

Targeting 2010 start-up in Canada

Investment Highlights

- Focussed on near term production.** ATV is progressing feasibility studies at its 60% owned Touquoy Gold Project located in Nova Scotia Canada, targeting first production by mid-CY10 (c.50kozpa at cash costs US\$370/oz). In the interim, we await derisking milestones in the form of final process configuration (we assume Gekko ILR); freehold land acquisitions; and achieving a financial close at completion of the BFS (pre-production capital c.C\$60m).
- Strategy sound, execution the key.** We like Atlantic's strategy of applying open pit mining techniques to low grade deposits uneconomic for underground mining (the Canadian method of choice). Atlantic has established a significant near-surface and metallurgically benign resource at Touquoy and Cochrane Hill (23mt @ 1.6g/t Au for 1.2moz). With the bulk of resource definition and permitting completed, near-term focus has turned to finalising design criteria for a modular plant suitable to sequentially process Touquoy and Cochrane Hill (projects are 80km apart).
- Twist on the Acadian MOU.** In October '08 Atlantic entered a MOU with TSX listed Acadian Mining Corporation (Acadian) to assess processing Touquoy ore through Acadian's Scotia mill 40km to the east, as well as the potential merging of district scale gold resources (combined resources of c.3moz). Acadian subsequently announced in March that it had reached agreement with Golden River Resources (GRR) to inject C\$10m in working capital. While Atlantic's immediate growth ambitions with regard to Arcadian were stymied, GRR is controlled by Joseph Gutnick with whom Atlantic directors have a long association and it is confident opportunities may emerge moving forward.
- Catalysts.** (1) mitigating project financing risk; (2) completion of BFS in 1H CY09; (3) securing final industrial approvals as surface title acquisitions are completed.
- Project positives.** (1) **metallurgy** – soft ore (shale hosted), low reagent consumption, high recovery, low strip; (2) **infrastructure** – The regional centre of Halifax is located one hour from the project by sealed highway, grid power is within 5kms, (3) **local workforce** – ATV considers there is abundant skilled labour in the district with high unemployment; (4) **permitting** – Touquoy received environmental approvals in February '08; (5) attractive fiscal and taxation regime.
- Risks.** (1) **process configuration** - Atlantic previously scoped a 90kozpa CIL at Touquoy however, current thinking favours a modular Gekko ILR at c.50kozpa given lower capital cost (C\$60 vs C\$95m for CIL) - we assume lower cost Gekko option; (2) **financing** – Atlantic has A\$3m in cash and will be required to secure at least C\$60m in funding over the coming 6 months; (3) **grade & scale** – while metallurgically benign, Atlantic's deposits are low grade and modest scale and precise execution is required.
- Speculative Buy ahead of financial de-risking.** Our base case valuation is A\$0.07/sh which incorporates the A\$3.3m rights issue, assumes life-of-mine production at Touquoy of 270koz, and ascribes A\$40/oz for attributable resources at Cochrane Hill. Clearly, the major derisking item is securing project finance sufficient to meet production target of mid-CY10.

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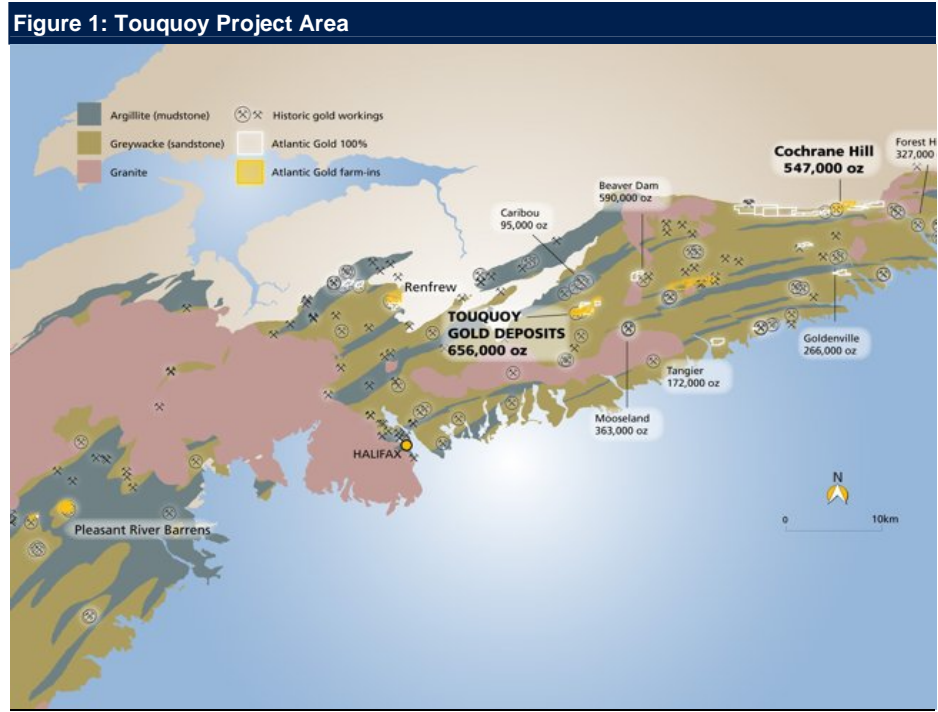
KEY STATISTICS

Share Price..... A\$0.046/sh
 Issued Capital (dil.)..... 348m
 Cash (est.)..... A\$3.6m
 Debt A\$0.44m
 Market Cap (undil.)..... A\$14.6m
 Enterprise Value..... A\$11.4m

Patersons Securities Limited "Patersons" acted as Lead Manager and Underwriter to ATV's A\$3.3m rights issue which issued 82.9m shares at 4cps and 23.3m January 2011 options with a strike price of 8cps. Patersons received a fee for this service.

Touquoy Project

Location. Touquoy is located in Nova Scotia Canada approximately 1 hours' drive from Halifax. The project is favourably located proximal to sealed roads, grid power within 5 km and a skilled residential workforce which is currently burdened with unemployment approaching 20%.



Source: ATV

Equity structure. Atlantic has earned a 60% interest and can increase to 75% of surrounding areas (excluding Touquoy deposit) by securing project finance. ATV will receive 100% of project cash flow until all capital; previous exploration and interest costs are recouped, and then revert to a 60% net profit interest.

Resources and geology. Touquoy is hosted within a regional sediment package that underlies approximately half of Nova Scotia. Regional historic production totals ~1.2moz (all via underground extraction). Touquoy is a shale hosted, near surface development opportunity and unlike other deposits in the region which are strongly correlated to quartz development; gold mineralisation at Touquoy is disseminated in sediments and previously overlooked despite broad zones of mineralisation (up to 100m) amenable to open pit mining. The current resource inventory is as follows:

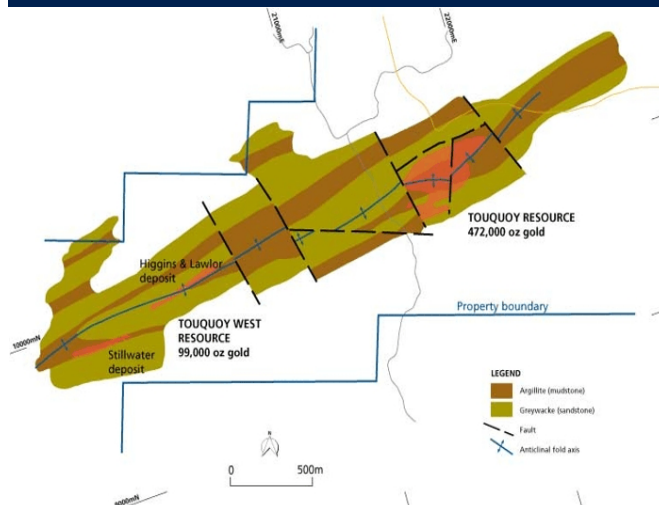
Figure 2: Touquoy Resources

Touquoy	mt	g/t Au	Oz
Measured	2.8	1.5	135,048
Indicated	8.2	1.5	407,074
Inferred	2.2	1.7	119,614
Total*	13.2	1.6	661,736

* includes Touquoy West – cut-off 0.5g/t Au

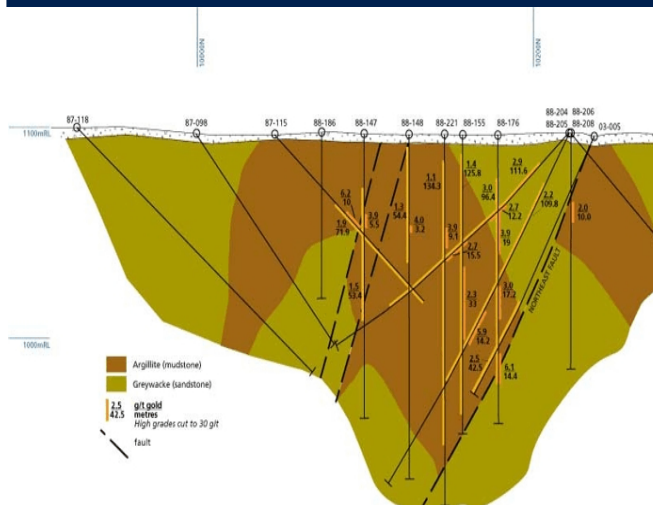
Source: PSL estimates

Figure 3: Touquoy Project Geology



Source: ATV

Figure 4: Typical Section (21625N)



Source: ATV

Ore characteristics the differentiator. Touquoy exhibits favourable ore kinetics which should compensate for modest grade if managed appropriately. Atlantic has undertaken extensive testwork on ore samples at Touquoy and we are confident in its assessment that the ore is metallurgically benign and readily amenable to either CIL or intense leach reaction (ILR). Key attributes include:

- **Low stripping ratio of 2:1**
- **Soft ore** – Bond Work Index <10
- **High recoveries** – 94% aggregate (65% via gravity) at coarse grind of 150um
- **Low reagent consumption** – CN consumption 0.4kg/t
- **No acid rock drainage** – extensive testwork completed as part of environmental approvals

Development plan. The pending BFS will clarify current unknowns pertaining to processing configuration. We assume a 12 month construction period, with Atlantic pursuing a lower capex, modular option (Gekko ILR) in keeping with global capital constraints. This configuration will produce c.50kozpa (Atlantic's share c.30kozpa) over an initial six year mine life at targeted cash costs of US\$370/oz.

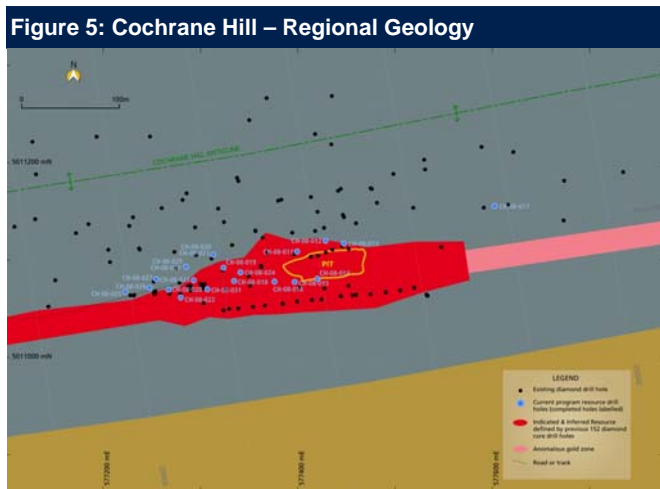
Growth critical. Atlantic considers the ILR option as a launch-pad to commercialise other near-mine opportunities proximity to its proposed infrastructure. We understand Atlantic intends constructing a 1.5-2mtpa CIL by year 3 to process low grade stockpiles mined during phase one.

Cochrane Hill

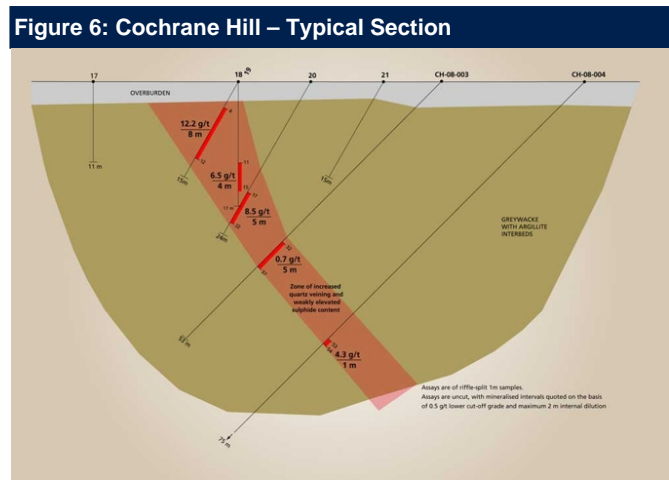
Location. Cochrane Hill (CH) is located 80km east of Atlantic's Touquoy project and comprises 8km² of tenure hosting 10mt @ 1.7g/t Au fro 547koz.

Equity structure. Atlantic has entered an agreement with Scorpio Mining whereby it can earn a minimum 60% via expenditure of C\$4.75m within 4 years plus C\$100K in cash (to date ATV has spent C\$1.5m and C\$60K of the C\$100K cash component). Once expenditure has been met, Scorpio can either elect to revert to a 20% free carried interest with Atlantic increasing to 80% (and required to sole fund development costs) or, contribute on a 60:40 basis. A 3% net smelter royalty is payable on all Cochrane Hill production which can revert to 1% upon cash payments by ATV at its election.

Resources and geology. CH mineralisation is shear hosted and runs parallel to the Cochrane Hill anticline. Atlantic has mapped the shear for ~5km however, drilling has been limited to the current 1.2km extent of the current resource. Mineralisation is hosted in vein sets which extend form surface to at least 150m depth.

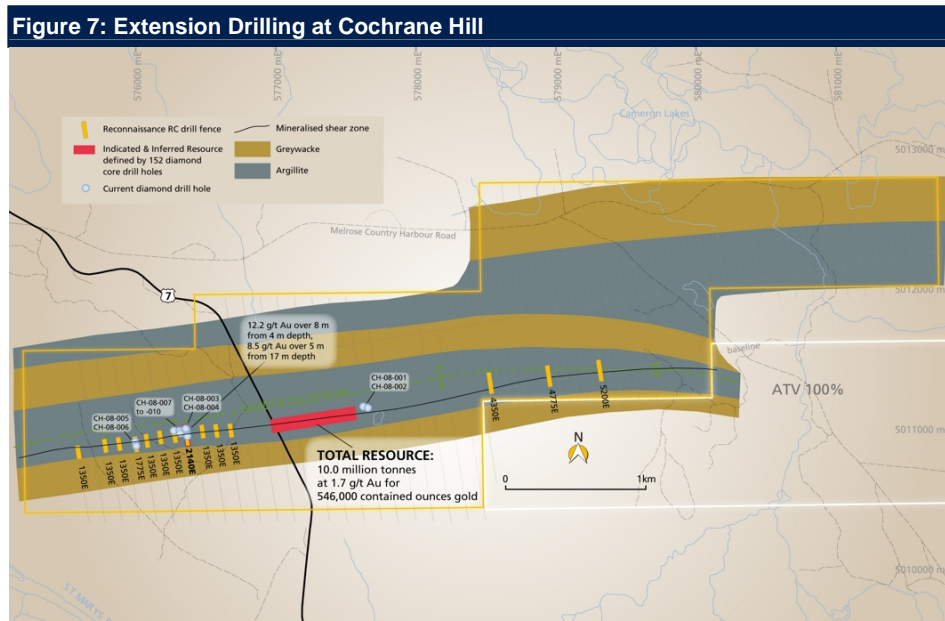


Source: ATV



Source: ATV

Exploration potential. Atlantic has completed additional drilling beyond the current resource limit, returning strong results and extending mineralisation 1100m to the west and 1500m to the east. A best result of 8m @ 12g/t Au from 4m was returned 600m west of the current resource, and bodes well for potential extensions going forward. This work is highlighted below.

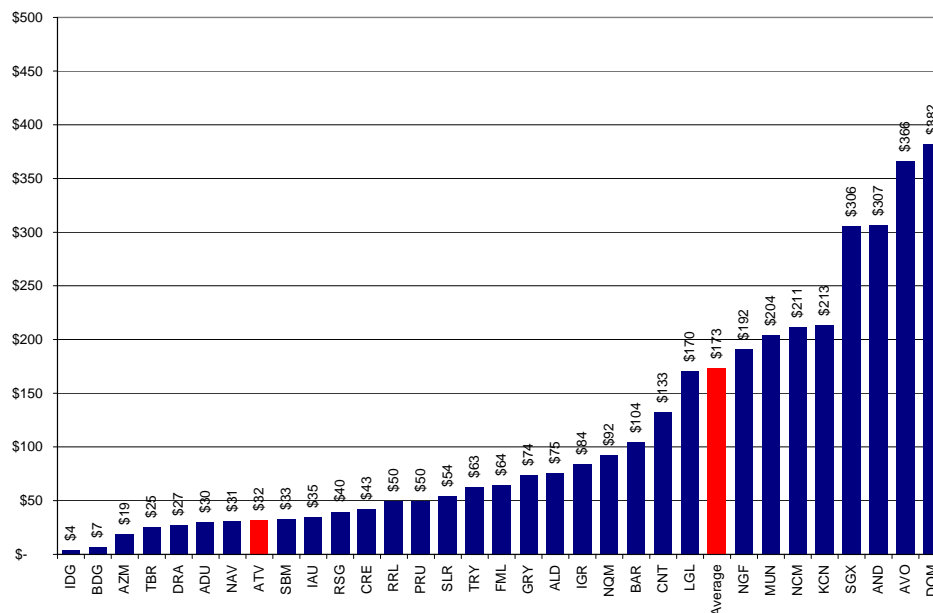


Source: ATV

Acadian may present opportunities. Atlantic appears to have been trumped by GRR which offered Acadian a \$10m lifeline and in doing so, put paid to Atlantic’s advances. This was disappointing in that Atlantic had an opportunity to improve its market rating via acquisition of ‘see-through’ ounces proximal to its own tenure however, it remains the first mover in the district and is confident of other opportunities emerging.

In our view, achieving critical mass remains a significant catalyst given modest scale versus capital requirements and we are hopeful Atlantic can leverage off Touquoy to exploit opportunities on proximal tenure or move to consolidate current equity in its existing portfolio.

Cheap on sector metrics. As a reflection of development and funding uncertainty, Atlantic is one of the cheapest amongst its ASX listed peer group (EV:Resource metrics of A\$38/oz versus sector average of A\$178/oz).

Figure 8: EV:Resources (A\$/oz)


Source: PSL estimates

Investment Case

Atlantic represents a near-term production opportunity, heavily discounted on funding and execution risk at Touquoy. While we consider the current discount appropriate, we are cognisant that there are numerous de-risking events in CY09 which if achieved would justify a re-rating including:

- **BFS.** Timely delivery of the Touquoy BFS – 2H CY09
- **Approvals.** Secure final 'industrial approvals' as a precursor to commence site works
- **Achieving a financial close.** With a current market capitalisation of A\$15m and upcoming capital requirements of at least A\$75m (including A\$10m in working capital), Atlantic has the job ahead of it however, achieving a satisfactory close is undoubtedly the major de-risking item in CY09.
- **Corporate opportunities.** Potential to either JV or acquire ounces proximal to Atlantic's resources or alternatively, Atlantic may find itself under the microscope from acquisitive parties seeking to capitalise on its modest market rating.

Board and Management

Ron Hawkes (Non Executive Chairman). Mr Hawkes has 43 years experience in the mining industry and was formerly the Managing Director and founding CEO of Plutonic Resources Limited.

Wally Bucknell (Executive Director). Mr Bucknell has 39 years experience in the mining industry and was formerly the General Manager – Exploration of Plutonic Resources Limited.

Robert Symons (Non-Executive Director). Robert Symons is a Melbourne-based senior partner of the law firm Deacons. He has extensive experience in many aspects of corporate and commercial legal practice with particular expertise in resources, energy and infrastructure.

Figure 9: ATV – Input Sensitivity Touquoy Gold Project

		Gold Price							
Price Target		0.07	-30%	-20%	-10%	0%	10%	20%	30%
Exchange Rate	-30%	0.06	0.09	0.11	0.13	0.15	0.18	0.20	
	-20%	0.04	0.06	0.09	0.10	0.12	0.15	0.16	
	-10%	0.02	0.05	0.07	0.08	0.10	0.12	0.14	
	0%	0.00	0.02	0.05	0.07	0.07	0.08	0.10	0.11
	10%	-0.01	0.01	0.03	0.05	0.07	0.08	0.10	0.11
	20%	-0.03	-0.01	0.01	0.03	0.05	0.07	0.08	0.10
	30%	-0.04	-0.02	0.00	0.02	0.04	0.06	0.07	0.08
Delta		-100%	-63%	-26%	0%	25%	50%	74%	

		Operating Costs							
Price Target		0.07	-30%	-20%	-10%	0%	10%	20%	30%
Exchange Rate	-30%	0.15	0.15	0.14	0.13	0.12	0.12	0.11	
	-20%	0.12	0.12	0.11	0.10	0.10	0.09	0.08	
	-10%	0.10	0.10	0.09	0.08	0.08	0.07	0.06	
	0%	0.09	0.08	0.07	0.07	0.07	0.06	0.05	0.04
	10%	0.07	0.06	0.06	0.06	0.05	0.04	0.03	0.02
	20%	0.06	0.05	0.04	0.04	0.03	0.02	0.01	0.00
	30%	0.05	0.04	0.03	0.03	0.02	0.01	0.00	-0.01
Delta		30%	18%	9%	0%	-11%	-21%	-35%	

		Grade							
Price Target		0.07	-30%	-20%	-10%	0%	10%	20%	30%
Exchange Rate	-30%	0.06	0.09	0.11	0.13	0.15	0.18	0.20	
	-20%	0.04	0.06	0.09	0.10	0.12	0.15	0.16	
	-10%	0.02	0.05	0.07	0.08	0.10	0.12	0.14	
	0%	0.00	0.02	0.05	0.07	0.08	0.10	0.12	0.14
	10%	-0.01	0.01	0.03	0.05	0.07	0.08	0.10	0.11
	20%	-0.03	-0.01	0.01	0.03	0.05	0.07	0.08	0.10
	30%	-0.04	-0.02	0.00	0.02	0.04	0.06	0.07	0.08
Delta		-100%	-63%	-26%	0%	25%	50%	74%	

Source: PSL estimates

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