# ATLANTIC REPORTS Q1 2019 FINANCIAL RESULTS

**GOLD PRODUCTION OF 19,612 OUNCES**

**NET INCOME OF $5.3 MILLION**

**ADJUSTED EBITDA OF $15.7 MILLION**

**AISC MARGIN OF CAD$713/oz. (USD$535 @ 0.75 USD/CAD)**

**CASH COST OF CAD$689/oz. (USD$517) AND AISC OF CAD$874 (USD$655)**

**MINE OPERATING EARNINGS OF $9.7 MILLION**

**STRATEGIC INVESTMENT IN VELOCITY MINERALS**

**REITERATE ANNUAL PRODUCTION GUIDANCE OF 92,000-98,000 OUNCES OF GOLD AT ALL-IN-SUSTAINING-COSTS BETWEEN CAD$695 - $755/OZ. (US$521-566/OZ. @ 0.75 USD/CAD)**

**May 13, 2019**

*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 2019 at its Moose River Consolidated Gold Mine ("**MRC**") in Nova Scotia.

**Safety and Sustainability**

Operations at its Moose River Consolidated Gold Mine ("**MRC**") in Nova Scotia, Canada continue to be amongst the lowest industrial lost time frequency rate in the province of Nova Scotia. The Company has been nominated by the Labour and Advanced Education OHS Division of Nova Scotia for the John T. Ryan Safety Trophies Competition, sponsored by CIM, for the second consecutive year.

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**Q1 2019 Gold production, Cash Costs, and AISC; Reiterate annual production and cost guidance for 2019:**

| **Q1 2019 Gold Production** (ounces) | **2019 Annual Production Guidance** (ounces) | **Q1 2019 Cash Costs** (CAD and USD per ounce) | **2019 Annual Cash Costs Guidance** (CAD and USD per ounce) | **Q1 2019 AISC** (CAD and USD per ounce) | **2019 Annual AISC Guidance** (CAD and USD per ounce) |
|---|---|---|---|---|---|
| 19,612 | 92,000-98,000 | CAD $689<br>USD $517* | CAD $560-610<br>USD $420-458* | CAD $874<br>USD $655* | CAD $695-755<br>USD $521-566* |

*At USD/CAD of $0.75

**2019 First Quarter Financial and Operational Results**

| | | **For the three months ended March 31, 2019** | **For the three months ended March 31, 2018[1]** |
|---|---|---|---|
| ***Operating data[3]*** | | | |
| Ore mined | Tonnes | 1,015,107 | 1,094,487 |
| Waste mined | Tonnes | 560,150 | 514,182 |
| Total mined | Tonnes | 1,575,257 | 1,608,669 |
| Waste to ore ratio | | 0.55 | 0.47 |
| Mining rate (total material mined) | Tonnes/day | 17,503 | 17,874 |
| Ore milled | Tonnes | 527,950 | 419,150 |
| Head grade | g/t Au | 1.21 | 1.44 |
| Recovery | % | 95.1 | 94 |
| Mill throughput | Tonnes/day | 5,866 | 4,657 |
| Gold ounce produced | ozs. | 19,612 | 18,183 |
| Gold ounces sold | ozs. | 19,173 | 17,187 |
| Average price realized[2] | $/oz. | 1,587 | 1,619 |
| Cash costs[2] | $/oz. | 689 | 549 |
| Average realized margin[2] | $/oz. | 898 | 1,070 |
| All in sustaining costs[2] | $/oz. | 874 | 751 |
| AISC margin[2] | $/oz. | 713 | 868 |
| ***Financial data*** | | | |
| Net Revenue | $ | 30,391,650 | 12,881,462 |
| Mine operating earnings | $ | 9,686,880 | 5,889,743 |
| Net earnings | $ | 5,333,312 | 3,310,557 |
| Operating cash flow prior to changes in working capital | $ | 15,541,816 | 7,339,297 |
| Operating cash flow | $ | 9,717,430 | 4,214,431 |
| EBITDA[2] | $ | 15,682,149 | 7,313,290 |
| EPS - Basic | $ | 0.023 | 0.17 |
| EPS – Diluted | $ | 0.022 | 0.14 |
| CFPS – Basic | $ | 0.041 | 0.018 |
| CFPS – Diluted | $ | 0.040 | 0.017 |

| | | | |
|---|---|---|---|
| CFPS (before changes in w/c) - Basic | $ | 0.066 | 0.031 |
| CFPS (before changes in w/c) - Diluted | $ | 0.064 | 0.030 |
| Total cash[4] | $ | 36,123,748 | 25,875,527 |
| Long-term debt at period end | $ | 112,649,331 | 100,160,009 |

(1) MRC commenced commercial production effective March 1, 2018. As such, only financial data from this date are recognized in the Company's Statement of Income and Other Comprehensive Income for the three months ended March 31, 2018 and in this table. Financial operating results prior to that were capitalized to mine development within property, plant and equipment.
(2) Refer to the "Non-IFRS Financial Performance Measures" section.
(3) The operating data for the three-month period ended March 31, 2018 in the column above, assume pre-commercial production results are included. For accounting purposes, pre-commercial production mine operating costs have been capitalized to PP&E (see Note 8 of the condensed interim consolidated financial statements for the three months ended March 31, 2019).
(4) The total cash balance in the comparative period March 31, 2018 includes a restricted cash balance of $10,593,432. The restricted cash balance was fully liberated in Q4 2018.

**Operations Discussion**

<u>Discussion on Costs and Cash</u>

*Cash Costs and AISC*

- In Q1 2019, the Company experienced higher than average guidance cash costs and AISC ($689/oz. and $874/oz., respectively). These costs reflect, among other things, planned lower production partially due to the pit development sequence. Mining occurred in the southwest part of the pit where historical underground workings required backfilling in order to operate safely resulting in increased drill and blast costs, lower average daily mining rate and increased dilution.

The following events also affected overall production for Q1:

- expected challenges with respect to winter operating conditions and related planned maintenance shutdowns in the quarter, which included a mill liner change;
- unplanned downtime as a result of several power outages, more volatile weather conditions than expected for a typical Nova Scotian winter, as well as damage to the transformer at the Touquoy mine site.

Cash costs per ounce are also partly higher due to lower ounces produced.

The majority of challenges in Q1 2019 are not representative of expected costs for the full 2019 year as these issues are mostly seasonal and non-recurring in management's view.

The Company continues to anticipate meeting annual production and cost guidance based on planned activities for the remainder of the year.

*Cash*

Changes in cash not only reflected continued operating cash flow from operations at Touquoy, but also its continued investment in growing the business through exploration and development of its other key deposits, along with a strategic investment in Velocity Minerals.

Cash and cash equivalents decreased $14.2 million from $50.3 million at December 31, 2018 to $36.1 million at March 31, 2019 due to:

- The Company's $9 million strategic investment in Velocity Minerals in March 2019.
- Net settlement of $9.6 million of investing expenditures, the majority of which were accrued in Q4 2019 and settled in Q1 2019, comprised of:
    - $5.4 million investment in exploration activities on the Company's Phase 3 and Phase 4 drilling programs; and
    - $4.2 million development expenditures, comprising environmental permitting, desktop engineering and studies and studies related expenditures on Cochrane Hill, FMS and Beaver Dam
- $3.0 million in investing activities, most of which relates to growth and sustaining capital expenditures, primarily for the redesign of water reclaim and decant systems, as well as dam raising activities within the tailings management facility.
- $2.2 million in financing activities including interest on the Company's revolving credit facility, and equipment lease payments.

The above reductions in cash are partially offset by $9.7 million in operating cash flow.

Gold production and sales

During the first quarter of 2019, Phase 1 operations at MRC produced 19,612 ounces of gold compared to 18,183 ounces of gold production in Q1 2018 (the first two months of Q1 2018 involved initial commissioning and ramp up). The Company sold 19,173 ounces of gold during the first quarter of 2019, with 17,187 gold ounces sold in the same quarter in the prior year.

Mining

During the first quarter of 2019, a total of 1,015,107 tonnes of ore were mined (March 31, 2018 – 1,094,487), at a waste to ore ratio of 0.55:1 (March 31, 2018 – 0.47:1) with a total of 1,575,257 tonnes of material mined (March 31, 2018 – 1,608,669). Mining operations operated at a mining rate of 17,503 tonnes per day (17,874 tonnes per day Q1 2018). The slightly lower mining rate during Q1 2019 reflects scheduled maintenance activities including rebuilds of the mining fleet.

Processing

During the first quarter of 2019, a total of 527,950 tonnes of ore was processed at an average grade of 1.21 g/t Au at an average process recovery of 95.1% (March 31, 2018 – 419,150 tonnes of ore processed at an average grade of 1.44 g/t Au at an average process recovery of 94%). Mill recoveries in Q1 2019 exceed plant design level of 94.0%. Mill throughput averaged approximately 5,866 tonnes per day, which exceeds design throughput (5,479 tonnes per day).

**Financial Operating Results**

**Results for the three months ended March 31, 2019 and 2018**

In the three months ended March 31, 2019 the Company had net income of $5,333,312 and comprehensive income of $5,943,179. Net income increased by $2,022,755, when compared to the 2018 comparative period as the Company commenced commercial production on March 1, 2018, recognizing only one month of mine operating earnings in the same quarter in the prior year. Mine operating earnings during the three months ended March 31, 2019 was $9,686,880 compared to $5,889,742 in the same quarter in the prior year. Finance costs increased by $1,249,009 from the same quarter in the prior year as a result of the Company capitalizing the first two months of finance costs as borrowing costs within property, plant and equipment, pre-commercial production. The Company recognized other comprehensive income of $609,867 relating a fair value increase in its investment in a private company which holds a carried interest of 40% in the tenements of the Company's Touquoy deposit. The increase in fair value was driven by the increase in mineral reserves at Touquoy that was announced in March 2019.

*Mine operating earnings*

During the three months ended March 31, 2019, the Company sold 19,173 ounces of gold at an average price of $1,587 resulting in net revenue of $30,391,650. As the Company commenced commercial production on March 1, 2018, the comparative 2018 period only includes one month of mine operating earnings. Total revenue for Q1 2018 was $27,791,125, with $12,881,461 being recognized in the statement of income, and $14,909,663 recognized within mineral properties in PP&E. In Q1 2019, the Company delivered 14,876 ounces of gold into fixed price contracts under the Company's Hedge Facility and the remaining 4,297 ounces were sold at spot price (Q1 2018, the Company delivered 8,544 ounces into fixed price contracts and the remaining 8,643 ounces were sold at spot price). Revenue is net of treatment and refining costs which were $45,291 for the three months ended March 31, 2019.

For detailed discussion of the first quarters operational and financial results please refer to the Q1 2019 financial statements and management discussion and analysis as filed on SEDAR and the company website.

President & COO Maryse Bélanger commented "*The past three months demonstrated excellent execution in planned annual plant maintenance. It reinforces our commitment to deliver on our production guidance for 2019. We also expanded our reserve base at Touquoy and our development deposits and finalized an exciting investment opportunity in Velocity Minerals."*

**Environmental and Permitting**

All major environmental permits are in place for mining and processing operations at Touquoy and baseline environmental data has been collected at Beaver Dam since the late summer and fall of 2014. The permitting process at Beaver Dam is underway with the relevant authorities. As of February 28, 2019, a revised EIS was submitted which responds to information requests that had been received from government agencies (federal and provincial). Approvals from both the federal and provincial environmental assessment offices are expected to be received in Q1 2020. Atlantic Gold currently intends to submit the Environmental Impact Statement for Fifteen Mile Stream and Cochrane Hill in Q2 and Q3 2019, respectively.

**Outlook**

- Maintaining target of producing 92,000 - 98,000 ounces of gold at Touquoy at a cash cost of CAD$560 - $610 per ounce (US$420 – US$458 per ounce at an exchange rate of CAD$0.75), and an AISC between CAD$695 and $755 per ounce (US$521 – US$566 per ounce at an exchange rate of CAD$0.75).
- Continued focus on the Company's balance sheet through planned debt reduction.
- Completion of the Fifteen Mile Stream and Cochrane Hill Environmental Impact Statements, targeted submission in Q2 and Q3 2019, respectively.
- Progressing and seeking final approval of the Environmental Impact Statement for Beaver Dam.
- <u>Phase 3 extended resource / reserve expansion program:</u>

    - Fifteen Mile Stream and Cochrane Hill: Conversion of existing inferred mineral resources to indicated or measured categories which may then be considered for inclusion in future reserve estimations and potentially future mine plans.
    - Cochrane Hill: Further testing of the robust zone of mineralization which is interpreted to be open at depth and to the east. In addition, improved structural understanding of the Cochrane Hill deposit will be utilized to identify further prospective zones in the area. Evaluation of the depth potential beneath the higher-grade mineralized shoots defined within the Cochrane Hill Deposit will continue.
    - At Touquoy, a further inferred mineral resource of approximately 48,000 ounces (at a cut-off grade of 0.3 g/t Au) will require in-fill drilling in 2019 with the objective of increasing the reserves.
    - Complete detailed evaluation at the 149 Deposit to define a Mineral Resource and further explore to the east along strike for similar mineralized bodies. The 2019 program has already commenced, with an initial follow-up drill program of approximately 5,200m completed between mid-February to mid-April to further evaluate the strike extensions of both the Limb and Axis Zones within the 149 Deposit and to explore for further extensions along strike to the east. Results of this work will be reported when assay results are available later in Q2, 2019.

- Concurrent with the drilling programs noted above, further engineering studies will be undertaken to support the completion of a feasibility study. Studies will cover all aspects of mining, processing, tailings and water management to arrive at detailed cost estimates to support project development.

- <u>Phase 4 Corridor Regional Program:</u>

    - Encouraging early results have been received from the Seloam Brook, Mill Shaft, and Cameron Flowage traverses in the Corridor. The Regional Program already warrants additional exploration and follow-up drilling is planned in Q2, 2019 for both the Mill Shaft Zone and Cameron Flowage target areas (located in the vicinity of the Beaver Dam deposit). Evaluation of the Seloam Brook area west of the Fifteen Mile Stream Deposits is also a priority.

- Elsewhere in the Corridor, eleven exploration target areas were identified by a compilation – interpretation – targeting program in Q1 2019, and these will be a focus of further work, including drill testing, throughout 2019. The program, which is on-going, may ultimately comprise a total of up to 100,000 metres of diamond drilling distributed throughout the Touquoy-Beaver Dam-Fifteen Mile Stream Corridor.
- Commencement of regional exploration of the recently acquired land position in the Southwest of Nova Scotia where the Company's geologists believe there is unexplored potential to host gold deposits similar in style to those contained in the Moose River Corridor.

**Conference Call Details**

Atlantic Gold Corporation is hosting a live Q&A conference call to discuss the results on May 14th, 2019 at 11:00 am Eastern time (8:00 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 14th, 2019 by dialing:

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

Enter the playback passcode: 590636#, an MP3 recording will also be available on the Atlantic website.

**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.

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:

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**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 at industry lowest decile cash and all-in-sustaining-costs (as stated in the Company's news releases dated January 16, 2019 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 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, 2018 and for the quarter ended March 31, 2019 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 news release. 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.*

**Adjusted EBITDA**

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

*While adjusted EBITDA is a common financial measure widely used by investors to facilitate an "enterprise level" valuation of an entity, they do not have standardized definition prescribed by IFRS and therefore, other issuers may calculate adjusted EBITDA differently.*