



## ATLANTIC GOLD

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### ST BARBARA TO ACQUIRE ATLANTIC IN FRIENDLY OFFER FOR C\$802 MILLION <sup>2</sup>

May 14, 2019

*Canadian Dollars unless otherwise noted*

**Vancouver, British Columbia – Atlantic Gold Corporation (TSX-V: AGB) (“Atlantic” or the “Company”)** is pleased to announce that it has entered into a definitive arrangement agreement (the “Arrangement Agreement”) with St Barbara Ltd. (ASX: SBM) (“St Barbara”), signed on May 14, 2019, pursuant to which St Barbara will acquire 100% of all issued and outstanding shares of Atlantic by way of Plan of Arrangement (the “Transaction”). Under the terms of the Transaction, Atlantic shareholders will receive C\$2.90 in cash per Atlantic share held plus shares in a company (“SpinCo”) that holds Atlantic’s interests in Velocity Minerals Ltd. (TSX-V: VLC) (“Velocity”), which will be distributed to Atlantic shareholders on a pro-rata basis following completion of the Transaction.

The C\$2.90 per share cash consideration implies a total equity value for Atlantic of approximately C\$722<sup>1</sup> million and a total enterprise value of C\$802<sup>2</sup> million. SpinCo implies additional consideration of approximately C\$12 million to Atlantic shareholders, or approximately C\$0.05 per Atlantic share, for total cash plus SpinCo consideration of approximately C\$2.95 per share. The C\$2.95 per share offer represents a 41.1% premium to the closing price of Atlantic shares on the TSX Venture Exchange (“TSX-V”) on May 14, 2019 and a 40.8% premium to the volume weighted average price (“VWAP”) of Atlantic shares over the last 30 trading days.

Following completion of the Transaction, SpinCo intends to raise funds via private placement and apply for a listing on the TSX-V.

The cash offer is not subject to a financing condition. St Barbara intends to raise A\$490 million through a concurrent underwritten accelerated non-renounceable entitlement to partly fund the Transaction. The balance will be funded via St Barbara’s existing cash reserves. St Barbara has also secured a new committed A\$200 million three-year corporate facility with Westpac Banking Corporation (“Westpac”) to support the combined company. For more information, see St Barbara press release as posted on its website: <https://stbarbara.com/au>.

The Transaction is an arms length transaction. No finder’s fees are payable in connection with the Transaction.

#### **Benefits of the Transaction**

Benefits of the Transaction for Atlantic shareholders include:

- Immediate and significant premium of approximately 41.1% to the closing price of Atlantic shares on May 14, 2019, and approximately 40.8% based on the 30-day VWAP

- Cash offer is not subject to a financing condition
- Strong deal certainty with support agreements entered into with shareholders of Atlantic owning approximately 32% of Atlantic shares
- Through SpinCo, Atlantic shareholders will maintain exposure to Velocity's Rozino Project in Bulgaria, which Atlantic believes has many similar characteristics to its Moose River Consolidated ("MRC") Mine in Nova Scotia

Atlantic Chairman & Chief Executive Officer, Steven Dean, said: "St Barbara's C\$2.90 cash per share offer delivers an immediate and attractive premium to our shareholders. It not only recognizes the value of our current plan for the MRC Mine, but rewards shareholders for the future growth and exploration potential that defines MRC as a truly world class asset. In addition to the cash consideration, SpinCo provides Atlantic shareholders with ongoing exposure to the Rozino Project which we believe has strong value potential. Our team has done a great job of creating value for shareholders and we are very proud of the high-quality gold mine that we have built in Nova Scotia and St Barbara shares this view."

### **Board Support and Voting Agreements**

The directors of Atlantic based on the recommendation of a special committee of independent directors of Atlantic (the "Special Committee") have determined that the Transaction is in the best interest of Atlantic securityholders, have unanimously approved the Arrangement Agreement and have recommended that Atlantic securityholders vote in favour of the Transaction. Directors and officers of Atlantic, who control 32% of the outstanding shares, have entered into a lock-up agreement to vote all shares they hold in favour of the Transaction.

### **Terms of the Transaction**

The Arrangement Agreement includes customary deal protection provisions including a non-solicitation clause, notification rights and a right to match in the event of a superior proposal, as well as a C\$25 million reciprocal termination fee payable in certain circumstances, including being payable by Atlantic to St Barbara in order to enter into a superior transaction and by St Barbara to Atlantic if St Barbara does not have sufficient funds to complete.

The Transaction will be effected by way of a plan of arrangement pursuant to the *Business Corporations Act* (British Columbia) (BCBCA) and is subject to customary closing conditions precedent for a transaction of this nature, including:

- obtaining interim and final court orders from the Supreme Court of British Columbia;
- obtaining key regulatory approvals including approval of the TSX-V;
- Atlantic shareholder approval of the Transaction (at least 66⅔% of the votes cast by all Atlantic Gold shareholders, at least 66⅔% of the votes cast by all Atlantic Gold securityholders, and a simple majority of the votes cast by all shareholders excluding certain interested or related parties, in all cases by shareholders present in person or represented by proxy at the meeting as defined by Multilateral Instrument 61-101);
- there is no legal action or proceeding against Atlantic that is reasonably likely to prohibit or delay consummation of the Transaction;
- no material adverse change occurring in relation to Atlantic; and

- all covenants, representations and warranties of both St Barbara and Atlantic have been satisfied.

The holders of all Atlantic options will receive cash consideration equal to C\$2.90 per share less the exercise price of each option.

Completion is anticipated to occur in July 2019.

### **Financial and Legal Advisors**

Atlantic has retained Canaccord Genuity and National Bank Financial as financial advisors, Blake, Cassels & Graydon LLP as Canadian legal counsel, Herbert Smith Freehills as Australian legal counsel, and Paul, Weiss, Rifkind, Wharton & Garrison LLP as U.S. counsel.

National Bank Financial Inc. has provided an opinion to the Atlantic board of directors and the Special Committee stating that, and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration offered pursuant to the Transaction is fair, from a financial point of view, to Atlantic shareholders.

### **Conference Call Details**

Atlantic Gold Corporation will hold a conference call on May 15th at 1:00 pm Eastern time (10:00 am Pacific time). 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 15th, 2019 by dialing:

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

Enter the playback passcode: 158571#, 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:

**Steven Dean (Chairman and CEO)**

+1 604 697-6202

**Chris Batalha (CFO)**

+1 604 689-5564

**Maryse Bélanger (President and 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 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 and discussion regarding the consummation and timing of the Transaction, the satisfaction of the conditions precedent to the Transaction, the amount and nature of the consideration received by Atlantic shareholders in connection with the Transaction, the value of SpinCo, St Barbara's funding of the cash consideration, discussions of future plans, guidance, projections, objectives, estimates and forecasts and statements as to management's expectations with respect to, among other things, the matters and activities contemplated in this news release. 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, St Barbara's funding of the cash consideration and the satisfaction of the conditions precedent to the Transaction. 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.

**Notes:**

<sup>1</sup> Equity value based upon 236.9 million Atlantic shares outstanding and 20.7 million options outstanding valued at C\$35.0 million based on intrinsic value on the C\$2.90 per share offer price

<sup>2</sup> Enterprise value based upon equity value described above, Atlantic debt of C\$116.5 million, and cash of C\$36.1 million