

5 June 2007

Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bridge Street
Sydney NSW 2000

Dear Sir,

**OPTION AGREEMENT ON INDICATED RESOURCE OF
534,000 TONNES @ 6.5 g/t GOLD AT COCHRANE HILL, NOVA SCOTIA**

Atlantic Gold (ATV) is pleased to announce that it has concluded an option agreement on an Indicated Resource of 534,000 tonnes @ 6.5 g/t at Cochrane Hill with TSX-listed Scorpio Mining Corporation (SMC). The property is located 80 km east of ATV's Touquoy Gold Project (refer to accompanying location and regional geology plan).

The Cochrane Hill property, which comprises 53 mineral claims (8.3 km²), secures an Indicated Resource of 534,000 tonnes @ 6.5 g/t for 112,500 contained ounces gold with an additional Inferred Resource of 26,700 tonnes @ 5.7 g/t for 4,900 contained ounces gold (refer to accompanying geological summary plan). This resource estimate, conducted in 2004 by SMC, is NI43-101 compliant and is based on 6,855 assays from 16,800 m drilled in 155 diamond core holes from four drilling campaigns during 1975–1989. Estimation methodology was block modelling of selected wireframed mineralised vein sets, implicitly identified for underground extraction.

ATV is presently undertaking a resource estimate using the same data but employing methodology to consider a larger open pit development. Results of this estimate will be forthcoming.

This resource is developed within a 20 m-wide zone of sheared and quartz-veined slates which dips 70°N and strikes almost east–west over a strike length of about 700 m. This sheared, mineralised sequence is parallel to, and 100m south of, the axis of the (overturned) Cochrane Hill anticline. This shear zone, largely obscured by overburden, can be traced intermittently for 5 km across the property and hosts several areas of anomalous gold geochemistry (in various media). The most notable of these is a trench grading 1.9 g/t gold over 7.6 m about 1.6 km west of the resource. No drilling has been conducted along this mineralised shear zone beyond that central 1200 m length encompassing the identified resource.

Under the terms of the agreement once ATV (through its wholly-owned Canadian subsidiary) has completed expenditure of C\$4.75 million on exploration and development within 4 years, conditionally extendable for a further 2 years, and has made aggregate cash payments of C\$100,000 to SMC, then at SMC's election ATV will have earned either a 60% Joint Venture interest (with SMC retaining a 40% Joint Venture interest) or 100% interest subject to a 20% free carried interest retained by SMC. ATV may withdraw at any time. The property is subject to an underlying 3% production royalty in favour of a third party.

Identification of the Cochrane Hill mineralisation confirms ATV's belief that this district is highly prospective for bulk-mineable gold reserves similar to that at Touquoy. Acquisition of a controlling interest in this advanced prospect, with its demonstrable upside, represents a significant forward step in Atlantic Gold's strategy to develop a commercially viable, environmentally sustainable and socially acceptable gold mining industry in Nova Scotia. ATV looks forward to advancing this property towards production in the next several years.

About Atlantic Gold NL

Atlantic Gold is applying its skills identifying, developing and responsibly mining open pit gold deposits in Nova Scotia, the Touquoy Gold Project being the starting point. The extensive goldfields of Nova Scotia have never before been systematically approached in this way. ATV's skills are derived from 15 years of such work in Western Australia, where the Company principals, as executives and directors of the highly successful Plutonic Resource Limited, discovered over 11 Moz of gold, operated up to five gold mines (three of which are still in production, and now owned by Canada's Barrick Gold Corporation) and annually drilled up to 500,000 m in exploration and resource development. The Company principals have considerable previous experience in exploration in Atlantic Canada.

The target at Touquoy is a production scenario incorporating an on-site gold treatment plant with a minimum 1.5 million tonne per annum throughput and a 7 year minimum mine life to produce approximately 90,000 ounces gold per year. Results from the recently completed Engineering and Cost Study confirm that the Touquoy deposit has a low stripping ratio, excellent ore metallurgy and favourable ore grindability characteristics. The property is located in an old gold mining area about 110 km by sealed roads from Halifax, the capital of Nova Scotia.

In addition to developing the Touquoy Gold Project ATV is undertaking extensive exploration, both regional and near-mine, to build its resource base. The

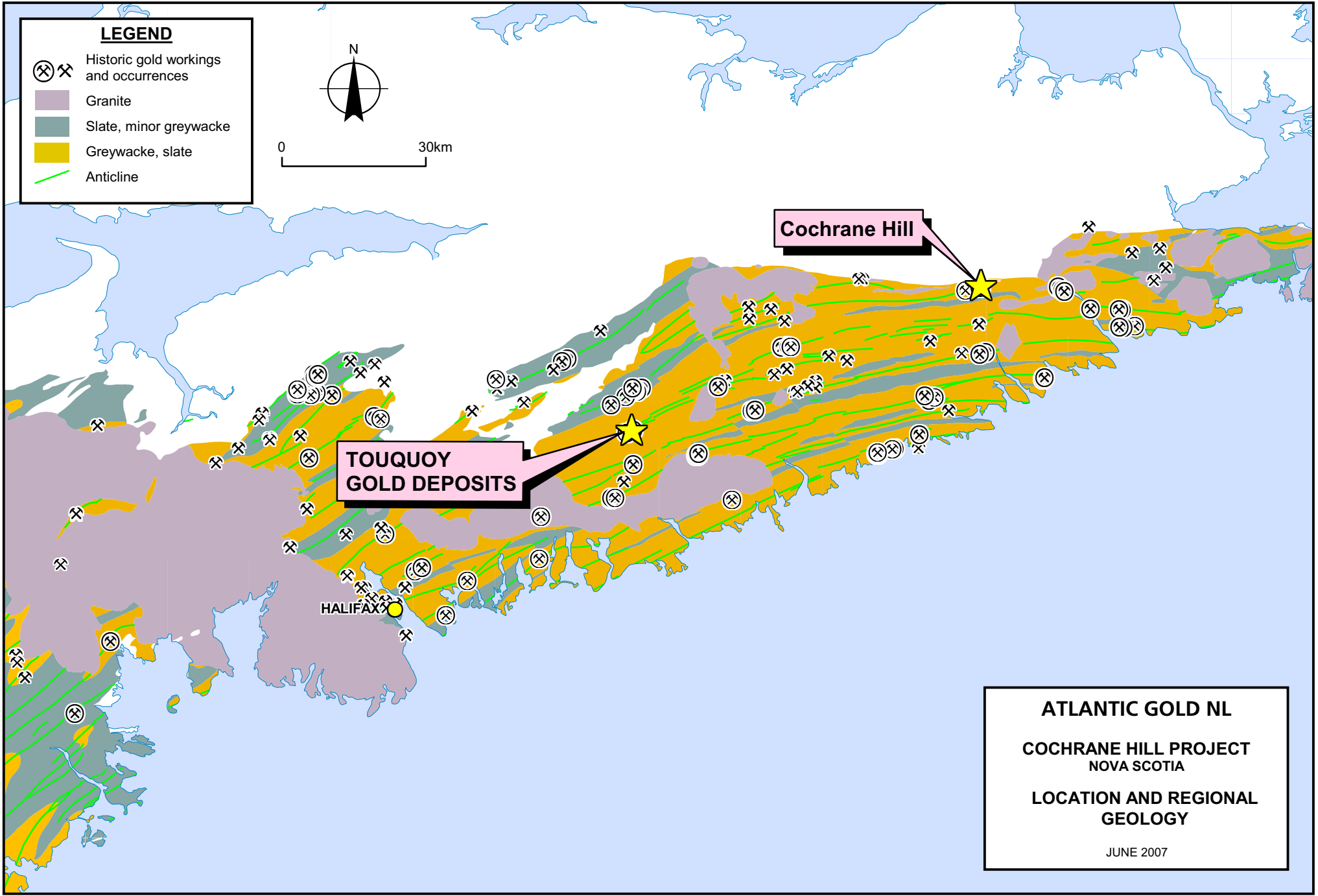
Company believes the area is highly prospective for additional Touquoy style deposits. Atlantic Gold has earned a 60% interest in the Touquoy Gold Project. An additional 15% interest can be acquired in the property outside the general area of the known resource by securing project financing.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Wally Bucknell', written in a cursive style.

Wally Bucknell
Executive Director

Attribution: The geological information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of ATV, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person in respect of the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code).



LEGEND

- ⊗ ⊗ Historic gold workings and occurrences
- Granite
- Slate, minor greywacke
- Greywacke, slate
- Anticline

N

0 30km

Cochrane Hill

TOUQUOY GOLD DEPOSITS

HALIFAX

ATLANTIC GOLD NL

COCHRANE HILL PROJECT
NOVA SCOTIA

LOCATION AND REGIONAL GEOLOGY

JUNE 2007

