

18 September 2009

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

Dear Sir,

OVER 900,000 oz IN-PIT POTENTIAL FOR COMBINED NOVA SCOTIA GOLD PROJECTS – TOUQUOY AND COCHRANE HILL

Atlantic Gold is pleased to announce that following conceptual study level modelling based on a unified production plan for the Touquoy and Cochrane Hill Gold Projects total potential output from these two open-pits is now expected to exceed 900,000 oz gold at current gold pricing (please refer to accompanying Nova Scotia Gold Resource and Claim Plan for locations). The modelling incorporates a conceptual pit optimisation for the Cochrane Hill Gold Project based on a recently revised resource estimate, in combination with a revised pit optimisation and current modelling of the Touquoy Gold Project.

This unified Touquoy/Cochrane Hill production scenario, which involves re-location of the Touquoy 2 Mtpa gravity/CIL treatment plant to Cochrane Hill following completion of the Touquoy operation, presents a potential 90,000ozpa production plan over a 10-year mine life. Details are tabulated as follows:

Conceptual Financial Model – 100% Basis

(refer appended Background Note)

	TOUQUOY	COCHRANE HILL	TOUQUOY + COCHRANE HILL
Production	470,000 oz	450,000 oz	920,000 oz
Initial mine life	5.6 years	4.5 years	10.1 years
Plant	2 Mtpa	2 Mtpa	2 Mtpa
Throughput	11.3 Mt	8.9 Mt	20.2 Mt
Grade	1.4 g/t	1.7 g/t	1.5 g/t
Initial capital to pour first gold	A\$104 M	–	A\$104 M
Operating cash cost (US\$/oz)	US\$485	US\$520	US\$500
Gold price used:			
Optimisation (US\$/oz)	US\$875	US\$875	US\$875
Revenues (US\$/oz)	US\$1000	US\$1000	US\$1000
Net cash (pre-tax)			A\$340 M
NPV ATV share @ 8% pre-tax			A\$98 M
Project IRR			40%
Exchange rate (A\$/US\$)	0.86	0.86	0.86

TOUQUOY PIT OPTIMISATION

Optimised in-pit recoverable resource outcomes for Touquoy using a gold price of US\$875/oz (increased from US\$780/oz as previously applied and reported to ASX on 23 April 2008, and subsequently), locally quoted production costs and a 2 Mtpa gravity/CIL operating plan have been determined. This operating plan reverts to the original concept, albeit with slightly higher throughput and shorter mine life, with more recent considerations of downsized throughput and reconfigured flowsheet such as the Gekko system having being abandoned. Results are as follows:

GOLD PRICE	TONNES millions	GRADE g/t	GOLD RECOVERED Ounces	STRIP RATIO
US\$875/oz	11.3	1.4	470,000	1:2.6

Note that this projected production takes no account of likely input from the Touquoy West satellite deposits located 2 km west of Touquoy. Resources here (as previously reported to ASX on 12 July 2004) comprise Inferred Resources of 45,000 ounces gold and Indicated Resources of 54,000 ounces gold based on historical drilling but have yet to be drilled out by Atlantic Gold.

COCHRANE HILL PIT OPTIMISATION

Based on the current Cochrane Hill resource inventory a conceptual open-pit has been optimised using similar costs and operating plan – 2 Mtpa gravity/CIL – to those presently applicable to the Touquoy Gold Project (please refer to accompanying drill hole location plan and longitudinal section for conceptual pit limits). This optimisation has been undertaken to determine the potential size of the pit, production levels and recovered ounces on the assumption – yet to be confirmed by infill drilling – that all Inferred Resources can be converted to Measured and Indicated Resources. For a gold price of US\$875/oz production of 8.9 million tonnes grading 1.7 g/t to recover 450,000 ounces gold is indicatively projected:

GOLD PRICE	TONNES millions	GRADE g/t	GOLD RECOVERED Ounces	STRIP RATIO
US\$875/oz	8.9	1.7	450,000	1:5.8

UNIFIED PRODUCTION SCENARIO

Production from Cochrane Hill is planned to follow on from that at Touquoy Gold Project. Cochrane Hill is located 80km east of Touquoy and about 110km by road. As opposed to trucking ore from Cochrane Hill to Touquoy the production plan involves re-locating the 2 mtpa gravity/CIL treatment plant from Touquoy to Cochrane Hill following completion of operations at Touquoy. For this unified approach total potential production of 920,000 ounces gold is indicated – 470,000 ounces from Touquoy and 450,000 ounces from Cochrane Hill.

Conceptual financial modelling of this unified production scenario presents the outcomes as tabulated above.

CLOSURE

Recent advances at Cochrane Hill have facilitated the concept of sequential development of the Touquoy and Cochrane Hill Gold Projects, using the same gold treatment plant, as a robust unified production plan to recover over 900,000 ounces gold over a 10 year mine life. Completion of the Touquoy Feasibility Study is the next step in advancing these Projects to production.

It remains Atlantic Gold's conviction that this gold district of Nova Scotia is highly prospective for major open-pittable gold resources similar in style to those at Touquoy and Cochrane Hill. Ongoing exploration for such deposits and development of these two Projects are the forward steps in Atlantic Gold's strategy to develop a robust and environmentally sustainable gold mining industry in Nova Scotia.

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About Atlantic Gold NL

Atlantic Gold is an ASX listed company (Code ATV) which aims to develop open pit gold deposits in Nova Scotia, the Touquoy and Cochrane Hill Gold Projects being the starting point. The extensive goldfields of Nova Scotia have never before been systematically approached in this way. The Company's skills are derived from 15 years of such work in Western Australia, where its principals, as executives and directors of the highly successful Plutonic Resources Limited, discovered more than 11 Moz of gold and operated up to five gold mines, three of which are still in production, and now owned by Canada's Barrick Gold Corporation. The Company principals have considerable previous experience in exploration in Atlantic Canada.

Yours sincerely,



Wally Bucknell
Executive Director

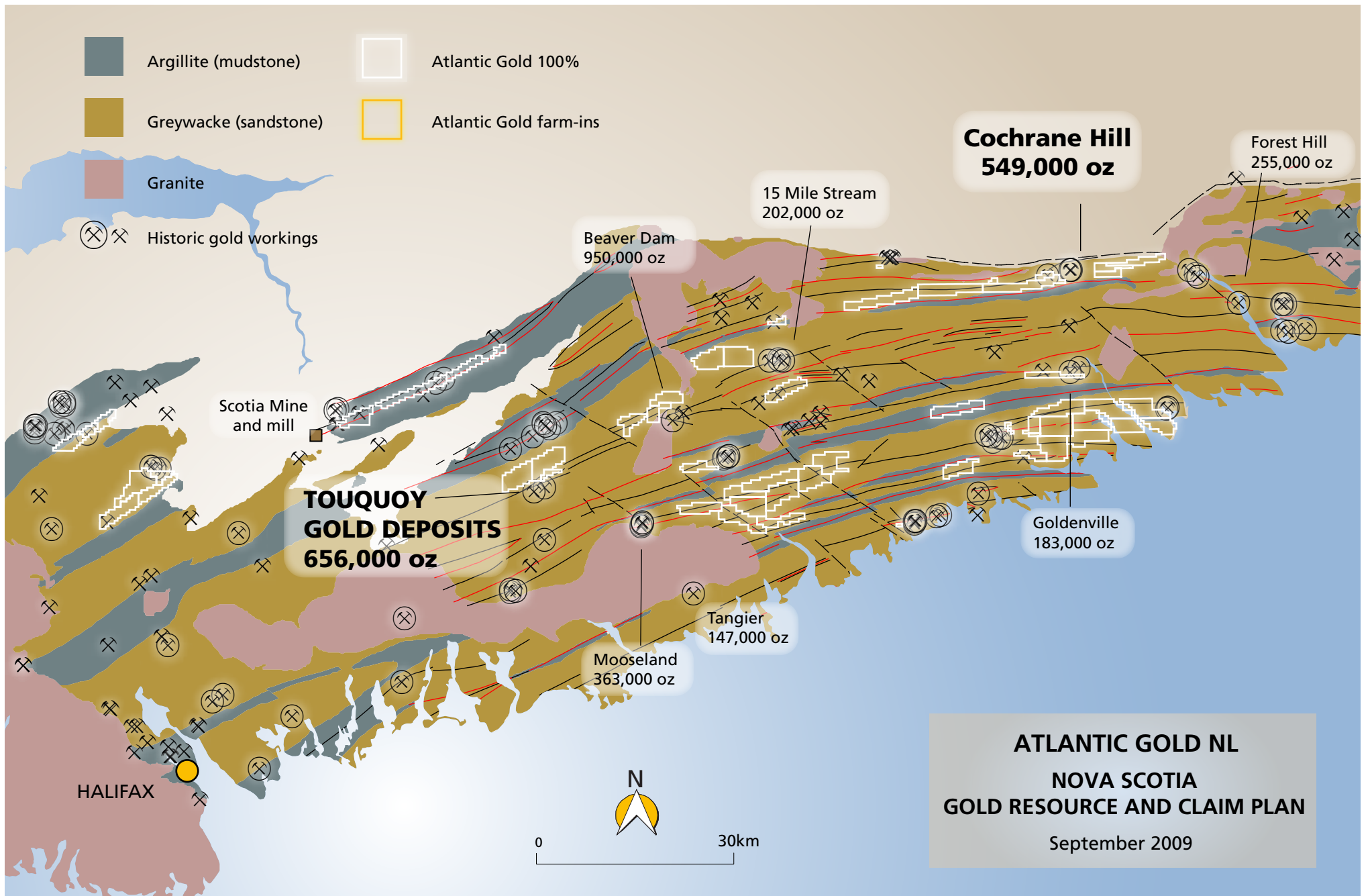
Attribution: The geological information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of Atlantic Gold, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience which is relevant to the style of mineralisation 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).

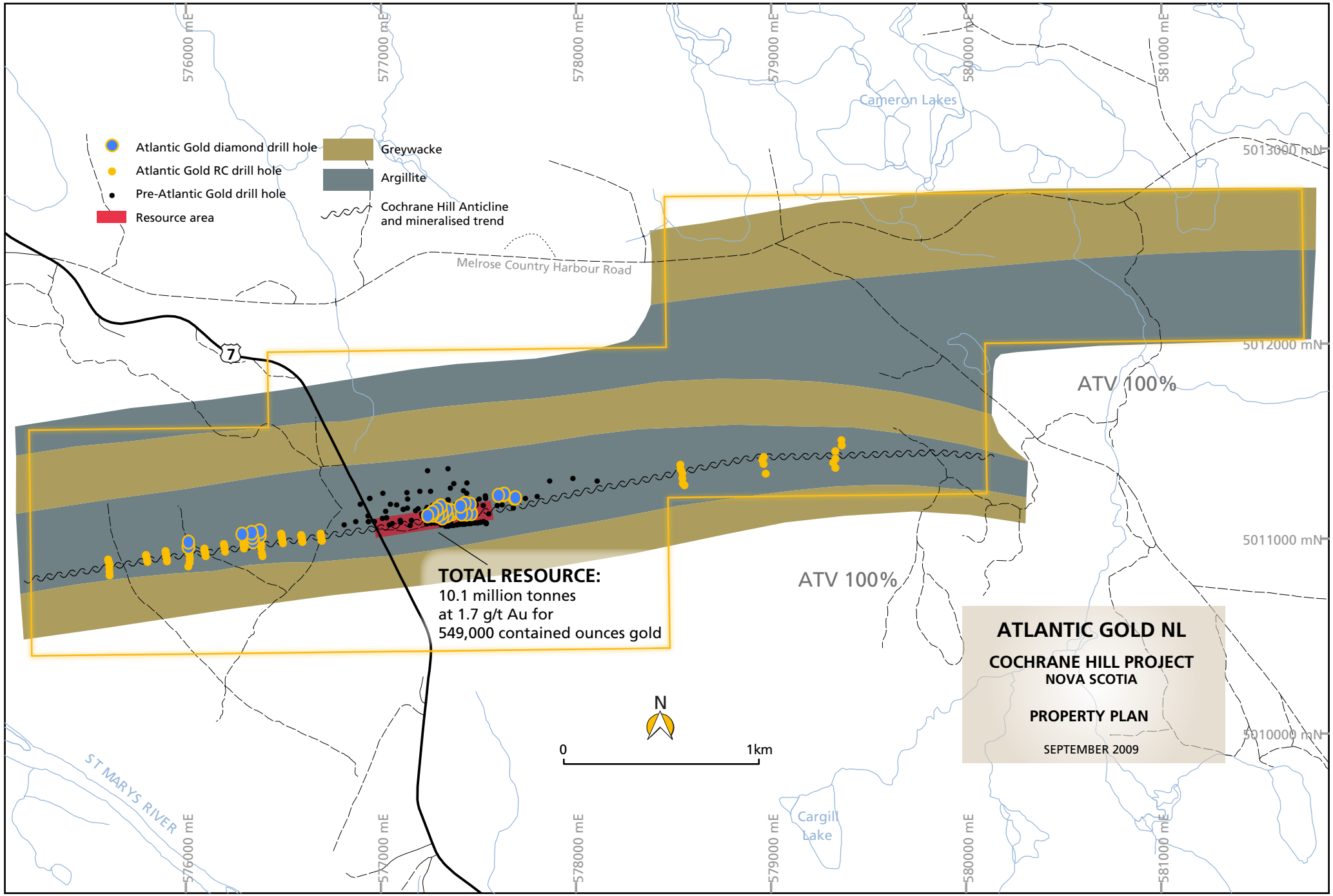
Background Notes

Property ownership details

Atlantic Gold holds a 60% interest in the **Touquoy** Gold Project. Atlantic Gold as operator sole funds to production and receives 100% of cashflow until all outlay plus interest is recouped. Thereafter Atlantic Gold receives 60% of profits. A third party holds 3% royalty of which two-thirds can be purchased for \$2.5 million. The financial considerations above are net of royalty.

Cochrane Hill is subject of an option agreement with TSX-listed Scorpio Mining Corporation (SMC). Under the terms of the agreement with SMC, once Atlantic Gold (through its wholly-owned Canadian subsidiary) has completed expenditure of C\$4.75 million on exploration and development (C\$3.5 million now remaining) within 4 years, extendable for a further 2 years (by cash payment of C\$50,000 for each year), and has made aggregate cash payments of C\$100,000 to SMC (\$70,000 now remaining), then at SMC's election Atlantic Gold 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. Atlantic Gold may withdraw at any time. The property is subject to an underlying 3% production royalty in favour of a third party, of which two-thirds can be purchased for C\$1.5 million. The financial considerations above are net of royalty.





- Atlantic Gold diamond drill hole
- Atlantic Gold RC drill hole
- Pre-Atlantic Gold drill hole
- Resource area
- Greywacke
- Argillite
- Cochrane Hill Anticline and mineralised trend

TOTAL RESOURCE:
 10.1 million tonnes
 at 1.7 g/t Au for
 549,000 contained ounces gold

ATLANTIC GOLD NL
COCHRANE HILL PROJECT
 NOVA SCOTIA

PROPERTY PLAN
 SEPTEMBER 2009



