NI 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.

Beaver Dam - NI 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 FSSI of Beecroft, NSW, Australia.

Cochrane Hill - NI 43-101 technical report entitled "*Moose River Consolidated Phase 2 Project Nova Scotia Canada"* dated July 20, 2017 and prepared by Paul Staples, P.Eng., Neil Schofield, MAIG, Marc Schulte P.Eng., and Tracey Meintjes, P.Eng.

Fifteen Mile Stream - NI 43-101 technical report entitled "*Moose River Consolidated Phase 2 Project Nova Scotia Canada"* dated July 20, 2017 and prepared by Paul Staples, P.Eng., Neil Schofield, MAIG, Marc Schulte P.Eng., and Tracey Meintjes, P.Eng.

MRC Mine

The MRC mine currently comprises two deposits in close proximity, Touquoy and Beaver Dam. Upon finalization of the feasibility study 43-101 technical report, the Company made the decision to move forward with the development of the MRC mine and are currently in the commissioning phase. The two deposits are planned to be mined and processed through a central milling facility presently in commissioning at the Touquoy property.

Production Profile

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 NI 43-101 in respect of the Company’s MRC mine. The Study considers the co-development of Touquoy as well as Beaver Dam. The table below sets out gold production from the MRC mine over the life of mine per the Study:

	Waste (000’s tonnes)	Ore processed (000’s tonnes)	Gold production (000’s ounces)
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
Life of mine 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 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.

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. Approvals from both the federal and provincial environmental offices are expected to be received in 2018.

Construction Development Update

Construction of the MRC mine started in the second quarter of 2016 and is progressing as planned with dry commissioning having commenced in August 2017. During the nine months ended September 30, 2017, the Company reached 99% completion for all facilities, including the mine, processing plant, tailings dam and all ancillary infrastructure. The crushing circuit dry commissioning started in late August, followed by the grinding mill and both the gravity and leach circuits. Construction of the truck shop and warehouse was substantially complete by September 30, 2017. The tailings dam construction progressed to commissioning height. The project remains on schedule and on budget in all material respects. As at the date of this report, the plant site construction was substantially complete.

Capital Costs and other expenditures

The Company previously estimated that initial capital costs, including bonding of $10 million, would be approximately $137 million and additional $23 million of sustaining capital required as follows:

(000's)		Initial capital		Sustaining capital (3)		Total capital
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
Engineering, procurement, construction Management		9,955		500		10,455
Indirect and other costs (1)		21,523		(4,787)		16,736
Contingency (2)		13,260		1,903		15,163
	$	137,336	$	22,777	$	160,113

(1) Sustaining Indirect and other costs includes a credit representing the principal balance of a reclamation bond being returned to the Company.
(2) Contingencies are applied according to the degree of certainty of the relevant line item.
(3) Total sustaining capital costs includes $18.9 million construction capital expenditures at Beaver Dam which will not be incurred until Year 4 of production at Touquoy.

The Company funded the initial capital costs of the MRC project with the PLF of $115 million and a Convertible Debenture (the "Debenture") of $13 million. The proposed use of these proceeds, along with the existing treasury balance at the time of funding were $137 million, as summarized above. As at September 30, 2017, the Company had incurred approximately $132 million of initial capital costs of the MRC project. The project is substantially complete as of September 30, 2017 and on budget in all material respects. Commissioning and construction is expected to be substantially complete by year end. Approximately 63% of the initial capital, or $87 million was a fixed price contract to build the mill and other infrastructure. The MRC mine is currently in the commissioning phase and revenues and costs during the commissioning period will be capitalized and included in the carrying value of the property.

The Company spent $229,949 on Beaver Dam in the nine months ended September 30, 2017 compared to $630,406 in the nine months ended September 30, 2016. The focus at Beaver Dam is to secure the permits which is expected in 2018.

Operating costs

The operating costs of the MRC project are expected to be:

		Unit cost/tonne		Unit costs/ounce
Mining [(1)]	$	2.89	$	304
Processing	$	11.94		275
Site administration	$	2.03		47
Total cash operating costs			$	626
Total all-in-sustaining costs [(2)]			$	690

(1) Excludes pre-production mining, which is captured under capital costs.
(2) All-in sustaining costs excludes corporate general and administration costs.

Other properties in Nova Scotia

On September 1, 2017, the Company filed an NI 43-101 technical report entitled "Moose River Consolidated – Phase 2 Project, Nova Scotia, Canada" with the results of its resource definition program at Cochrane Hill and Fifteen Mile Stream providing an updated Mineral Resource Estimate prepared in accordance with NI 43-101 for both deposits. The new resource estimates result in 398,000 ounces of gold of Measured and Indicated resources at Cochrane Hill and the definition of 452,000 ounces of gold of Measured and Indicated resources at Fifteen Mile Stream at a cut-off grade of 0.35.

During the nine months ended September 30, 2017 and 2016 the Company incurred the following expenditures on its other Nova Scotia properties:

	Cochrane Hill		Fifteen Mile Stream and Other	
	2017	**2016**	**2017**	**2016**
Salaries and consulting fees	$ 729,151	$ 1,020	$ 513,958	$ 62,060
Environmental	-	13,228	-	-
Permitting and claims	16,773	-	90,637	149,184
Assays and metallurgy	829,634	2,334	1,455,873	80,660
Travel and accommodation	36,739	-	50,550	1,737
Drilling and fieldwork	2,099,520	3,760	2,265,029	72,378
Equipment and Supplies	212,103	-	320,259	3,368
	$ 3,923,920	$ 20,342	$ 4,696,306	$ 369,387

The Company expects to complete an economic study for Cochrane Hill and Fifteen Mile Stream, with an additional future step out and new exploration drilling to be completed in the fourth quarter of 2017 and in 2018 on both deposits. Flow-through funds of $14,052,525 were raised in September and October 2017 to advance these exploration goals in late 2017 and 2018.

Cochrane Hill

The Cochrane Hill gold deposit is a 100% owned earlier stage development project. It is located approximately 80 kilometres east of the central milling facility at Touquoy and about 35 kilometres south of the town of Antigonish. It is accessible via a highway which passes within 300 metres of the old Cochrane Hill mine site.

The Cochrane Hill gold deposit is secured under a single exploration license comprising 76 claims. The Cochrane Hill gold deposit is located entirely within ungranted Crown lands. A 3% net smelter royalty ("NSR") is payable on production from Cochrane Hill, of which two-thirds can be repurchased by Atlantic Gold for $1.5 million.

The results of a PEA which included the Company's Cochrane Hill gold deposit included Mineral Resources at Cochrane Hill comprised of Indicated Resources of 4.5 million tonnes at 1.8 grams per tonne gold for 251,000 ounces and Inferred Resources of 5.6 million tonnes at 1.6 grams per tonne gold for 298,000 ounces. The technical report can be located on the Company's website and on SEDAR.

All assay results from the recent definition drilling program have been incorporated in the project drill-hole database. The drill database underpinning the current resource estimate for Cochrane Hill gold deposit comprises 216 diamond drill holes from which a dataset of 11,329 two metre composites have been created. The recent resource definition drilling evidences a halo of disseminated lower grade mineralization which has been incorporated into the estimate which is one of the drivers of the lower average grade of the resource in the measured an indicated category.

The composite dataset incorporates drilling along an 800-metre segment of the Cochrane Hill Anticline, a north-east trending tight to isoclinal fold which, in the vicinity of the Cochrane Hill deposit, is overturned with both limbs dipping to the north at 70°. Gold mineralization occurs within the southern limb of the anticline in a sequence of interbedded biotite schists representing well-bedded, though metamorphosed, argillites and greywackes. The mineralized zone is recognizable as a fairly discrete, tabular zone of about 2% disseminated sulphides (pyrrhotite and arsenopyrite) having a true width of 15-25 metres. Gold was discovered at Cochrane Hill in the 1860's with production of about 1,353 ounces between 1868 and 1929. Ore was won by underground mining from three shafts. During 1974-1989 a total of 96 holes for 13,946 metres were drilled by Massval Mines Ltd (1973-74), Northumberland Mines Ltd (1979-81) and Scominex (1984-87) and, in addition, underground development and exploration was undertaken by Scominex (1986-87) and Novagold Resources Inc (1988), with 56 underground holes for 2,873 metres drilled.

These resource estimates for Cochrane Hill gold deposit have an effective date of July 20, 2017 and were prepared by Mr. Neil Schofield, a principal of FSSI Consultants (Australia) Pty Ltd. The current resource estimate is prepared in accordance with NI 43-101. At a selected cut-off grade of 0.35 grams per tonne of gold the optimized pit shell for Cochrane Hill contains Measured and Indicated Resources of 10.66 Mt at an average grade of 1.16 grams per tonne of gold and 1.63 tonnes of Inferred material at 1.32 grams per tonne of gold with a 3.1:1 strip ratio.

Based on further review and modelling of the new drill data, further drilling is being undertaken in 2017 and the first half of 2018 at depth to extend the pit design and also to the east where there appears to be potential for extensions to the known mineralization.

Fifteen Mile Stream

Fifteen Mile Stream is a 100% owned property located in eastern Halifax County, Nova Scotia, approximately 95 kilometres northeast of Halifax and approximately 57 kilometres northeast of the central milling facility at Touquoy and is readily accessible by highway. It comprises the historic Fifteen Mile Stream gold district.

The Fifteen Mile Stream Property is secured under two exploration licenses comprising 31 claims, as well as a special license comprising eight claims. All licenses cover a total of 701 hectares. A 3% net smelter royalty ("NSR") is payable on production from Fifteen Mile Stream, of which two-thirds can be repurchased by Atlantic Gold for $1.5 million.

The deposit lies along the same geological trend as the Company's other related deposits – Touquoy, Beaver Dam and Cochrane Hill – and all are hosted within the same critical stratigraphy and structure, over a strike length of 80 kilometres. Fifteen Mile Stream's 2015 Inferred Mineral Resources, as included in a NI 43-101 compliant report were estimated at 11.72 million tonnes at 1.5 grams per tonne of gold for 584,000 contained ounces All assay results from the recent definition drilling program have been incorporated in the project drill-hole database. The drill database underpinning the current resource estimate in relation to Fifteen Mile Stream comprises 335 diamond drill holes from which a dataset of 17,310 two-metre composites have been created.

The composite dataset incorporates drilling from the Egerton-MacLean, Hudson and Plenty Zones, which are located at the eastern and western ends of an anticlinal dome and approximately 300m south of the dome respectively. At Egerton-MacLean and Hudson, mineralization is localized within a north-dipping sequence of sediments around and within the hinge zone of the anticline with mudstones bearing thin layer-parallel quartz veins being the preferred host. At Plenty, mineralization is localized in similar host rocks in what is interpreted to be an up-faulted limb of the same anticline. Gold was discovered at Fifteen Mile Stream in 1867 with production of about 19,400 ounces documented during 1883-1911. During 1985-88 Pan East Resources drilled 134 diamond drill holes (26,61 2 metres) with a further 29 holes (3,741 metres) drilled in 2011 by Acadian Mining Corporation, now a wholly-owned subsidiary of Atlantic.

These resource estimates for Fifteen Mile Stream have an effective date of July 20, 2017 and were prepared by Mr. Neil Schofield, a principal of FSSI Consultants (Australia) Pty Ltd. The current resource estimate prepared in accordance with NI 43-101 for a cut-off grade of 0.35 grams per tonne gold the optimized pit shell for Fifteen Mile Stream contains Measured and Indicated Resources of 10.58 Mt at an average grade of 1.33 grams per tonne gold and 6.64 Mt of material at 1.12 grams per tonne gold in the Inferred category with a 2.2:1 strip ratio.

Based on review and modelling of the drill data, further drilling will be undertaken in 2017 and the first half of 2018 to the north east of the Egerton Maclean zone, at the Plenty zone, in the trend between the Egerton Maclean zone and Plenty, and to the west of the Hudson zone where there is believed to be potential for additional mineralization.

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Summary of Quarterly Results

	Q3 2017	**Q2 2017**	**Q1 2017**	**Q4 2016**
Total Revenue [1]	N/A	N/A	N/A	N/A
Net loss for the period	**$ (1,320,108)**	$ (992,626)	$ (1,462,403)	$ (1,678,439)
Loss per share - basic and diluted	**$(0.01)**	$(0.01)	$(0.01)	$(0.01)
	Q3 2016	**Q2 2016**	**Q1 2016**	**Q4 2015**
Total Revenue [1]	N/A	N/A	N/A	N/A
Net loss for the period	$ (1,554,027)	$ (930,763)	$ (728,224)	$ (946,534)
Loss per share - basic and diluted	$(0.01)	$(0.01)	$(0.01)	$(0.01)

(1) The MRC Project, which is the Company's first producing mine is currently in commissioning therefore the Company has no revenue to report during the financial reporting periods noted above.

The quarterly results fluctuate depending on timing of stock option grants, management bonuses 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 results in a higher charge for stock-based compensation expense. Management bonuses are generally recorded in the fourth quarter ended December 31. 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.

Results for the three and nine months ended September 30, 2017 and 2016

In the three and nine months ended September 30, 2017 the Company had a loss of $1,320,108 and $3,775,137 respectively compared to $1,554,027 and $3,213,015 in the respective 2016 comparative periods. In the nine months ended September 30, 2017 the higher loss is due to an $813,187 increase in non-cash share based payments and increased corporate activity offset by an increase deferred income tax recovery of $1,067,445. In the three months ended September 30, the loss in 2017 is less than 2016 due to a reduction in standby fees as the debt facilities to which they relate were drawn down.

The loss is comprised of the following items:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
General and administrative	**$(1,356,816)**	$(1,103,514)	**$(4,550,411)**	$(2,618,775)
Financing costs	**(60,582)**	(495,658)	**(579,530)**	(759,200)
Interest and other income	**54,416**	45,145	**189,713**	67,314
Net loss before income taxes	**(1,362,982)**	(1,554,027)	**(4,940,228)**	(3,310,661)
Deferred income tax recovery	**42,874**	-	**1,165,091**	97,646
Net loss	**$(1,320,108)**	$(1,554,027)	**$(3,775,137)**	$(3,213,015)

General and administration

General and administration is comprised of:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	**2017**	2016
Amortization	**$ 24,847**	$ 45,025	**$ 73,520**	$ 64,186
Corporate development and investor relations	**71,029**	86,450	**371,357**	201,373
Director fees	**55,625**	24,625	**191,375**	62,125
Management fees, salaries and benefits	**383,101**	340,339	**1,177,539**	819,366
Office and general	**65,656**	60,222	**186,211**	196,375
Professional fees	**296,731**	45,560	**625,121**	181,598
Rent	**50,050**	49,584	**149,271**	142,961
Share-based payments	**357,150**	414,825	**1,644,232**	831,045
Transfer agent and filing fees	**15,571**	13,276	**62,583**	60,705
Travel, meals and entertainment	**37,056**	23,608	**69,202**	59,041
	$(1,356,816)	$(1,103,514)	**$(4,550,411)**	$(2,618,775)

In the nine months ended September 30, 2017 the Company experienced an increase in general and administration costs of $1,931,636 over the nine months ended September 30, 2016 due to increased activity and higher stock-based compensation charges.

Management fees, salaries and benefits increased of $358,173 in the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 as a result of the growth of the Company largely stemming from increased activity, specifically, the construction and development activities at MRC Project and other Nova Scotia deposits.

Professional fees in the nine months ended September 30, 2017 increased by $443,523 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. Corporate development and investor relations increased by $169,984 in the nine months ended September 30, 2017 from the same period in the prior year due to increased marketing and investor relations activity around the construction of the Company's MRC Project and updated resource estimates at Cochrane Hill and Fifteen Mile Stream.

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 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 $0.99 per share in the nine months ended September 30, 2017 compared to $0.37 per share in the comparative 2016 period.

In the three months ended September 30, 2017 the general and administration costs increased by $253,302 compared to the three months ended September 30, 2016 as higher professional fees and increase in corporate activity was offset by lower stock-based payments.

Share-based payments, although significantly higher for the nine-month period as described above was $57,675 lower in the three months ended September 30, 2017 compared to September 30, 2016. The decrease is due to the timing of the vesting of the options granted which occurred mostly in the first quarter of 2017, with the rest vesting over a two-year period. The increase in professional fees from the same period in the prior year is largely a result of legal fees incurred around the administration of the Company's credit facilities.

Financing Costs

Financing costs are comprised of standby fees on the Company's PLF and Equipment Facility and accretion of the reclamation obligation. During the three and nine months ended September 30, 2017, the Company incurred $54,592 and $547,422 of standby fees charges, respectively on the undrawn balance of the PLF and Equipment Facility compared to $495,658 and $759,200 in the nine months ended September 30, 2016, respectively. The amount has gone down in 2017 as the undrawn facility has been reduced by drawings in the year. In the three and nine months ended September 30, 2017, financing costs included $5,990 and $32,108 of accretion related to the reclamation obligation. This amount was nil in the comparative period as the obligation was initiated as at September 30, 2016. Interest expense and accretion on the long-term debt is related to the PLF and the convertible debt and financing charges on the Equipment Facility of $5,907,410 for the nine months ended September 30, 2017 were capitalized to construction costs. Terms of these loans are discussed further in the *Liquidity and Capital Resources* section.

Other items impacting the loss

In the three and nine-months ended September 30, 2017, the Company recognized interest income of $54,416 and $189,713, respectively compared to $45,145 and $67,314 in the same period of 2016. The increase in interest income is a result of higher interest earning cash balances as compared to the same period in the prior year, particularly in the second half of 2016 when the PLF and Debentures were put in place providing access to cash. 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.

In the three and nine-month periods ended September 30, 2017, the Company recorded a deferred tax recovery of $42,874 and $1,165,091, respectively compared to $nil and $97,646, respectively for comparative 2016 periods. The amounts recognized in 2017 relate to the spending amounts raised by the issuance of flow through shares in September 2016. 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 2016 deferred income tax recovery was due to the issuance of the Debentures. The fair value of the equity component of the Debentures (conversion feature) was determined at the time of issue as the difference between the face value of the Debentures and the fair value of the liability component, less a deferred income tax adjustment to reflect the book to tax difference in value of the Debentures at the time of issuance. As the Company has excess tax assets to offset the deferred tax liability, which was created from the book to tax difference in value of the Debentures, the deferred tax liability was reversed, resulting in a deferred tax recovery of $97,646.

Financial Position

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

	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 11,444,959	$ 14,396,987
Property, plant and equipment	$ 174,542,755	$ 95,805,269
Total assets	$ 225,790,728	$ 145,689,217
Long-term debt	$ 135,879,110	$ 55,084,080
Total liabilities	$ 148,103,290	$ 72,303,437
Working capital	$ (16,475,703)	$ (48,373,020)

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

The Company's PLF contains certain project covenants including a minimum working capital ratio, calculated quarterly. At December 31, 2016, the Company was not in compliance with the minimum required working capital ratio. In the second quarter of 2017 the PLF lenders waived the minimum working capital requirement for the remainder of the year 2017, being the expected remaining period of construction of Touquoy. Because this waiver and clarification of the applicability of this ratio was not obtained until after December 31, 2016, the PLF and the Debentures and the Equipment Facility which have cross defaults with the PLF, were classified as current at December 31, 2016, which adversely impacted the working capital. Of the working capital at September 30, 2017, $19,350,000 relates to repayments of principal amounts in the PLF which are due between February and August 2018. The Company expects to fund these payments from the sale of gold.

Cash flows

The cash and cash equivalents decreased from $14,396,987 at December 31, 2016 to $11,444,959 at September 30, 2017 due to primarily to $5,433,161 of cash used in operating activities. Investing activities were $79,462,872 and were primarily funded by $81,944,005 of cash provided from financing activities.

In the nine months ended September 30, 2017, the Company used cash of $5,597,143 in operating activities primarily due to the cash based general and administrative costs as discussed above and changes in non-cash working capital of $2,217,062. Stock-based compensation and amortization totaled $1,717,752 and are non-cash, leaving $2,832,659 of cash general and administrative expenditures. The Company also incurred $547,422 of standby fees in the nine months ended September 30, 2017. In the nine months ended September 30, 2016, the Company used cash $1,881,481 in operating activities primarily due to the cash based general and administrative costs as discussed above offset by changes in non-cash working capital of $601,263. Stock-based compensation and amortization totaled $895,231 and are non-cash, leaving $1,723,544 of cash general and administrative expenditures. In addition, the Company incurred $759,200 in standby fees in the nine months ended September 30, 2016.

Cash flows used in investing activities were $79,298,890 in the nine months ended September 30, 2017 compared to $35,609,626 in the nine months ended September 30, 2016. Investing activities is comprised of the following:

	Nine months ended September 30			
		2017		2016
Cash (used) provided by investing activities				
Property, plant and equipment	**$**	**(69,380,706)**	$	(21,850,105)
Exploration and evaluation expenditures		**(8,942,649)**		(11,069,594)
Restricted cash - Surety bond letter of credit		**(1,127,000)**		(2,744,000)
Interest received		**151,465**		54,073
Net cash used in investing activities	**$**	**(79,298,890)**	$	(35,609,626)

Property, plant, and equipment relates to the construction and development related to the MRC Project, with a majority of the additions relating to engineering, procurement and construction costs, and owners' costs including earthworks, tailings management facility construction, and development of site infrastructure. Exploration and evaluation expenditures are on the Company's are related primarily to Fifteen Mile and Cochrane Hill. Expenditures on Property, plant and equipment and on exploration and evaluation expenditures are discussed in the Properties section of this report. The restricted cash is related to the reclamation bond required to support the MRC Project.

Cash flows from financing activities were $81,944,005 in the nine months ended September 30, 2017 compared to $58,937,561 in the nine months ended September 30, 2016. Financing activities is comprised of the following:

	Nine months ended September 30			
		2017		2016
Cash (used) provided by financing activities				
Proceeds from stock option exercise	**$**	**1,164,989**	$	923,400
Proceeds from exercise of share purchase warrants		**1,100,279**		11,386
Proceeds from long-term debt				
Project Loan Facility		**81,000,000**		20,000,000
Convertible debenture		**-**		13,000,000
Transaction costs				
Project Loan Facility		**-**		(2,733,469)
Convertible debenture		**-**		(586,973)
Interest payments				
Project Loan Facility		**(2,767,189)**		-
Convertible debenture		**(552,500)**		-
Finance lease payments		**(2,080,296)**		(514,735)
Proceeds from sale and leaseback		**482,185**		-
Restricted cash		**(116,067)**		(6,570,868)
Proceeds from private placement net of issuance costs		**3,712,604**		35,408,820
Net cash provided by financing activities	**$**	**81,944,005**	$	58,937,561

During the nine months ended September 30, 2017, the $115,000,000 PLF was fully drawn.

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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 equity and is dependent on third party financing, whether through debt, equity, or other means. 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 September 30, 2017, the Company had a balance of $11,444,959 in cash deposits and short-term GICs with major Canadian financial institutions. The Company also holds a restricted cash balance of $10,580,413 which includes the $6,000,000 minimum proceeds account held as working capital contingency, as required under the terms of the PLF. As of the date of this report the Company had fully drawn the PLF of $115 million.

The Company's has a working capital deficit position as at September 30, 2017 was $16,475,703, however, 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. The MRC mine is in commissioning and pre-production. Of the working capital deficit of $16,475,703 and the current liabilities balance of $31,575,541 at September 30, 2017, approximately $19,350,000 is related to principal repayments under the PLF which are due between February 2018 and August 2018, which the Company anticipates will be funded from operating cash flows from commercial production at the MRC mine.

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 Project. As at September 30, 2017, the PLF was fully drawn (December 31, 2016: $34 million).

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 10 consecutive days. The Company may prepay all or part of the principal balance outstanding at any time without penalty.

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.

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. As at September 30, 2017, the Company has entered into a total of 21 equipment lease contracts forming part of the $20 million Equipment Facility, and as a result the Company recognized a $10,763,754 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 include:

Stock option and warrant exercises

During the nine months ended September 30, 2017, the exercise of stock option awards and warrants provided the Company with additional liquidity. A total of 2,619,950 stock options were exercised for total proceeds of $1,164,989. A total of 1,833,799 warrants were exercised for total proceeds of $1,100,279.

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. The first tranche was completed on September 21, 2017 for gross proceeds of $3,775,860 through the issuance of 2,304,000 common shares at a price of $1.40 per share and 305,700 flow-through shares at a price of $1.80 per share. The second tranche was completed on October 5, 2017, whereby the Company issued 9,460,500 common shares for gross proceeds of $16,000,465, of which 2,777,000 common shares qualified as flow-through shares at a price of $1.80 per share, 3,825,500 common shares qualified as charitable flow-through shares at a price of $1.83 per share, with the remaining 2,858,000 common shares issued at a price of $1.40 per share. The third and final tranche of the private placement financings closed on October 24, 2017, for gross proceeds of $1,503,000 through the issuance of 835,000 flow-through common shares of the Company at a price of $1.80 per share. The funds raised via these flow-through share private placements will be used for qualifying exploration expenditures by December 31, 2018.

On May 16, 2016, the Company issued 46,531,749 shares at a price of $0.60 per share through a private-placement financing for gross proceeds of $27,919,046. On September 22, 2016 the Company issued 8,759,550 flow-through shares at a price of $1.05 per share through private placement financings for gross proceeds of $9,9197,527 through the issuance of flow-through common shares of the Company at a price of $1.05 per share. The funds raised via these private placements are to be used for qualifying exploration expenditures by December 31, 2017.

Restricted cash

The Company holds a restricted cash balance of $10,580,413. 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. The August 2017 Surety Bond replaced a previously issued surety bond that was initially issued in May 2016 through an alternate surety provider, which required 80% of a then required $3,430,000 reclamation performance bond.

The increase of the $2.1million in the required reclamation performance bond represents the second installment a $10,400,000 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 $10,400,000 financial security is to be posted in full by December 31, 2019.

An additional $709,413 of restricted cash is the Debt Service Reserve Account ("DSRA") 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

The commitments are similar to those discussed in the Annual Financial Statements except as set out below:

On May 8, 2016, the Company signed a fixed price Engineering, Procurement and Construction ("EPC") contract in the amount of $86,300,000 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 September 30, 2017, the Company had incurred $84,700,000 million in respect of the EPC contract.

During the three and nine months ended September 30, 2017, the Company drew $17,599,000 and $81,000,000, respectively from the PLF. At September 30, 2017, the PLF was fully drawn to $115,000,00 (December 31, 2016 - $34,000,000).

During the three and nine months ended September 30, 2017, the Company entered into new leasing agreements under the Equipment Facility which increased the Equipment Facility obligation by $906,971 and $2,563,352, respectively. At September 30, 2017, the obligation under the Equipment Facility was $10,763,754 (December 31, 2016 - $9,798,540).

In September and October 2017, the Company issued flow-through shares and as a result is committed to spend approximately $14,000,000 by December 31, 2018 on qualifying exploration expenditures.

SUBSEQUENT EVENTS

On October 4, 2017, the Company completed a private placement financing for gross proceeds of $16,000,465 through the issuance of 9,460,500 common shares of the Company. Of the 9,460,500 common shares issued, 2,777,000 common shares qualified as flow-through shares issued at a price of $1.80 per share, with 3,825,500 common shares qualifying as charitable flow-through shares issued at a price of $1.83 per share. The remaining 2,858,000 common shares were issued at a price of $1.40 per share. The funds raised via the flow-through common shares will be used for qualifying exploration expenditures to be incurred by December 31, 2018.

On October 24, 2017, the Company completed a private-placement financing for gross proceeds of $1,503,000 through the issuance of 835,000 flow-through common shares of the Company at a price of $1.80 per share. The funds raised via these private placements will be used for qualifying exploration expenditures to be incurred by December 31, 2018.

Subsequent to September 30, 2017, 536,611 share purchase warrants and 1,000,000 stock options were exercised for gross proceeds of $321,967 and $378,250, respectively.

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 192,227,273 common shares issued and outstanding, 13,338,750 stock options outstanding, 20,747,974 share purchase warrants outstanding and 21,666,667 common shares issuable pursuant to the 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).

TRANSACTIONS WITH RELATED PARTY

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:

			Three months ended September 30		Nine months ended September 30	
Related Party	**Relationship**	**Compensation Type**	**2017**	2016	**2017**	2016
Steven Dean	Chairman and CEO	Consulting fees, benefits and share-based payments (1)	**$ 203,530**	$ 139,257	**$ 780,357**	$ 496,396
Robert Atkinson	Director	Directors' fees and share-based payments	**23,620**	10,212	**94,923**	39,763
Donald Siemens	Director	Directors' fees and share-based payments	**21,120**	10,212	**92,423**	39,763
David Black	Director	Directors' fees and share-based payments	**23,620**	10,212	**94,923**	39,763
William Armstrong	Director	Consulting fees, directors' fees and share-based payments (2)	**32,215**	26,102	**115,146**	90,941
Ryan Beedie	Director	Director's fees	**15,804**	-	**63,102**	-
Wally Bucknell	Director	Consulting fees and share-based payments	**52,965**	47,314	**201,396**	166,862
John Morgan	Director	Wages, benefits, and share-based payments	**20,509**	74,060	**86,583**	268,054
Maryse Belanger	President and COO	Wages, benefits, and share-based payments	**174,106**	358,956	**741,347**	358,956
Chris Batalha	CFO and Corporate Secretary	Wages, benefits, and share-based payments	**75,657**	40,649	**293,896**	141,161
			$ 643,146	$ 716,974	**$2,564,096**	$ 1,641,659

(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.

Amount due to related parties

Amounts due to related parties are as follows:

Related party	September 30, 2017	December 31, 2016
Beedie Investments Limited[1]	**$ 7,707,720**	7,665,180
Sirocco Advisory Services[2,4]	**21,920**	426,710
Metallica Consulting Services[3,4]	**15,750**	8,333
Directors[4]	**11,236**	57,083
Officers[4]	**829**	165,168

(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, $266,411 is current at September 30, 2017 (December 31, 2016 - $7,665,180). The remaining amounts are recorded as long-term debt. In the period, Beedie Investment limited received interest of $340,000.
(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 and nine-month periods ended September 30, 2017, office lease and administrative expenditures billed to Oceanic amounted to $16,744 and $60,839, respectively (2016: $20,010 and $58,660, respectively). As at September 30, 2017, the Company was due $64,883 from Oceanic (December 31, 2016: $19,034).

ACCOUNTING POLICIES AND 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 Annual Financial Statements and have been consistently followed in preparation of these Interim Financial Statements except for the item below which is new to this period.

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 which will impact when depreciation and depletion commence. 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 of time and the transfer of operations from construction personnel to operational personnel has been completed. Management anticipates that the Touquoy deposit will achieve commercial production in the first quarter of 2018.

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.

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, available-for-sale financial asset, accounts payable, long-term debt, 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, long-term debt, 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 September 30, 2017 and December 31, 2016 are summarized as follows:

	September 30, 2017		December 31, 2016	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans and receivables				
Cash and cash equivalents	**$ 11,444,959**	**$ 11,444,959**	$14,396,987	$14,396,987
Due from related parties	**64,883**	**64,883**	19,034	19,034
Receivables	**958,366**	**958,366**	253,116	253,116
Restricted cash	**10,580,413**	**10,580,413**	9,337,346	9,337,346
Available for sale asset	**248,077**	**N/A**	248,077	N/A
Financial liabilities				
Accounts payable and accrued liabilities	**$ 8,045,434**	**$ 8,045,434**	$ 3,815,348	$13,815,348
Due to related parties	**49,735**	**49,735**	657,294	657,294

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 $203,035 impact on the annual 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.

RISK FACTORS

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration and development of mineral properties. For a comprehensive list of the risks and uncertainties facing the Company, please see "Risk and Uncertainties" in the Company's MD&A for the period ended December 31, 2016 and the Company's Annual Information Forum filed on SEDAR. These are not the only risks and uncertainties that Atlantic faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

SEGMENT INFORMATION

The Company operates in one reportable segment, being the acquisition, exploration and development of gold properties. All of the Company's non-current assets are located in Canada.

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.

APPROVAL

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