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COMPANY UPDATE – NOVA SCOTIA GOLD PROJECTS

Atlantic Gold NL Executive Director Wally Bucknell discusses the progress of the Touquoy and Cochrane Hill Gold Projects in Nova Scotia, as well as the current reconnaissance exploration program, in an interview with *Finance News Network*, a transcript of which is attached. The interview can be viewed at [link to interview](#).

Atlantic Gold expects that completion of the acquisition of land titles for the Touquoy Gold Project, with the assistance of the Nova Scotia Department of Natural Resources, will be substantially completed in first quarter of 2012 and a financing decision made in the second quarter of 2012. This would allow production to commence at Touquoy in 2014. Work towards a feasibility study is also expected to commence for the Cochrane Hill Gold Project, and regional reconnaissance exploration in Nova Scotia continued.

Sincerely,



Wally Bucknell
Executive Director

The geological information in this report relating to mineral exploration, Mineral Resources and Ore Reserves has been compiled by W R Bucknell who is a director of Atlantic Gold and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Bucknell has consented to the inclusion of this information in the form and context in which it appears. 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).

**TRANSCRIPTION OF FINANCE NEWS NETWORK INTERVIEW WITH ATLANTIC GOLD (ASX:ATV)
EXECUTIVE DIRECTOR, WALLY BUCKNELL**

Lelde Smits: Hello I'm Lelde Smits for the Finance News Network and joining me today from junior gold explorer Atlantic Gold is Executive Director, Wally Bucknell.

Wally welcome to FNN. Could you start by introducing Atlantic Gold?

Wally Bucknell: Sure. Atlantic Gold is an Australian listed company and our focus, absolute focus, is in Nova Scotia where we are targeting gold production in 2014.

Lelde Smits: So when did you list and what's your market cap?

Wally Bucknell: We became involved in this particular company in 1999. It had a different name and it was already listed. We basically took it over and since our focus moved to Nova Scotia; we called it Atlantic Gold - Nova Scotia of course, being on the Atlantic Coast of Canada. Right now the market cap is around \$24/\$25 million.

Lelde Smits: Thanks Wally, now to your Touquoy project in Nova Scotia on Canada's Atlantic Coast. What is the size of the resource?

Wally Bucknell: Well actually we can talk reserves now because we completed a feasibility study in the middle of last year 2010. And so the reserves are 454,000 ounces and the grade is about 1.5 grams. If we do go back to the resources, they're about a bit over 600,000 ounces, but it's important to know we do have reserves.

What's different about Touquoy is that there are a few quartz veins there, but it's a different sort of deposit because the wall rocks are also mineralised. And these are shales, fairly soft shales and they have disseminated gold all through it. So there's a quartz vein here, there's another one maybe five or ten metres over, but the rock in between is mineralised and that's what sets it apart from any other deposit known in Nova Scotia. And it's a really important point, and it's what appeals to us.

Here's a deposit that can be mined very simply with open-pit means and who knows how many more of these are in Nova Scotia. The last gold discovery in Nova Scotia was in the 1890s, a hundred years ago. There's been a hundred years of nothing happening and we see a lot of opportunity and a lot of potential to find more of these deposits by just careful exploration.

Lelde Smits: So at what stage is the project and what's the next milestone?

Wally Bucknell: Right now – so we've completed the feasibility study last year and the cash costs for that are a bit over \$500 an ounce, so we've done that. We have a mining lease, that's been granted. We've done the major environmental – it's called the Environmental Assessment Approval, which is otherwise known as EAS and that took quite some time, that is now done.

What we're engaged in at the moment and we have been for some time, and it's probably the most difficult part of it, is the acquisition of the surface titles, the Land Titles that overlie the actual deposit. So we have the mineral rights but we don't have the surface rights and because it was an old mining centre pre-World War 1, there are lots of absentee landowners and little plots and things.

We've bought all the land that we possibly can and there are about a dozen titles left that are unmarkable, by virtue we just can't find the owner. And we're about to appeal to the Province to assist us in clearing Title so that we can purchase it from whoever the owners turn out to be.

Lelde Smits: Okay so what is Atlantic Gold's stake in Touquoy?

Wally Bucknell: We, Atlantic Gold that is, sole funds all the exploration and development up until production. And upon production, we return back to us one hundred percent of the cash flow. And when we get all of our previous funding returned with interest, we then share the profits with a local private company called Moose River Resources Inc. and we share about 60% to Atlantic Gold and 40% to this local company.

Lelde Smits: Okay now to your other Nova Scotia project, Cochrane Hill. Where is it in relation to Touquoy?

Wally Bucknell: Cochrane Hill is about 80 kilometres to the east of Touquoy, that's about 110 kilometres by road. It's about the same distance from the coast, probably about 30 kilometres. It's a bit too far to truck ore from Touquoy to Cochrane Hill and so more than likely, we'll move the plant from Touquoy to Cochrane Hill when the operation is completed at Touquoy. There are a couple of little deposits in between and around about. So it'll probably - this is today's view, but it'll almost certainly change in some way or another, for the better I should say.

Lelde Smits: So what does it contain and what are the current plans for Cochrane Hill?

Wally Bucknell: We've spent about \$1.5 million on Cochrane Hill and about \$20 million on Touquoy. So we know a fair bit less about Cochrane Hill, but there are nevertheless about 100 diamond drill holes in it, ones that we've drilled and ones that previous explorers have drilled. It looks to be about the same size as Touquoy. I think our cash costs might be a little bit higher, probably mid \$500,000s because the strip ratio is a bit high. It's about 5:1, but the grade's a little bit higher at 1.7 grams per tonne. But we see it as quite similar to the Touquoy operation in the long term.

Lelde Smits: Will this be an underground or open-pit operation?

Wally Bucknell: Cochrane Hill, like Torquay will be an open-pit operation yeah. And these by the way, are the first open-pit gold mines in Nova Scotia. It's really quite a different thing to what's happened in the past.

Lelde Smits: You've also recently commenced a regional drilling programme in May this year.

Wally Bucknell: That's right.

Lelde Smits: What are you looking for and what success have you had at this early stage?

Wally Bucknell: We think there's a lot of potential in the rest of Nova Scotia and these rocks extend for about 400 kilometres east west and probably 90 kilometres north south. It's a province that is well mineralised as we know from the work that the old-timers did pre-World War 1, and that work tells us that there's a lot of gold there. Now because Touquoy is different geologically, that is the gold is contained within the shales - it's a disseminated shale-hosted gold deposit, nobody really has looked for this sort of deposit in the past.

Lelde Smits: Now to corporate matters. When do you expect a decision on financing Touquoy?

Wally Bucknell: When is really an important question and it's been asked many times because it takes a long time to get a number of things done. But particularly the Land Title issue has taken a lot longer than we would have hoped, but I do believe we can see the light at the end of the tunnel now that we've bought everything we can. And I would expect - and there are things beyond our control, but I would expect that we will have that process substantially completed by first quarter of next year. And I would think the financing decision would be second quarter of 2012.

Lelde Smits: So when do you think you will be in production?

Wally Bucknell: We will be a producer in 2014 I would say. And in terms of the overall resource, I mean we don't see any reason why there aren't multimillion ounce deposits in Nova Scotia like Touquoy or Cochrane Hill, just waiting for a discovery. And we're the only people really looking for these sorts of deposits, multimillion ounce deposits are quite likely to be there.

Lelde Smits: Finally Wally, where would you like to see Atlantic Gold one year from now?

Wally Bucknell: In one year from now, we'll be materially developing the Touquoy gold project; there'll be a lot of site development. Cochrane Hill, I would like to think that we're proceeding along the feasibility studies for Cochrane Hill in terms of drilling it out, the metallurgical work and the pit studies and so on. And thirdly, I would hope by then we've made a substantial gold discovery or gold discoveries in the rest of this exciting area in Nova Scotia.

Lelde Smits: Wally Bucknell thanks for the update and well done on your progress so far.

Wally Bucknell: Thanks Lelde.

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