

4 January 2010

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

Dear Sir,

**SHALLOW RECONNAISSANCE DRILLING HIGHLIGHTS
NEW GOLD MINERALISED ARGILLITE HORIZON WEST OF TOUQUOY**

Atlantic Gold is pleased to report results from reconnaissance 'interface' drilling recently completed at Touquoy West, about 2 km west of the Touquoy Gold Deposit (see accompanying plans). 21 vertical narrow diameter reverse circulation (RC) drill holes for 320 m were variably spaced over a 1.2 km length of a particular argillite horizon, the 'Stillwater Argillite' identified through recent mapping and data compilation as having elevated potential to host additional Touquoy-style gold reserves.

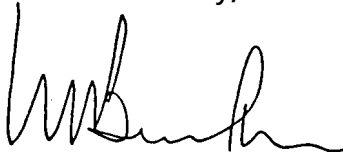
Best result was 5.05 g/t gold over 4 m from 3 m depth directly beneath masking till cover. Seven other holes recorded anomalous gold (up to 0.53 g/t over 9 m) with associated characteristic alteration.

The purpose of this recent 'interface' drilling is to penetrate the masking till cover, up to 15 m in depth, and recover bedrock samples for geochemical analysis. It has now highlighted a 1.5 km strike length of this argillite as being particularly prospective.

The Stillwater Argillite does not outcrop but is known, rather poorly, from historic sparsely distributed diamond drilling. It is about 30 m thick. Most of this drilling was conducted over a 400 m strike length in 1986 – the resultant resource estimate comprising 20% of the combined Stillwater/Higgins & Lawlor ('Touquoy West') resource estimate of 1.52 Mt @ 2.0 g/t (refer endnote).

A shallow first-pass diamond drilling program to further test the Stillwater Argillite is being planned.

Yours sincerely,



Wally Bucknell
Executive Director

Endnote

TOUQUOY WEST	TONNES (millions)	GRADE (g/t Au)	CONTAINED OUNCES
Indicated Resource	0.87	1.9	54,000
Inferred Resource	0.65	2.2	45,000
TOTAL	1.52	2.0	99,000

Refer ATV announcement to ASX 12 July 2004.

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.

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).

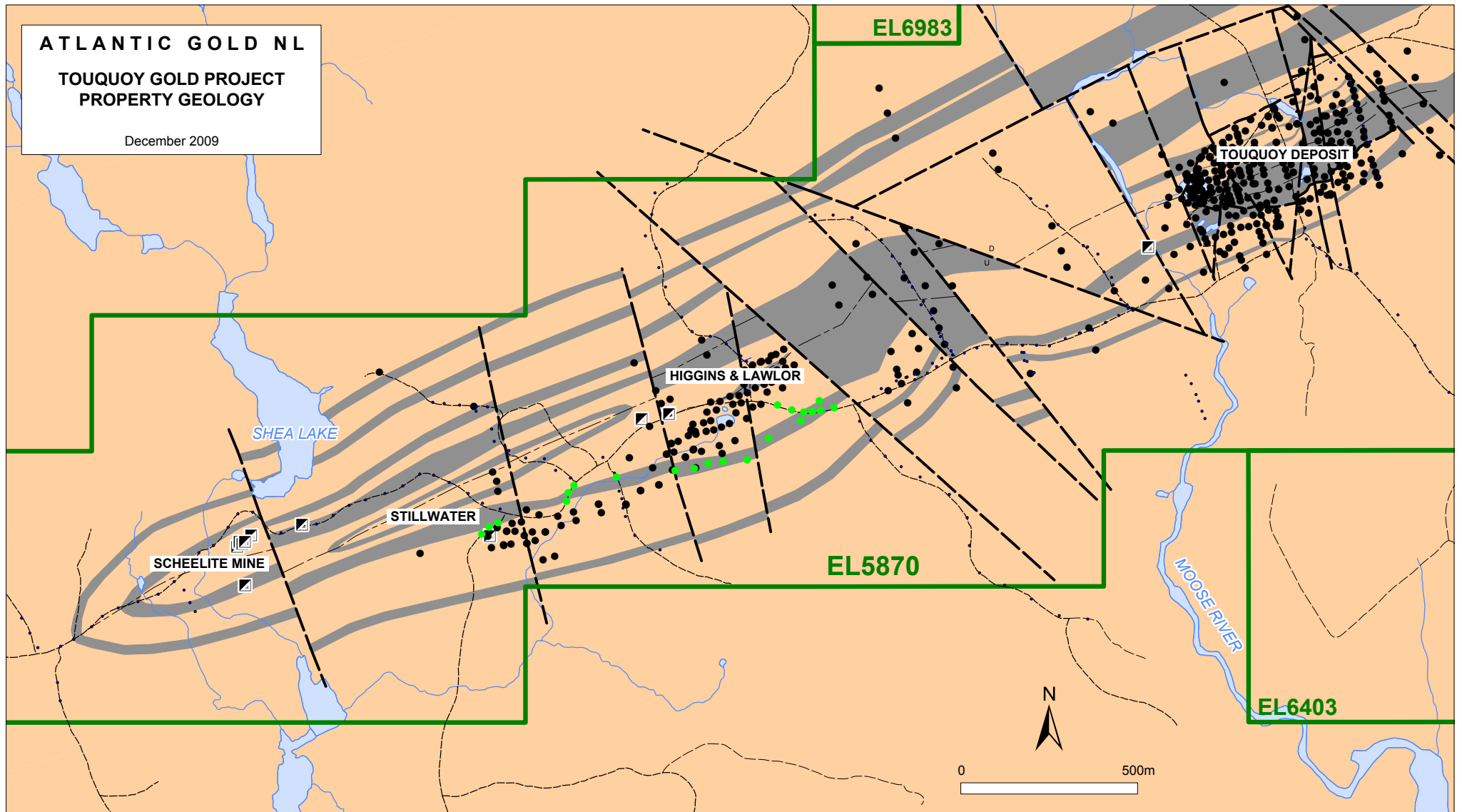
Property ownership details

Atlantic Gold holds a 60% interest 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 C\$2.5 million. The financial considerations above are net of royalty.

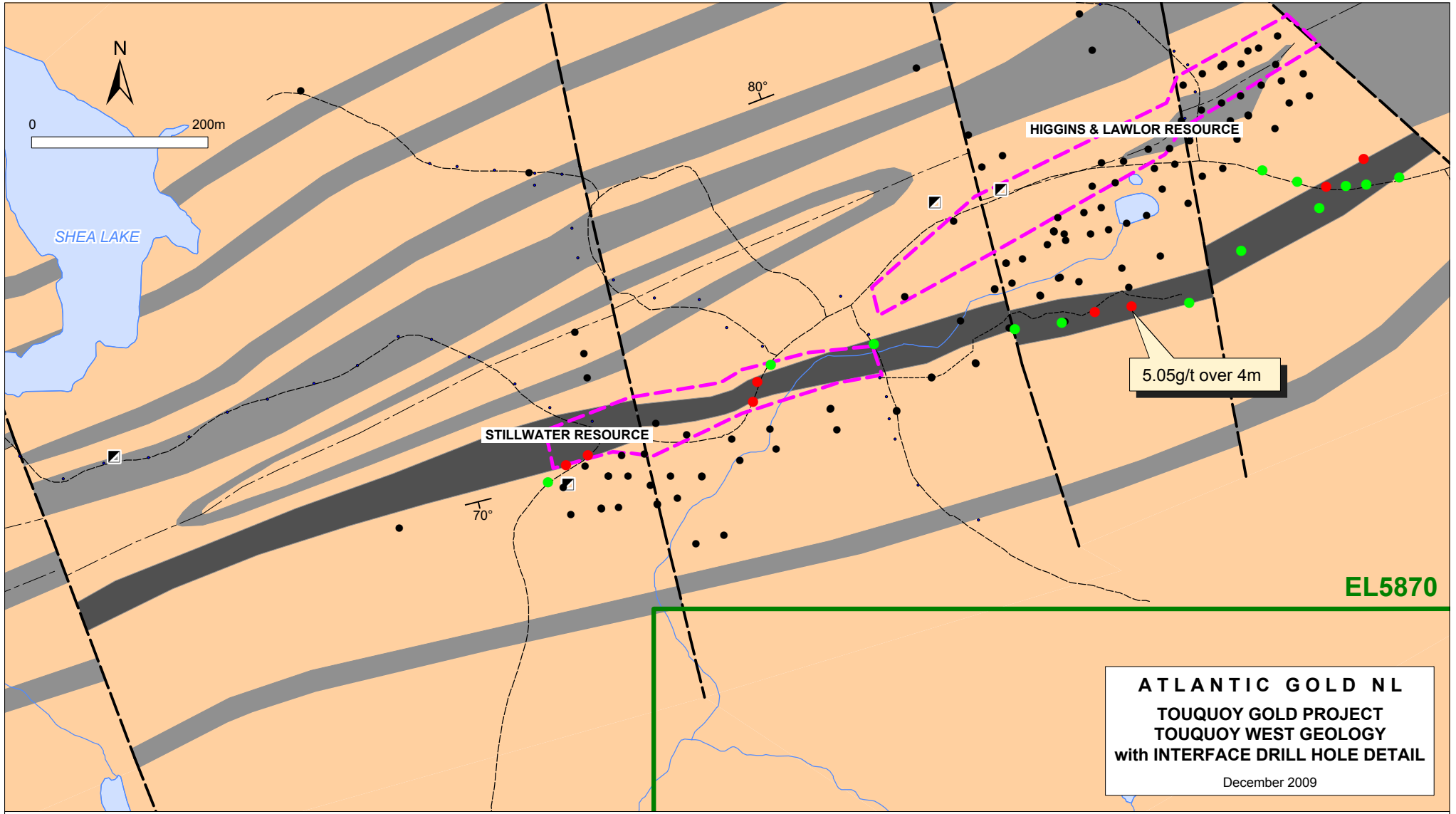
ATLANTIC GOLD NL

**TOUQUOY GOLD PROJECT
PROPERTY GEOLOGY**

December 2009



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|---------------------------------|---------------|-------------------|-------------|
| • Previous interface drill hole | ▣ Shaft | — Anticlinal axis | □ Greywacke |
| ● Diamond drill hole | — Road | — Fault | ■ Argillite |
| ● Current interface drill hole | — Lake, river | | |



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ATLANTIC GOLD NL
TOUQUOY GOLD PROJECT
TOUQUOY WEST GEOLOGY
with INTERFACE DRILL HOLE DETAIL
 December 2009

- | | | | | |
|---------------------------------|---|---|---------------------|------------------------|
| • Previous interface drill hole | • Current interface drill hole | ▣ Shaft | --- Anticlinal axis | ■ Greywacke |
| • Diamond drill hole | • Gold-anomalous current interface drill hole | --- Road | --- Fault | ■ Argillite |
| | | ▣ Resource outlines projected vertically to surface | | ■ Stillwater Argillite |