

CONTACT GOLD REPORTS Q2 2018 FINANCIAL AND OPERATING RESULTS

Vancouver, B.C. (August 22, 2018) – Contact Gold Corp. (the "Company" or "Contact Gold") (TSXV: C) is pleased to announce its financial and operating results for the three- and six-months ended June 30, 2018.

Contact Gold's extensive land holdings are on the prolific Carlin, Independence and Northern Nevada Rift gold trends which host numerous gold deposits and mines. Contact Gold's land position comprises approximately 275 km² of target-rich mineral tenure hosting numerous known gold occurrences, ranging from early- to advanced-exploration and resource definition stage (the "Contact Gold Properties"). The Company's focus is on the Pony Creek gold project.

Quarterly highlights and recent developments

- Announced results for initial 3 holes at the new 2 kilometre ("km") long "West Target" at Pony Creek, including **0.42 g/t Au over 33.53 metres oxide from 4.57 metres ("m")** in discovery hole PC18-018. The West Target is 1 km from the property's "Bowl Zone".
- Reported initial 10 drill holes at the Bowl Zone from the ongoing 2018 program at Pony Creek, including:
 - 0.91 g/t Au over 27.43 m from 28.96 m in drill hole PC18-01
 - 0.53 g/t Au over 59.44 m from 1.52 m in drill hole PC18-02
 - 2.51 g/t Au over 47.24 m from 86.87 m in drill hole PC18-03
 - 1.00 g/t Au over 92.97 m from 50.29 m in drill hole PC18-04
 - 0.18 g/t Au over 25.91 m oxide from surface in drill hole PC18-07
 - 0.61 g/t Au over 21.34 m from 103.63 in drill hole PC18-012
- Reported positive results of initial metallurgical test work completed on samples from Pony Creek.
- Acquired at no cost, a significant package of CSAMT data relating to the northern-most claims at Pony Creek, including the Moleen and Elliot Dome targets; adjacent to property and targets controlled by Gold Standard Ventures.
- Drill pad building at the previously undrilled Moleen and Elliot Dome targets at Pony Creek, and at the Company's North Star property have been completed.

Outlook

Exploration activities and the related budget for 2018 will continue to focus on creating value at Pony Creek with an aggressive and systematic exploration program. The Company is fully-funded for the planned program.

The 2018 drill program is focusing on several priority target areas at Pony Creek: the new discovery at West Target, the North Zone, the historical resource area at the Bowl Zone, and the never-before drilled Elliot Dome and Moleen targets.

For an updated map of the 2018 targets areas and drill collar locations at Pony Creek, see:

<http://www.contactgold.com/resources/news/Pony-Creek-Plan-Map.pdf>

The 2018 program has been designed to:

- Increase the footprint of oxidized gold mineralization at the Bowl Zone, West Target and North Zone
- Discover new zones of gold mineralization at West Target and the Moleen and Elliot Dome targets
- Continue to generate and drill test additional targets

There is currently one reverse circulation (RC) drill rig operating on a 24-hour shift, and the Company plans to add another drill rig in the Fall. The planned program includes drilling 70 holes (16,000 metres) on newly-generated, previously undrilled targets, and to expand the existing gold zones at Pony Creek.

Results for 15 RC drill holes (approximately 3,000 metres) are pending as of the date of this news release), with continued drilling anticipated through the remainder of the year.

An additional 12 holes will be dedicated to West Target as follow-up to the recently announced new discovery.

The approved 2018 exploration budget is approximately \$4.7 million.

The Company also expects to complete a separate drill program at the North Star property (6-8 drill holes), which is immediately north of Gold Standard Ventures' North Dark Star deposit.

Selected financial data

Details of financial results as at and for the three- and six-months ended June 30, 2018 are described in the unaudited condensed interim consolidated financial statements and related notes thereto, as prepared in accordance with International Financial Reporting Standards (“IFRS”) (the “Interim Financial Statements”), and the MD&A for the corresponding periods; copies of which are available on SEDAR at www.sedar.com.

The following selected financial data is derived from the Interim Financial Statements. Unless otherwise stated, the information herein, and in the tables below, is presented in Canadian \$000s, except per share data.

Attributable to shareholders:	<u>Three months</u> <u>ended June</u> <u>30, 2018</u>	<u>Three months</u> <u>ended June</u> <u>30, 2017</u>	<u>Six months</u> <u>ended June</u> <u>30, 2018</u>	<u>Six months</u> <u>ended June</u> <u>30, 2017</u>
Loss for the period	\$ 2,845	\$ 373	\$ 4,078	\$ 837
Other comprehensive loss(income)	\$ (811)	\$ 1,569	\$ (1,901)	\$ 1,569
Loss and comprehensive loss	\$ 2,033	\$ 1,942	\$ 2,177	\$ 2,406
Basic and diluted loss per share	\$ 0.06	\$ 0.01	\$ 0.08	\$ 0.04

	<u>As at June 30, 2018</u>	<u>As at December 31, 2017</u>
Cash	\$ 3,725,964	\$ 6,176,258
Working capital	\$ 3,534,890	\$ 6,239,022
Total assets	\$ 44,781,211	\$ 45,424,278
Current liabilities	\$ 564,272	\$ 524,212
Preferred shares	\$ 10,078,111	\$ 9,466,747
Shareholders' deficit	\$ 34,041,470	\$ 35,348,230

Losses attributable to shareholders for the three- and six-months ended June 30, 2018 of \$2.84 million and \$4.08 million, respectively, include expenditures for (i) exploration and evaluation on the Contact Gold Properties (\$1.35 million and \$1.96 million for each of the three- and six-month periods), (ii) professional, legal and advisory fees, administration & office expenditures, wages and salaries, and investor relations activities (in aggregate for the three- and six-month periods \$0.54 million and \$0.97 million), and (iii) non-cash stock-based compensation expense of (\$0.38 million and \$0.67 million for each of the three- and six-month periods). The Company also recognized non-cash gains, offsetting operating activities through each of the periods. These gains include a fair value adjustment recognized on the embedded derivatives within the Company's Preferred Shares of \$0.03 million and \$0.59 million for each of the three- and six-month periods. Losses for the comparative three- and six-month periods reflect the professional, legal and advisory fees incurred in order to close the transactions that established Contact Gold, and administrative expenditures, wages and salaries, and investor relations activities (in aggregate, \$0.17 million and \$0.64 million, respectively), net of the fair value adjustment recognized on the embedded derivatives in the comparative periods.

During the three and six-month periods ended June 30, 2018, exploration and evaluation expenditures predominantly related to activity at the Pony Creek property, including the evaluation and review of data generated through 2017 and the ongoing 2018 drilling program. Approximately \$1.60 million in expenditures had been incurred through June 30, 2018 for exploration at Pony Creek (through June 30, 2017: \$0.05 million).

Other comprehensive income attributable to shareholders for the three- and six-month periods ended June 30, 2018 was \$0.81 million, and \$1.90 million, respectively (three- and six-months ended June 30, 2017: losses of \$1.57 million and \$1.57 million). Other comprehensive income/loss reflects predominantly the foreign currency impact arising on the post-acquisition carrying value of the Contact Gold Properties.

Net cash operating outflows for the three- and six-month periods ended June 30, 2018 of \$1.47 million and \$2.57 million, respectively, reflects primarily (i) ongoing activity and exploration at Pony Creek, (ii) investor relations and head office costs, and (iii) the settlement of balances due to service providers and vendors at prior period ends.

The Company's has elected to capitalize mineral property acquisition costs, and expense exploration expenditures as incurred. Total assets at June 30, 2018 comprise primarily: exploration and evaluation assets of \$40.45 million, including the “bump” of \$35.01 million recorded on closing of the acquisition to acquire the Contact Gold Properties net of a \$1.91 million foreign currency adjustment, and \$3.73 million in cash. At December 31, 2017, total assets included primarily capitalized mineral property acquisition costs of \$38.5 million, the carrying value of prepaid mineral property claims fees of \$0.19 million, and \$6.18 million in cash.

Total liabilities at June 30, 2018 include the value of the Preferred Shares (\$10.08 million), and accounts payable and accruals (\$0.56 million). At December 31, 2017, the balance of total liabilities included the value of the Preferred Shares (\$9.47 million), and accounts payable and accruals (\$0.52 million).

Accumulated other comprehensive loss of \$0.89 million at June 30, 2018 (December 31, 2017: \$2.79 million) reflects the aggregate foreign currency impact on the translation to Canadian dollars of the value of the Contact Gold Properties.

The scientific and technical information contained in this news release has been reviewed and approved by Vance Spalding, CPG, VP Exploration, Contact Gold, who is a "qualified person" within the meaning of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101").

All of the Contact Gold Properties are early stage exploration properties and do not contain any mineral resource estimates as defined by NI 43-101. There has been insufficient exploration to define a mineral resource estimate at any of Contact Gold Properties. Scientific and technical information contained herein is subject to all of the assumptions, qualifications and procedures set out in a technical report entitled "Technical Report on the Pony Creek Gold Project, Elko County, Nevada, USA" dated April 18, 2017, and effective March 15, 2017), prepared by Michael M. Gustin, C.P.G. of Mine Developments Associates of Reno, Nevada (the "Technical Report"), which can be viewed under Contact Gold's issuer profile on SEDAR at www.sedar.com, and reference should be made to the full details of the Technical Report.

Additional information about the Company is available at www.contactgold.com.

For more information, please contact (604) 449-3361 for either:

John Wenger, Chief Financial Officer wenger@contactgold.com

John Glanville Director, Investor Relations glanville@contactgold.com

Cautionary Note Regarding Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward-looking statements relate, among other things, to planned expenditures through the remainder of the year, and the anticipated exploration activities of the Company at Pony Creek, Dixie Flats and North Star.

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as 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 materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include; business integration risks; fluctuations in general macroeconomic conditions; fluctuations in securities markets; fluctuations in spot and forward prices of gold, silver, base metals or certain other commodities; fluctuations in currency markets (such as the Canadian dollar to United States dollar exchange rate); change in national and local government, legislation, taxation, controls, regulations and political or economic developments; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations pressures, cave-ins and flooding); inability to obtain adequate insurance to cover risks and hazards; the presence of laws and regulations that may impose restrictions on mining; employee relations; relationships with and claims by local communities and indigenous populations; availability of increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development (including the risks of obtaining necessary licenses, permits and approvals from government authorities); and title to properties. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy of this release. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.