



ATLANTIC GOLD

ATLANTIC REPORTS Q1 2018 FINANCIAL RESULTS

FIRST QUARTER PRODUCTION OF 18,183 OUNCES

CASH COSTS CAD \$549/OZ (USD \$428/OZ @0.78 USD/CAD)

AISC CAD \$751/OZ (USD \$586/OZ @0.78 USD/CAD)

ON TRACK TO MEET ANNUAL PRODUCTION AND COST GUIDANCE

MARYSE BÉLANGER APPOINTED AS PRESIDENT

May 23, 2018

Canadian dollars unless otherwise noted

Vancouver, British Columbia – Atlantic Gold Corporation (TSX-V: AGB) ("Atlantic" or the "Company") is pleased to announce its operational and financial results for the first quarter of 2018. The Company's Moose River Consolidated Gold Mine ("MRC") produced 18,183 ounces (17,187 ounces sold in the quarter) at an all-in sustaining cost ("AISC") (see "Non-IFRS Performance Measures") of CAD \$751 per ounce (USD \$586/oz. @ 0.78 USD/CAD). Commercial production at MRC was declared on March 1, 2018.

The Company is on track to deliver on its annual guidance of producing 82,000 - 90,000 ounces at a cash cost (see "Non-IFRS Performance Measures") of CAD \$500 - CAD \$560 per ounce and an AISC between CAD \$675 - CAD \$735 per ounce. The Company previously released its gold production and revenue for the first quarter of 2018 (*see news release dated April 13, 2018*).

The Company is also pleased to announce the appointment of Maryse Bélanger as President of the Company, in addition to her role as Chief Operating Officer with immediate effect.

Other milestones achieved during the quarter include:

- 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 Fifteen Mile Stream and Cochrane Hill deposits.

Suite 3083 - 595 Burrard Street, P.O. Box 49298, Vancouver B.C. Canada V7X 1L3

Telephone: (604) 689-5564 Fax: (604) 566.9050

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- Completion of the Phase 3 Expansion drilling program at Fifteen Mile Stream and Cochrane Hill which is designed to target extensions of mineralization and define and upgrade inferred resources not included in the Company's Pre-Feasibility Study (see news releases dated January 29, 2018 and March 15, 2018).

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 AISC between \$675 and \$735 per ounce (US\$540 – US\$588 per ounce, assuming an exchange rate of CAD\$0.80).
- 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
- Preparation of the Fifteen Mile Stream and Cochrane Hill Environmental Impact Statements, with submissions expected in Q4 2018 and Q1 2019.
- Achieving the Company's Q2 2018 production guidance for MRC being between 21,000 to 22,000 ounces

Q1 2018 Operating Results:

		For the month ended March 31, 2018	For the three months ended March 31, 2018
Operating data			
Ore mined	Tonnes	367,456	1,094,487
Strip ratio	(waste to ore)	0.63	0.47
Mining rate (Total Material)	Tonnes per 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 per day	6,071	4,657
Gold ounce produced	ozs.	8,810	18,183
Gold ounces sold	ozs.	7,755	17,187

Note the disclosure of operations results and supporting discussion in this news release 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. Furthermore, the Company presents operating data above for the three months ended March 31, 2018 for illustrative purposes, but for accounting purposes, any financial results from March 1, 2018 forward are charged to operations in the Company's financial statements as commercial production was declared March 1, 2018.

Gold production and sales

During the three months ended March 31, 2018, MRC produced 18,183 ounces of gold and sold 17,187 ounces. These amounts include 9,373 ounces of gold produced and 9,432 ounces of gold sold during operation ramp up in January and February, prior to commencement of commercial production.

Mining

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.

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%.

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 CAD \$2,028,796 in sustaining capital expenditures during the three months ended March 31, 2018. The vast majority of the expenditures relate to the 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.

Q1 2018 Financial Results

	For the month ended March 31, 2018	For the three months ended March 31, 2018
<u>IFRS Measures⁽¹⁾</u>		
Revenue		CAD \$12,881,462
Mine operating earnings		5,889,743
Net income and comprehensive income		3,310,557
Earnings per share - basic		0.02
Earnings per share – diluted		0.01
Total cash and cash equivalents		CAD \$15,282,095
Cash generated from (used by) operating activities		4,214,432
Total assets		255,204,721
Long-term debt		100,160,009
<u>Non IFRS Performance Measures⁽²⁾</u>		
Total cash cost per ounce	CAD \$552	CAD \$549
AISC per ounce	752	751
Average realized price per ounce	1,663	1,619
Average realized cash margin per ounce	1,111	1,070
Average realize AISC margin per ounce	911	868

(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). Financial operating results prior to that were capitalized to mine development within property, plant and equipment.

(2) The Non-IFRS performance measures for the three months ended March 31, 2018 include production and operating results from January 2018 to March 2018. For accounting purposes, pre-commercial production financial operating results have been capitalized to property, plant and equipment (refer to note 9 of the interim financial statements for the three months ended March 31, 2018). Refer to Non IFRS performance measures in this news release and in the Company's Management and Discussion Analysis for the three months ended March 31, 2018.

In the three months ended March 31, 2018 the Company had earnings of CAD \$3,310,557, an increase of CAD \$4,772,960 compared to the CAD \$1,462,403 loss in the same 2017 period as the Company commenced commercial production on March 1, 2018.

Mine Operating Earnings

Since commercial production started on March 1, 2018 the company sold 7,755 ounces of gold at a weighted average price of CAD \$1,663 resulting in revenue of CAD \$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 CAD \$15,910 for the month ended March 31, 2018.

The costs of sales of CAD \$4,357,163 is comprised of production costs, (including mining, processing, maintenance, site administration and site share-based payments), royalties and selling costs. Cash costs per ounce sold were CAD \$552 (see *Non-IFRS Performance Measures* section).

Depreciation and depletion was CAD \$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.

All-in sustaining costs

AISC per ounce sold for March, 2018 was CAD \$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. It also includes approximately \$1 million in Tailings Management Facility raise costs as a sustaining capital expenditure. This amount was incurred ahead of plan originally schedule for (April/May 2018) due to favorable weather in March 2018.

Working Capital and Liquidity

The Company has a working capital deficit position as at March 31, 2018 of CAD \$23,216,469. Included in this deficit position is CAD \$32,150,000 related to principal payments under the Company's senior project loan facility ("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 of between CAD \$500 to CAD \$560 per ounce. In order to mitigate gold price risk, the Company was required to enter into margin free gold forward sales contracts for 215,000 ounces which is at a flat forward price of CAD \$1,550 per ounce and scheduled out its hedged contracts over the life of the PLF (the "Hedge Facility") to be delivered during production in 2018 and beyond. As of March 31, 2018, there were 206,456 ounces committed to the gold forward contracts for delivery between April 2018 and February 2021.

Exploration Update

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 24,325 m 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 6,900 metres in 44 holes. 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.

It is expected that further drilling will be required in 2018 to define the new mineralization identified in the programs recently completed at FMS and CH. The Company currently plans to update the Mineral Resource and Mineral Reserves estimates late in the second half of 2018 when all the results have been received and compiled.

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.

Qualified Persons

Kodjo Afewu, PhD, SME (CP), 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 news release.

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 news release.

Conference Call Details

Atlantic Gold Corporation is hosting a live Q&A conference call to discuss the results on May 23rd at 2:00 pm Eastern time (11:00 am Pacific time) with the Atlantic executive team. Participants may join the call by dialing:

Participant Dial-in Numbers:

Local - Toronto (+1) 416 764 8688

Local - Vancouver (+1) 778 383 7413

Toll Free - North America (+1) 888 390 0546

Additional International Dial-in Numbers: UK: 08006522435, Switzerland: 0800312635, Germany: 08007240293, Hong Kong: 800962712

Please provide the company name (Atlantic Gold Corporation) to the operator. A recorded playback of the call will be available one hour after the call's completion until June 23rd, 2018 by dialing:

Toll Free - North America (+1) 888 390 0541

Enter the playback passcode: 179232#, an MP3 recording will also be available on the Atlantic website.

Further updates will be provided in due course.

On behalf of the Board of Directors,

Steven Dean
Chairman and Chief Executive Officer

For further information about Atlantic, please contact:

Chris Batalha (CFO)

+1 604 689-5564

Maryse Bélanger (COO)

+1 604 689-5564

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.

About Atlantic:

Atlantic is a well-financed, growth-oriented gold development group with a long term strategy to build a mid-tier gold production company focused on manageable, executable projects in mining-friendly jurisdictions.

Atlantic is focused on growing gold production in Nova Scotia beginning with its MRC phase one open pit gold mine which declared commercial production in March 2018, and its phase two Life of Mine Expansion which will ramp up gold production to + 200,000 ounces per year at industry lowest quartile cash and all-in-sustaining-costs (as stated in the Company's news releases dated January 19, 2018 and January 29, 2018).

Atlantic is committed to the highest standards of environmental and social responsibility and continually invests in people and technology to manage risks, maximize outcomes and returns to all stakeholders.

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 information, including future oriented financial information (such as guidance) provide investors an improved ability to evaluate the underlying performance of the Company. 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

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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, 2017 and for the quarter ended March 31, 2018 on the Company's SEDAR profile 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, the Company is 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.

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 other issuers. Readers should refer to the Company's management discussion and analysis, available on the Company's profile on SEDAR and on the Company's website, under the heading "Non-IFRS Performance Measures" for a more detailed discussion of how the Company calculates certain such measures and reconciliation of certain measures to IFRS terms.

Cash costs

Cash costs are 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.

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.