



ATLANTIC GOLD

ATLANTIC GOLD ANNOUNCES RECEIPT OF FIXED PRICE PROPOSAL FOR EPC CONTRACT WITH AUSENCO

February 23, 2016

Vancouver, British Columbia – Atlantic Gold Corporation (TSX-V: AGB) ("Atlantic" or the "Company") is pleased to announce that, pursuant to the terms of a memorandum of understanding ("MOU") executed on October 26, 2015 between Ausenco and the Company, Ausenco have provided the Company with a Lump Sum Turnkey Price ("LSTK Price") of CAD\$87.4 million, to build a 2 million tonne per annum process plant, truck shop and office facilities, as well as other support infrastructure related to these facilities on an Engineering Procurement and Construction ("EPC") basis, for the Company's Moose River Consolidated Project ("MRC Project") in Nova Scotia, thereby fixing most of the initial construction and development capital costs of the MRC Project.

The LSTK Price was derived from further detailed due diligence and preliminary engineering on the initial capital expenditure estimates in the Company's Feasibility Study, published August 13, 2015. This proposal allows Atlantic to fix the construction costs of the process plant and related infrastructure, representing approximately 70% of the initial capital costs of approximately \$127 million contained in the August 2015 feasibility study, excluding environmental bonding. The balance of initial capital costs represents construction costs for the tailings management facility, mine development earthworks, power supply, spares and contingencies which have now also been estimated and engineered in further detail, confirming feasibility study estimates.

The LSTK Price remains subject to exchange rate variation on those components of the LSTK Price quoted in foreign currencies, being US and Australian Dollars. This foreign exchange risk is based against a US/CDN exchange rate of 0.721 and a AUD/CDN exchange rate of 1.01, and any variation to that rate as at the date of execution of the final EPC contract as applied to an agreed amount of US\$8.0 and AUD\$4.8 million, respectively.

The LSTK Price is valid until May 4, 2016. Within this period, the parties aim to execute a definitive EPC agreement. Atlantic's execution of the EPC Agreement will be subject to various conditions, including the finalization of project financing to fund the development of the MRC Project. Ausenco have agreed to provide Bank Letters of Credit in support of its obligations in addition to standard Labour & Materials and Design Defect Bonds.

It is anticipated that subject to finalizing project financing, initial site work and construction will commence in early Q3 2016.

Steven Dean, Chairman and CEO commented, *“Atlantic is very happy with the work undertaken by Ausenco to provide an LSTK price that results in the confirmation of the costs in our previously disclosed Feasibility Study with respect to plant and infrastructure capital expenditures, further de-risking the development of the MRC Project. At Atlantic, we see one of management’s primary responsibilities is to reduce the uncertainties associated with the development of the MRC Project, including the risk of capex overruns. Capex overruns have become a common feature and challenge for mining development in recent years. The execution of a LSTK Price with Ausenco delivers an important piece of our risk management strategy and further underwrites the financeability of the development of the project.*

The experience Ausenco brings in constructing quality gold facilities should provide additional surety regarding the timely and on-budget construction of the MRC Project. We look forward to working towards the finalization of a definitive EPC agreement in the coming weeks”.

Banking Update

Further to our press release dated February 22, 2016, legal documentation for the project loan facility is well advanced and is expected to be finalized for execution in 4-6 weeks.

Further updates will be provided in due course.

Notes:

The LSTK Price includes a provisional sum of \$527,000 for an HVAC system, to be confirmed in due course through future detailed building engineering.

John A. Thomas, P. Eng., VP Projects of Atlantic, and a Qualified Person as defined by National Instrument 43-101 (“NI 43-101”), has reviewed and approved the scientific and technical contents of this news release.

On behalf of the Board of Directors,

Steven Dean
Chairman and Chief Executive Officer

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements:

This release contains certain “forward looking statements” and certain “forward-looking information” as defined under applicable Canadian and U.S. securities laws. Forward-looking statements and information can generally be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “continue”, “plans” or similar terminology. Forward-looking statements and information are not historical facts, are made as of the date of this press release, and include, but are not limited to, statements regarding discussions of future plans, guidance, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the activities contemplated in this news release and the timing and receipt of requisite regulatory, and shareholder approvals in respect thereof. Forward-looking statements in this news release include, without limitation, statements related to proposed exploration and development programs, grade and tonnage of material and resource estimates. These forward looking statements involve numerous risks and uncertainties and actual results may vary. Important factors that may cause actual results to vary include without limitation, the timing and receipt of certain approvals, changes in commodity and power prices, changes in interest and currency exchange rates, risks inherent in exploration estimates and results, timing and success, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), changes in development or mining plans due to changes in logistical, technical or other factors, unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications, cost escalation, unavailability of materials, equipment and third party contractors, delays in the receipt of government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters), political risk, social unrest, and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this press release, the Company has applied several material assumptions, including without limitation, the assumptions that: (1) market fundamentals will result in sustained gold demand and prices; (2) the receipt of any necessary approvals and consents in connection with the development of any properties; (3) the availability of financing on suitable terms for the development, construction and continued operation of any mineral properties; and (4) sustained commodity prices such that any properties put into operation remain economically viable. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. Certain of the risks and assumptions are described in more detail in the Company's audited financial statements and MD&A for the year ended December 31, 2014 and the quarter ended

September 30, 2015 on the SEDAR website at www.sedar.com. The actual results or performance by the Company could differ materially from those expressed in, or implied by, any forward-looking statements relating to those matters. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of the Company. Except as required by law, we are under no obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.