

4 June 2008

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

Dear Sir,

**RESOURCE UPGRADE TO 10.0 MILLION TONNES @ 1.7 g/t GOLD
FOR 547,000 OUNCES AT COCHRANE HILL, NOVA SCOTIA**

Atlantic Gold is pleased to announce results of a revised resource estimate undertaken on the Cochrane Hill gold deposit located 80 km east of the Company's Touquoy Gold Project (refer to accompanying location plan). This estimate, using a lower cut-off grade of 0.5 g/t gold, is as follows:

COCHRANE HILL GOLD DEPOSIT

	TONNES (MILLIONS)	GRADE (g/t Au)	CONTAINED OUNCES
Indicated Resource	3.6	1.7	200,000
Inferred Resource	6.4	1.7	347,000
TOTAL	10.0	1.7	547,000

It is projected that with current economic parameters applied to this resource Cochrane Hill and Touquoy together have the potential for combined production of over 800,000 oz.

This new resource estimate is based on a revised sample data set which includes a substantial amount of additional gold data sourced from Atlantic Gold's sampling and assaying of an aggregate 3100 m of previously un-assayed intervals of historic (1970s and 1980s) Cochrane Hill diamond drill core recovered from storage. These intervals of drill core within the mineralised resource envelope had not been previously assayed and had been ascribed zero grade for the purposes of resource estimation. The new sampling comes from both the sampling of intervals from holes that had been selectively sampled by previous explorers – thus for these holes there are now continuous runs of samples across the mineralised zone – and also sampling of holes that previously had not been sampled.

The estimate for the Cochrane Hill Gold Deposit was prepared by resource estimation specialists Hellman & Schofield Pty Ltd ("H&S") and, apart from the 3100 m of newly assayed drill core, is based upon essentially the same historic

data used for a NI43-101 compliant resource estimate conducted in 2004¹. This earlier resource estimate was undertaken by TSX-listed Scorpio Mining Corporation (SMC), with whom an option agreement is held in relation to this property.

SMC's estimation methodology was block modelling of selected wireframed mineralised vein sets, appropriate for underground extraction. In contrast, the H&S estimate employs methodology appropriate for open pit extraction with a lower cut-off grade of 0.5 g/t Au that approximates an economic cut-off grade.

The total Mineral Resource now controlled by Atlantic Gold in Nova Scotia exceeds one million ounces:

	TONNES (MILLIONS)	GRADE (G/T GOLD)	CONTAINED OUNCES GOLD
TOUQUOY			
Measured Resources	2.8	1.5	130,000
Indicated Resources	7.3	1.5	350,000
Inferred Resources	1.6	1.5	77,000
Total Touquoy	11.7	1.5	557,000
TOUQUOY WEST			
Indicated Resources	0.9	1.9	54,000
Inferred Resources	0.6	2.2	45,000
Total Touquoy West	1.5	2.0	99,000
Total Touquoy Project	13.2	1.5	656,000
COCHRANE HILL			
Indicated Resources	3.6	1.7	200,000
Inferred Resources	6.4	1.7	347,000
Total Cochrane Hill	10.0	1.7	547,000
TOTAL NOVA SCOTIA	23.2	1.6	1,202,000

Note: Figures in table may not sum correctly due to rounding

Most of the Cochrane Hill resource extends from surface to 150 m depth with maximum depth extending to 250 m on several sections. It is developed within a 20 m-wide zone of sheared and quartz-veined slates which dips 70°N and trends almost east-west over a length of about 650m. Mineralisation is open at depth.

The first stage of a 5,000 m resource development diamond drilling program has just been completed with 21 holes for 1248 m drilled. This program is designed to upgrade the presently outlined resource to Measured and Indicated Resource status, provide sufficient core for completion of comprehensive metallurgical testwork. It will also establish a basis for reserve definition and determination of

¹ Property vendor, Scorpio Mining Corporation, estimated an Indicated Resource of 534,100 tonnes @ 6.5 g/t for 112,500 contained ounces gold with an additional Inferred Resource of 26,700 tonnes @ 5.7 g/t for 4,900 contained ounces gold. It is based on 6,855 assays from 16,800 m drilled in 152 diamond core holes from four drilling campaigns during 1975–1989.

the best approach for development. It is likely that processing will use the planned Touquoy processing plant. Early preliminary assay returns include:

HOLE	EAST	NORTH	DIP	AZ.	DEPTH m	BEST ASSAYS*			
						FROM m	TO m	WIDTH m	GRADE g/t Au
CH-08-011	3175	3065	-45	180	66.4	23	47	24	1.0
CH-08-012	3200	3073	-45	180	71.4	25	47	22	2.9
						61	62	1	35.8

- *1.0g/t cut-off and maximum 2m of internal dilution*
- *30g fire assays of pulverised whole-sample, with screen fire assays to follow.*

Preliminary Whittle optimisations were run by applying to the entire inventory, including Inferred Resources, similar physical inputs and cost parameters as derived for the Touquoy Gold deposit. This gives an appreciation of the proportion of the resource that is likely to fall within an open pit. A scenario of trucking an ore concentrate to the Touquoy plant for final processing was used.

For a gold price of \$900/oz, a conceptual optimised pit contains a resource of 7.5 million tonnes grading 1.7 g/t for 395,000 ounces gold. This represents approximately 70% of the total resource. Based on indications from historic testwork and our experience from Touquoy metallurgical recovery of 95% was assumed for this pit optimisation.

It is emphasised that no Ore Reserves are implied by results of this study, no pit designs have been generated, and in-pit Inferred Resources are assumed to be upgradeable to Measured and Indicated Resources. Although the various input parameters are realistic and based on current factual data generated for studies relating to the Touquoy gold deposit the results are treated as indicative only.

Nevertheless, it is reasonable to consider that the Cochrane Hill project, as presently known, is commercially viable. Subject to permitting and financing, it would be developed and operated in conjunction with Touquoy with the advantages of synergy that such development and operation would offer.

Together, Touquoy and Cochrane Hill combined have the real potential to produce over 800,000 ounces of gold.

For these reasons refinement of the input parameters from resource delineation and estimation, metallurgical recovery, pit design through to haulage, processing costs and so on is therefore now a key priority for advancing the Cochrane Hill project.

Identification of the Cochrane Hill mineralisation confirms Atlantic Gold's belief that this gold district of Nova Scotia is highly prospective for bulk-mineable gold reserves similar to that at Touquoy. Acquisition of a controlling interest in this advanced prospect, with its demonstrable upside, represents a significant forward step in Atlantic Gold's strategy to develop a commercially viable and environmentally sustainable gold mining industry in Nova Scotia. Atlantic Gold looks forward to advancing this property towards production in the near term.

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 within 4 years, conditionally extendable for a further 2 years, and has made aggregate cash payments of C\$100,000 to SMC, 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.

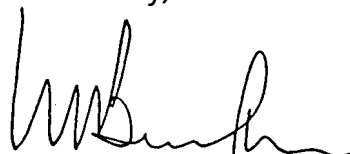
About Atlantic Gold NL

Atlantic Gold is applying its skills identifying, developing and responsibly mining open pit gold deposits in Nova Scotia, the Touquoy Gold Project being the starting point. The extensive goldfields of Nova Scotia have never before been systematically approached in this way. Atlantic Gold's skills are derived from 15 years of such work in Western Australia, where the Company principals, as executives and directors of the highly successful Plutonic Resource Limited, discovered over 11 Moz of gold, operated up to five gold mines (three of which are still in production, and now owned by Canada's Barrick Gold Corporation) and annually drilled up to 500,000 m in exploration and resource development. The Company principals have considerable previous experience in exploration in Atlantic Canada.

The target at Touquoy is a production scenario incorporating an on-site gold treatment plant with a minimum 1.5 million tonne per annum throughput and a 6 year minimum mine life to produce up to 90,000 ounces gold per year. The Touquoy deposit has a low stripping ratio, excellent ore metallurgy and favourable ore grindability characteristics. The property is located in an old gold mining area about 110 km by sealed roads from Halifax, the capital of Nova Scotia.

In addition to developing the Touquoy Gold Project Atlantic Gold is undertaking extensive exploration, both regional and near-mine, to build its resource base. The Company believes the area is highly prospective for additional Touquoy style deposits. Atlantic Gold has earned a 60% interest in the Touquoy Gold Project. An additional 15% interest can be acquired in the property outside the general area of the known resource by securing project financing.

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). The resource estimates for Cochrane Hill described in this report were completed by Mr Nic Johnson, an employee of Hellman and Schofield Pty Ltd. Mr Johnson is a Member of the 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 Cochrane Hill style of mineralisation and deposit type. Mr Johnson has consented to the inclusion of this information in the form and context in which it appears in this report. H&S takes responsibility for the resource estimation and classification and has accepted the drilling and geological data from Atlantic Gold as complete, accurate and representative.

Notes

- *Estimation technique:* Multiple Indicator Kriging with block variance adjustment applied. Data flagged to mineralised wireframe. Ore selectivity is assumed to be 4 metres (north) by 8 metres (east) by 2.5 metres (elevation) via an open pit mining scenario.
- *Details of previous diamond drilling campaigns:*

Company	Year	Location	No. of holes	Metres	Core size/sample
Massval Mines	1974	Surface	44	4840	A,BQ/split
Northumberland	1981	Surface	21	3932	A,BQ/split
Scominex	1984-87	Surface	31	5107	NQ/sawn
Scominex	1984-87	Underground	28	830	NQ/sawn
Novagold	1988	Underground	28	2044	NQ/sawn
			152	16753	

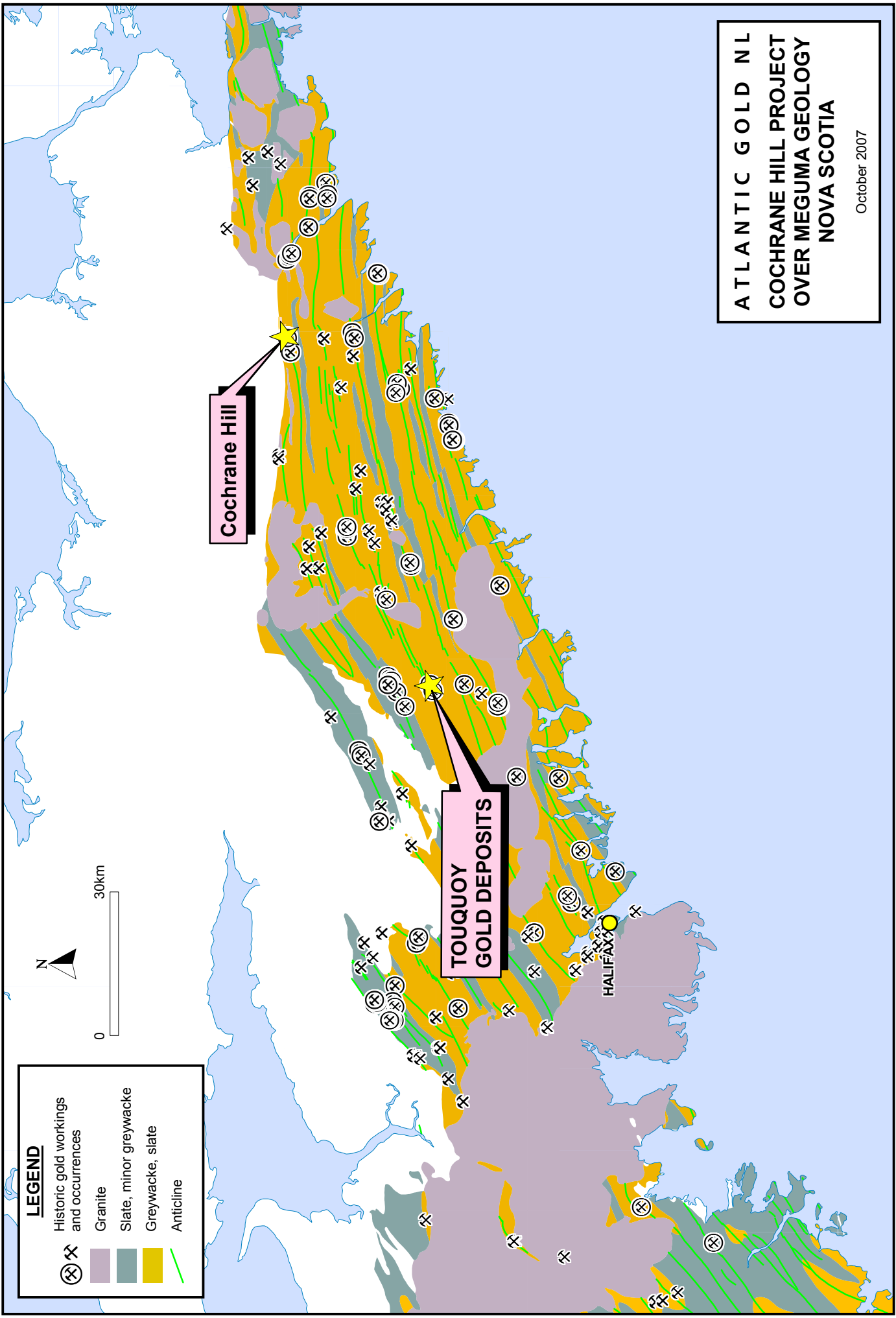
- *Assay methodology:* 9,955 samples taken and all fire assayed, with screened fire assay on samples bearing visible gold.
- *Bulk density:* 2.70 g/cm³ (assumed).
- *Lower cut-off grade:* 0.5 g/t
- *Hole spacing:* Averages 20 m x 20 m in the central portion of the deposit to a depth of 100 m from surface. Outside this area the drilling sections average 30 metre centres and holes on section are irregularly spaced.
- *History:* Gold first discovered in 1868. Two shafts sunk to maximum depth of 70 m with first production recorded in 1877. By 1929, 1354 ounces gold recovered from 12,327 tons. No production documented after 1929.
- *Bulk sampling:* Approximately 14,900 tonnes from 25,000 tonnes development material excavated from surface and underground during 1982–88 were treated by various means:

Company	Year	Sample type	Tonnage	Treated	Grade (g/t)
Northumberland	1982-83	Pit	13,500	13,041	1.6
Scominex	1987	Underground	4,443	2.8	1.9
Novagold	1988	Underground	7,400	1860	2.1

Details as to grade control methodology, metallurgical recovery and sample representivity applying at the time are not clear and resultant grades are therefore considered unreliable. These, and the historic tonnage mined (approx 32,000 tonnes in total), have not been deducted from the resource estimate.

**ATLANTIC GOLD NL
COCHRANE HILL PROJECT
OVER MEGUMA GEOLOGY
NOVA SCOTIA**

October 2007



LEGEND

Historic gold workings and occurrences

X

Granite

Slate, minor greywacke

Greywacke, slate

Anticline

0 30km

N

Cochrane Hill

TOUQUOY GOLD DEPOSITS

HALIFAX