

23 April 2008

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

Dear Sir,

PROJECT UPDATE, TOUQUOY GOLD PROJECT, NOVA SCOTIA

Atlantic Gold (ATV) is pleased to provide a progress report on its Touquoy Gold Project in Nova Scotia Canada.

In summary, the Touquoy Gold Project is a very attractive project with an estimated IRR of at least 37% on a pre-tax ungeared basis (at least 30% after tax and ungeared). Other than finance, the company has now completed the most significant, critical hurdles to achieve project development.

In addition, our preliminary financial assessment of Cochrane Hill as an augmentation to Touquoy indicates a very attractive profitable return can be realised. As a result, we are commencing a resource development drilling program at Cochrane Hill in late April to determine the most profitable approach to accessing this resource.

The remaining tasks to be achieved before committing to a development decision at Touquoy are:

- grant of the mining lease and the industrial permit
- completion of land acquisition
- securing used plant
- conversion of the engineering and cost study to a feasibility study, and
- completion of project financing.

Subject to available finance we plan to complete these tasks by October 2008.

The Company believes it is now well placed to be pouring gold by the end of 2009. The project economics remain robust and discussions with potential financiers are underway. Indications are that the Touquoy Gold Project is readily fundable and we are currently evaluating the optimum mix of debt and equity in the best interests of shareholders.

We envisage the development of the Touquoy Gold Project as the first step in developing an economically and environmentally sustainable gold mining industry in Nova Scotia. Resource development drilling will commence by the end of April 2008 at the Company's Cochrane Hill property where initial scoping studies indicate the potential for identifying additional mill feed in the near-term of at least 200,000 ounces gold for the planned Touquoy gold plant, subject to the requisite permitting being in place.

We have recently updated our financial model for Touquoy to incorporate the results of a revised resource estimate as well as capital and operating costs based on a contract mining scenario. A summary of projections follows:

Initial mine life	years	6
Plant throughput	mtpa	1.5 – 2.0
Grade	g/t	1.4
Total production	ounces	450,000
Waste:ore ratio		1.95:1
Cash operating cost	C\$/oz (=US\$/oz)	435
Gold price for pit optimisation	C\$/oz (=US\$/oz)	850
Gold price received	C\$/oz (=US\$/oz)	900
Initial capital (used gravity/CIL) plant)	C\$m (=US\$m)	70
Capital payback	years	2.5
Net cash flow before tax	C\$m (=US\$m)	132
8% NPV before tax (ungeared)	C\$m (=US\$m)	80
IRR before tax (ungeared)		37%

Notes:

- 100% basis
- Plant throughput assumes start-up at 1.5mtpa increasing to 2.0mtpa.
- Assumes the remaining Inferred Resources, representing 15% of the total resource, are converted (as fully expected, based on experience) to Measured and Indicated Resources during the life of mine.

No Ore Reserves are presently implied by this study. Ore Reserve estimates will be determined upon completion of the Feasibility Study and receipt of all government approvals to mine.

The current resource estimates for the Touquoy deposit are:

	Tonnes (millions)	Grade (g/t)	Ounces gold contained
Measured Resource	2.8	1.5	130,000
Indicated Resource	7.3	1.5	350,000
Inferred Resource	1.6	1.5	77,000
Total Resource	11.7	1.5	557,000

Notes: (see over)

Notes:

- Estimation technique: Multiple Indicator Kriging with block variance adjustment applied. Ore selectivity is assumed to be 5 metres (north) by 5 metres (east) by 2.5 metres (elevation) via an open pit mining scenario.
- Assay methodology (all based on ½ NQ core):
 - ATV: Fire assay of pulverised whole-sample (32% of database), with all samples $\geq 0.5\text{g/t}$ or within ore-grade intervals screen fire assayed (1825 samples or 6% of database).
 - Historic: Whole-sample fire assay of +100# gravity concentrate weight-averaged with fire assay of -100# fraction (28% of database) adjusted in accordance with trial grade control study, fire assay of pulverised split from crushed parent (28% of database) and screen fire assay (6% of database).
- Bulk density: 2.80 g/cm^3 . Based on 183 determinations.
- Lower cut-off grade: 0.5g/t
- Drillholes: 298 NQ diamond core holes for 27,200m with spacing variable - averaging $30\text{m} \times 20\text{m}$.

This resource estimate, prepared independently by resource estimation specialist Hellman & Schofield ("H&S"), incorporates results of trial grade control drilling recently received and uses a lower cut-off grade of 0.5g/t in keeping with a higher prevailing gold price.

The trial grade control drilling program comprised 80 holes drilled on $5\text{m} \times 10\text{m}$ centres to test a block representing 2% of the total resource. It was undertaken to make a comparison with resource drilling. This enabled a re-assessment of one of the historic assay techniques and an evaluation of the grade distribution and continuity which will be used to formulate the grade control methodology.

Importantly, the trial grade control drilling has confirmed the short-scale grade continuity of the ore which is a typical coarse gold phenomenon. It has enabled projections for an effective grade control pattern to be adopted ahead of mining.

A further observation with respect to the coarse gold attributes of the Touquoy deposit is noted from the final comprehensive metallurgical testwork completed by Metcon Laboratories under the supervision of Peter J Lewis & Associates in September 2006. This study reported the recovered grade of an aggregate of 92kg of tested samples of the master composite, which is representative of the entire deposit, to be 2.90g/t compared to the average grade of 2.15g/t for the drill core samples from which the master composite was derived. This grade increase of course, has not been factored into any drill-indicated resource estimate but the observation does lend support to H&S's expressed view that deposits such as Touquoy, exhibiting a high coefficient of variation in sample grades and free visible gold, tend to contain more gold than can be estimated from sampling and modelling. However the amount of such additional gold cannot be quantified or guaranteed at this stage of the project.

Atlantic Gold's management is therefore very confident of the current robust resource model, and the financial projections derived from this model. With the major Environmental Assessment Approval now in place we look forward to securing the last of these approvals, securing used plant, completing the Feasibility Study and raising the necessary finance to develop the Project and commence pouring gold by the end of 2009.

Yours sincerely,

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

Wally Bucknell
Executive Director

The geological information in this report relating Mineral Resources has been compiled by WR Bucknell who is a director of Atlantic Gold NL and 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). The resource estimates for Touquoy described in this report were completed by Mr Neil Schofield, a principal of Hellman and Schofield Pty Ltd. Mr Schofield is a Member of AusIMM and qualifies as a Competent Person in respect of the 2004 JORC Code by virtue of having sufficient experience which is relevant to the Touquoy style of mineralisation and deposit type. Mr Schofield has consented to the inclusion of this information in the form and context in which it appears in this report.

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