

16 April 2012

ASX Market Announcements
Australian Securities Exchange
10th Floor, 20 Bridge Street
SYDNEY NSW 2000

QUARTERLY REPORT FOR PERIOD ENDING 31 MARCH 2012

HIGHLIGHTS

Touquoy Gold Development Project

- Updated Definitive Feasibility Study confirms the robust viability of the Touquoy Gold Project with cash costs, including royalties, of US\$597/oz, and with pre-tax NPV_{8%} of \$149 million, IRR of 42%, and payback in 24 months at a gold price of US1,500/oz (\$206 million, 52.5%, and 18 months respectively at a gold price of US1,700/oz).
- Nova Scotia Minister of Natural Resources, and senior officers, assiduously reviewing claimant's responses and independent property valuations in relation to our application for vesting orders pursuant to the Mineral Resources Act in relation to the last properties required to complete the Touquoy surface land title acquisition program.
- Dismantle, recycle and site clean-up of 13 un-useable buildings within the Touquoy minesite footprint has been completed as commencement of site work.
- Financing structures for development of Touquoy continue to be evaluated through constructive dialogue with major banks and other financiers.

Cochrane Hill Gold Project

- Purchase of the Cochrane Hill property for C\$1.6 million (equating to approximately C\$3 per resource ounce) is to proceed, subject to any appeal. The Supreme Court of Nova Scotia has declined a third party's claim that the Cochrane Hill property should have been sold by Scorpio Gold (Canada) Corporation to it, rather than to Atlantic Gold. The final payment instalment of C\$1.0 million is due by 23 May 2012.

Regional Greenfields Exploration Program

- Assay results from three 100 m angled diamond core holes drilled at East Rawdon (best: 0.20 g/t over 18 m), together with previous shallow RC results, confirm a wide (~30 m) zone of low grade gold mineralisation in silicified sediments, open in all directions.

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TOUQUOY GOLD PROJECT

CURRENT ACTIVITY

1 Definitive Feasibility Study (DFS)

As previously announced (refer ASX announcement, 23 February 2012) a revision of costs and revenues pertaining to the Definitive Feasibility Study completed in July 2010 has been concluded. The updated DFS is based on the mining and processing plan developed for the original DFS, completed in 2010 (refer ASX announcement, 5 July 2010) and is updated to include current costs and revenues where they have changed since the original DFS.

The updated DFS re-affirms the strong viability of the Touquoy Gold Project as a significant development opportunity. It provides the basis for Atlantic Gold to materially advance discussions with bankers and other financiers for the Project's funding.

(a) HIGHLIGHT NUMBERS

Ore reserves (unchanged)	9.59 Mt @ 1.48 g/t for 454,000 contained ounces
Total production* (unchanged)	422,000 ounces
Annual production rate (unchanged)	84,000 ounces
Plant (unchanged)	All new, 2.0 Mtpa conventional gravity/CIL plant
Mine life (unchanged)	5.0 years
Pre-production capital cost**	C\$140 million (nominal). Includes \$10 million of working capital and \$10 million reclamation bond
Gold price	US\$1700/oz [US\$1500/oz]
Cash operating cost	C\$597/oz. Includes royalty payments of \$37/oz
Net cash surplus (pre-tax)	C\$337 million [C\$254 million]
Payback period	18 months [24 months] after first gold pour
NPV (8%, pre-tax)	C\$206 million [C\$149 million]
Internal rate of return	52.5% [42.0%]

* Production excludes 26,000 ounces of in-pit Inferred Resources, and any input from the Touquoy West satellite deposits (previously reported Indicated and Inferred Resources of 2.0 Mt @ 1.5 g/t for 99,000 ounces). DFS remains based on original pit design optimised using a gold price of US\$950/oz.

** The DFS is prepared in Canadian dollars. Exchange rates at parity (C\$1.00 = US\$1.00) are used in the Study. (Currently A\$1.00 = C\$1.04).

As 100% of the Touquoy cash flows will be available to service project debt the summary DFS results are reported below on 100% basis (refer to Endnote for ownership details). The DFS is prepared in Canadian dollars, with US\$ at parity.

All inputs relating to ore reserves, pit design, mining plan, processing and site infrastructure are unchanged from the original 2010 DFS.

The DFS update has been undertaken in collaboration with Merit Engineers Pty Ltd, Ausenco Limited, Australian Mine Design and Development Pty Ltd and Gemell Mining Engineers, all of these parties having been similarly involved with generation of the original DFS.

(b) CAPITAL COST ESTIMATE

The capital cost estimate for the project is C\$140 million.

Capital cost estimate

ITEM	C\$M
Mine	5
Process plant	59
Tailings management facility	10
Site infrastructure	22
Other	6
EPCM (Engineering, Procurement, Construction Management)	18
Sub-total	120
Working Capital	10
Reclamation bond	10
Total	140

The capital cost estimate is based on all new equipment.

Assumptions used to derive the capital cost estimate include:

- Currency exchange rates are at parity (C\$1.00 = US\$1.00)
- All estimates have a base date of Q4 2011 with an annual inflation rate of 2% applied thereafter to all capital expenditure.
- Local services and materials are to be used to the maximum extent feasible.

(c) OPERATING COST ESTIMATE

The total life-of-mine cash operating cost estimate for the Project is C\$252 million, with unit cash costs of C\$597/oz.

Operating cost estimate

	TOTAL LIFE-OF-MINE	UNIT COSTS	
	C\$ (MILLIONS)	C\$/TONNE	C\$/OZ
Mining	124	12.98	294
Processing	88	9.19	209
Site administration	22	2.28	52
Sub-total	234	24.45	555
Off-site costs	2	0.22	5
Royalties	16	1.63	37
TOTAL	252	26.30	597

(d) IMPLEMENTATION SCHEDULE

The strategy for project implementation contemplates development under an Engineering, Procurement and Construction Management ("EPCM") contract. The project implementation schedule indicates a duration of 21 months from contract award to practical completion. Critical path for the project is delivery of the grinding mill which is presently approximately 15 months from placement of order.

2 Acquisition of remaining surface titles

With 49 privately owned properties at the project site now having been purchased by Atlantic Gold, there remain to be acquired 14 non-Crown properties with indeterminate or otherwise troubled title. These 14 properties comprise 2.6% of the total area of surface titles required.

As previously announced, formal application has been made to the Nova Scotia Minister of Natural Resources for vesting orders in relation to these 14 titles pursuant to provisions of the Mineral Resources Act. Through public advertisement and correspondence directed to such interested parties as could be identified, the Minister had sought responses from such parties by 20 February 2012.

While few specific details have been provided to Atlantic Gold, it is understood that a number of responses have been received and the Department of Natural Resources is working assiduously to conclude this process.

The specific timeframe for this process leading to possession, if indeed the Province sees fit to proceed, is not readily determinable but the Company remains cautiously optimistic that it may not be more than a matter of several months, providing for substantial project development to commence in Q2/Q3 2012, subject to financing. The further cost to complete the surface titles acquisition program is estimated to be not more than \$400,000.

The successful conclusion of the titles acquisition program will be a major milestone in the development timeline of the Touquoy Gold Project. It represents one of the final major requirements for the Company to achieve prior to project financing and development to take the project into production.

3 Commencement of site work

Dismantling, recycling and site clean-up of 13 of the Company's buildings, either in a state of disrepair, otherwise un-useable, or in the way of planned infrastructure at the Touquoy minesite, have been completed. All work was done in compliance with directives from the Halifax Regional Municipality, in which municipality the Project is located, and pursuant to the terms of the Environmental Assessment Approval as previously granted.

4 Industrial Approval

Formal application to Nova Scotia Environment (NSE) for Industrial Approval, the last permit to be issued, will be submitted when legal access to all required surface titles has been obtained. Review and response by NSE is expected within 60 days of submission.

5 Project Financing

Financing structures to fund the Touquoy Gold Project continue to be developed and evaluated in order to establish optimal project funding package. As previously noted indicative responses from a range of major banks confirm the Company's view that conventional debt is available to form the major component of the project funding requirement.

GENERAL

The Touquoy Gold Project is located in central Nova Scotia about 70 minutes drive by sealed road from Halifax, the Provincial capital. Halifax is a modern city with a

population of about 350,000. It accommodates three universities and being a major shipping port supports major engineering and service infrastructure. Halifax International Airport, servicing direct flights to New York, London and Toronto, is 45 minutes from Touquoy.

The Touquoy Gold Project is well advanced. The essential permitting – Environmental Assessment Approval – is in place, the Mineral Lease has been granted and the Definitive Feasibility Study (DFS) completed in July 2010 has now been updated. The DFS established the following open pit Ore Reserves:

	TONNES millions	GRADE g/t	CONTAINED GOLD ounces
Proved Ore Reserves	2.49	1.48	118,000
Probable Ore Reserves	7.10	1.47	336,000
Total	9.59	1.48	454,000

These Reserves are defined within an open pit with a 2.6:1 strip ratio and having a 5-year mine life at a planned throughput rate of 2.0 Mtpa through a conventional on-site gravity/CIL plant. Cash operating costs (at Q4 2012) are estimated at US\$597/oz with an initial capital cost of C\$140 million (C\$=US\$).

The Touquoy Gold Project is the first stage of a conceptual 10-year production plan for the combined Touquoy-Cochrane Hill Gold Project of 900,000 ounces recovered from both open pits. This combined production plan currently envisages the re-location of the Touquoy processing plant 80 km to the east to Cochrane Hill upon completion of the Touquoy operation. Further studies, exploration outcomes and project optimisations will consider additional options.

Further details on the Touquoy Definitive Feasibility Study and the combined production plan for the Touquoy-Cochrane Hill Gold Project can be found in the Company's 23 February 2012 announcement to the ASX.

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COCHRANE HILL GOLD PROJECT

CURRENT ACTIVITY

Third party dispute of sale to Atlantic Gold

As previously reported (refer ASX announcement 12 March 2012) the Supreme Court of Nova Scotia, following a 3-day hearing, declined Steeple Holdings Limited's application for an order for specific performance which would have required the transfer of the Cochrane Hill gold property to Steeple. The application brought by Steeple sought to challenge the validity of the exercise by Atlantic Gold's Canadian subsidiary (DDV Gold Ltd) of its first right of refusal over the Cochrane Hill gold property, in which Atlantic Gold was earning an interest from Scorpio Gold (Canada) Corporation. Steeple has failed in its application to have an order for specific performance against DDV Gold.

Subject to any appeal, the acquisition of the Cochrane Hill gold property by Atlantic Gold from Scorpio should now proceed as previously agreed. The final instalment of C\$1.0 million to conclude the acquisition is due to be paid to Scorpio by 23 May 2012. (The first payment instalment of \$200,000 was made in May 2011 on executing the purchase agreement with Scorpio, and the second payment instalment of \$400,000 was paid in September).

The purchase price of C\$1.6 million for total resources of 549,000 ounces represents a price of C\$3 per resource ounce, which compares very favourably to average industry costs to discover, drill and report the equivalent number of ounces.

Drilling

At the end of the previous Quarter seven short traverses of shallow top-to-tail reverse circulation (RC) holes – 43 holes for 840 m – were drilled along 4 km of the mineralised trend east and west beyond the Cochrane Hill deposit. Recently reprocessed VLF-EM data from a 1981 survey which demonstrates the Cochrane Hill deposit to coincide with a strong conductor over 4.5 km long, were used to position the traverses.

Although assay results were modest (best: 2.53 g/t over 1 m) they highlight a zone of elevated anomalism 1–2 km west of the Cochrane Hill deposit. This is illustrated in a thematic map (see accompanying Cochrane Hill Property and Drill Plan) which considers the cumulative grade x widths in the top 20m of all drillholes, whether RC or diamond core. Initial reconnaissance RC drilling here in late 2007 cut shallow gold mineralisation up to 13.4 g/t over 10 m (refer ASX announcement 21 November 2007) though follow-up diamond drilling did not substantially extend this mineralisation. Deeper drilling is warranted to further explore this zone.

GENERAL

Cochrane Hill is an advanced gold exploration property located 80 km east of Atlantic Gold's Touquoy Gold Project and where Atlantic Gold has established the following Mineral Resources (as reported to ASX on 18 September 2009, and on 8 March 2011 as Canadian NI43-101 compliant resources):

	TONNES (millions)	GRADE (g/t gold)	CONTAINED GOLD (ounces)
Indicated Resource	4.46	1.76	251,000
Inferred Resource	5.65	1.64	298,000
TOTAL	10.11	1.69	549,000

Based on this resource inventory and the assumption – yet to be confirmed by infill drilling yet to be undertaken – that all Inferred Resources can be converted to Measured and Indicated Resources, a conceptual open-pit has been optimised using similar costs and operating plan – 2 Mtpa gravity/CIL – to those presently applicable to the Touquoy Gold Project. Using a gold price of US\$875/oz for pit optimisation, production of 8.9 million tonnes grading 1.7 g/t to recover 450,000 ounces gold (as reported to ASX on 18 September 2009) is indicatively projected:

Gold Price	Tonnes (millions)	Grade (g/t)	Ounces Gold Recovered	Strip Ratio
US\$875/oz	8.9	1.7	450,000	1:5.8

The opportunity to purchase 100% interest in the Cochrane Hill Gold Project, for C\$1.6 million, or C\$3 per resource ounce, is a very positive step forward in Atlantic Gold's plan for a minimum one million ounces of gold production from its Nova Scotia properties.

REGIONAL EXPLORATION

EAST RAWDON

Three 50 m-spaced, 100 m-deep angled diamond core holes were drilled at East Rawdon, 65 km east of the Touquoy Gold Project (refer accompanying Gold Resource and Claim Plan) to follow up encouraging disseminated gold mineralisation (to 0.25 g/t over 18 m from 4 m depth to end of hole) intersected in a traverse of shallow (~20 metre) angled reverse circulation (RC) holes (see accompanying Interface and RC Drill Plan for East Rawdon).

The diamond core holes cut broadly similar values (to 0.20 g/t over 18 m in hole ER-12-001 – refer accompanying Cross-Section) though suggesting the mineralised zone to be about 30m wide and cross-cutting bedding. Several narrow intervals of higher grade (best of 4.72 g/t over 1 m from 44 m in ER-12-003) were cut in bedding-parallel quartz veins outside this broad low-grade mineralised zone.

The mineralised zone comprises fractured and silicified greywackes with little associated quartz veining apart from fine stockworking. It is open at depth and along strike. Atlantic Gold holds 19 km of prospective trend along strike from this single, isolated area of drilling. Diamond drilling to further investigate this position, and exploratory interface and angled RC drilling along strike, are planned.

GENERAL

Atlantic Gold's regional land package presently comprises more than 950 km² covering a dozen selected target areas. These include four specific target zones of Touquoy/Cochrane Hill style disseminated gold mineralisation which have so far been identified – West Caledonia, Caduesky Lake, Moses Lake and East Rawdon – and the 2012 program is planned to include additional interface¹ drilling to detail and extend these zones for follow-up diamond drilling.

The planned continuation of the regional reconnaissance interface RC drill program is designed to sample several metres of bedrock beneath masking till in areas of perceived elevated prospectivity. The target is 'Touquoy-type', open-pittable, predominantly shale-hosted gold mineralisation. This is the first time the Meguma Terrane has been directly tested by bedrock sampling over extensive till-covered areas, beyond the outcropping quartz-vein hosted gold deposits discovered more than 100 years ago.

Yours sincerely,



Wally Bucknell
Executive Director

This report and accompanying plans will be posted on the Company's website, www.atlanticgold.com.au following its release to the Australian Stock Exchange.

¹ Very widely spaced shallow vertical RC holes to penetrate glacial till (averaging 5-10 m thick) to obtain several metres of bedrock beneath for inspection and assay.

For further information please contact:

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About Atlantic Gold NL

Atlantic Gold is an ASX listed company (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 million ounces 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.

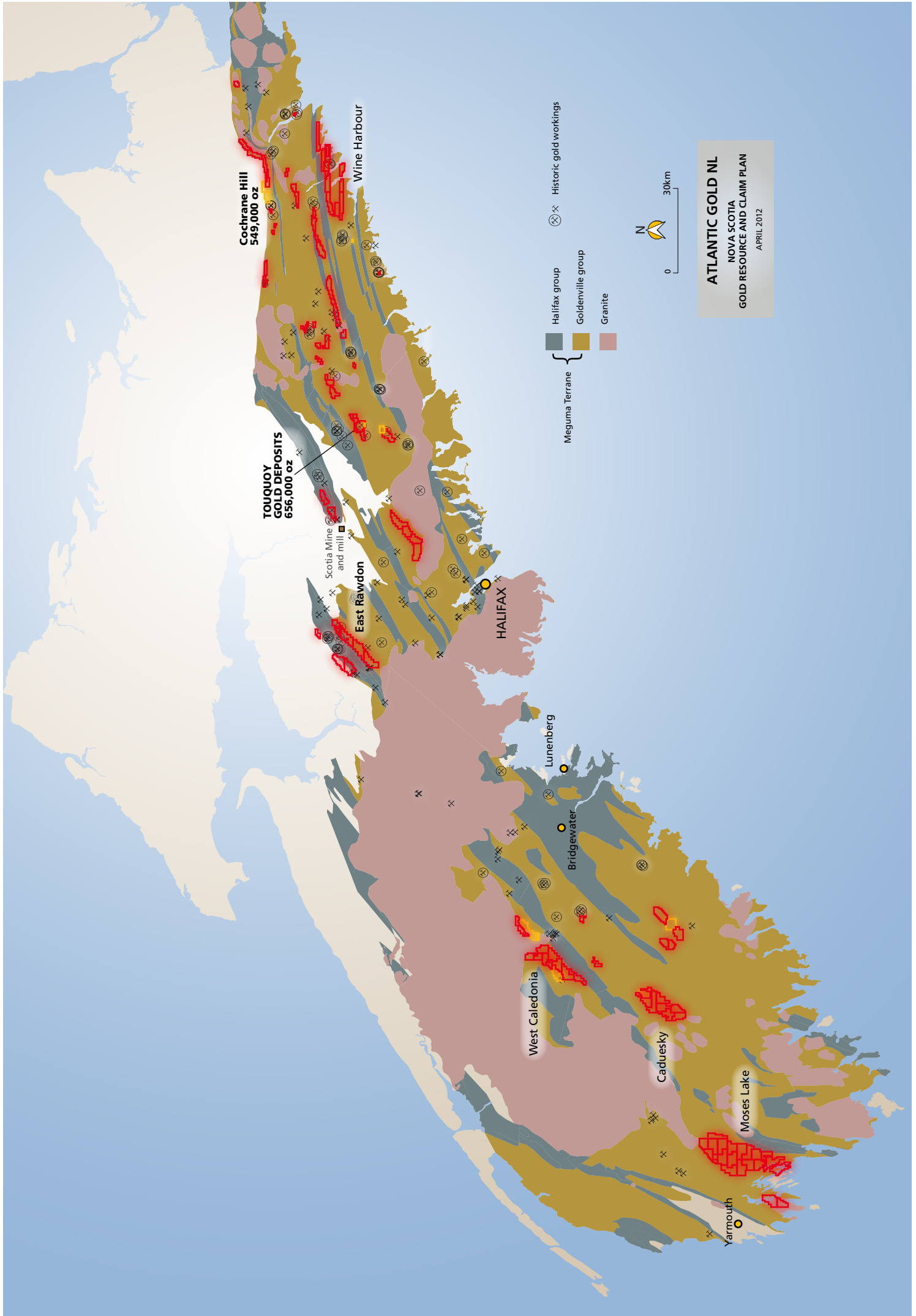
ENDNOTES:

A. Touquoy Property ownership details

Atlantic Gold as the operator and manager of the Touquoy Gold Project sole funds all capital and exploration expenditure. Once gold production at Touquoy has commenced Atlantic gold will receive 100% of the Touquoy cashflow until all these expenditures plus interest have been recouped. Thereafter Atlantic Gold will share the pre-tax profit on a 60:40 basis with the vendor of the Touquoy tenements. A royalty of 3% is also payable, two-thirds of which can be purchased.

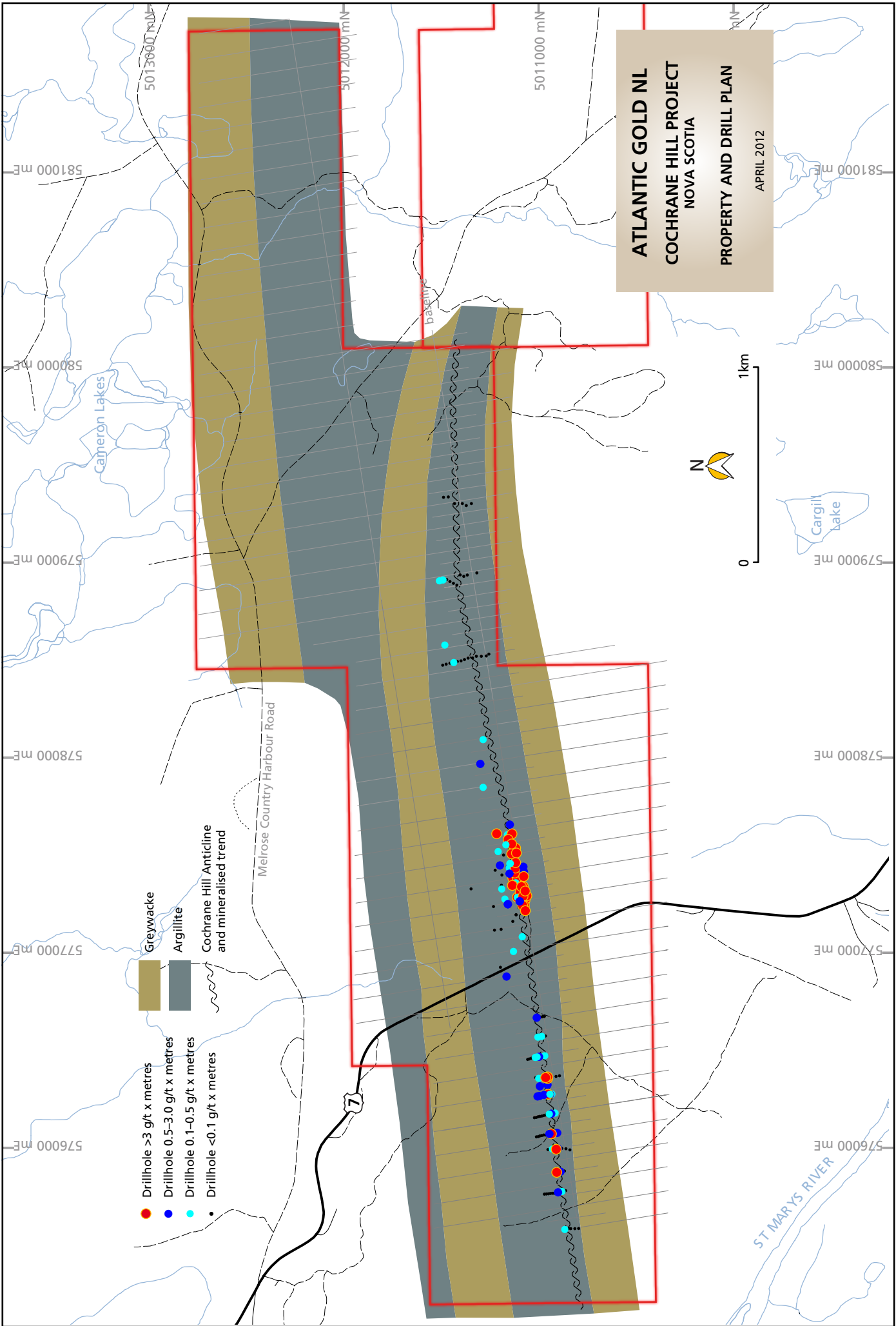
B. Attribution

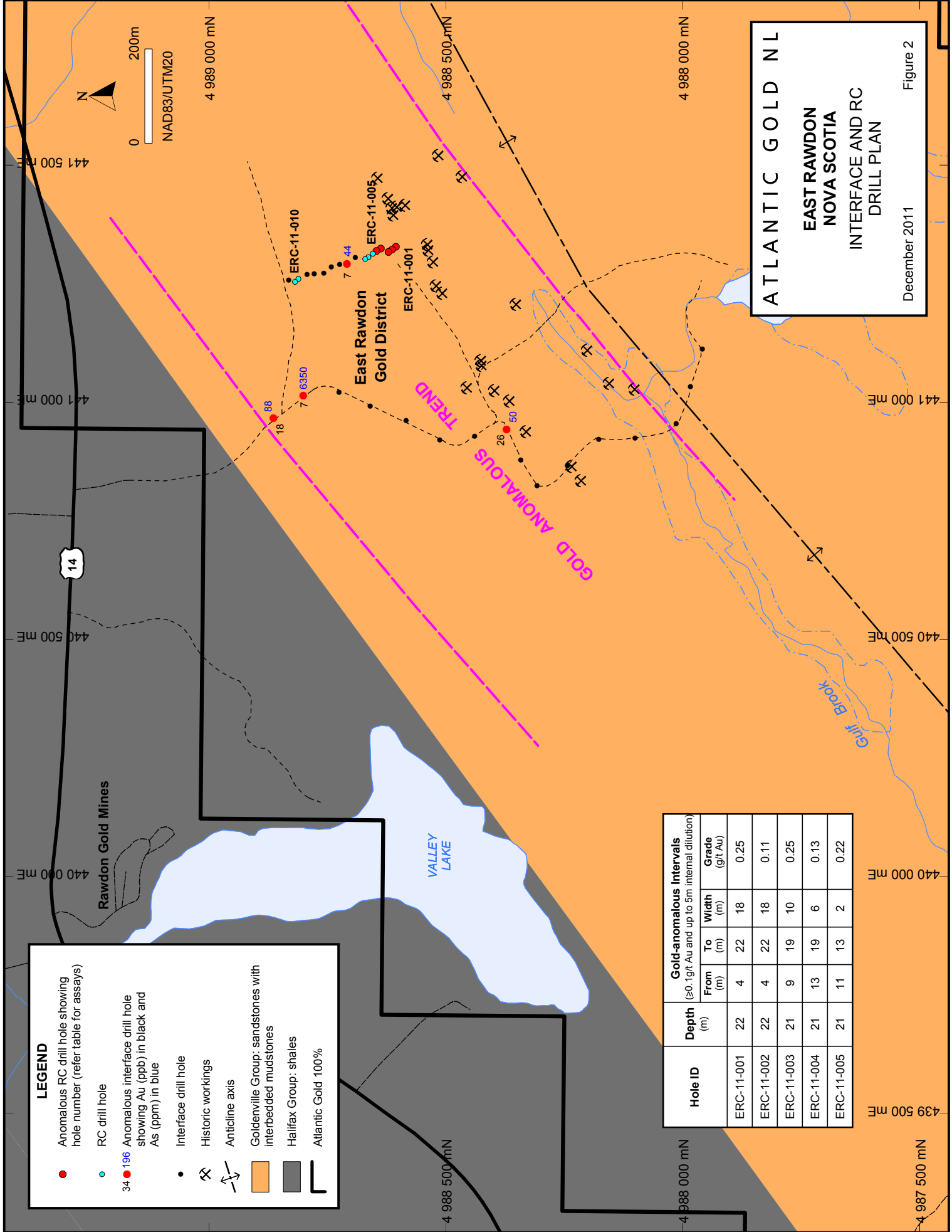
The geological information in this report relating to mineral exploration, Mineral Resources and Ore Reserves has been compiled by W R Bucknell who is a director of Atlantic Gold and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Bucknell has consented to the inclusion of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



ATLANTIC GOLD NL
 NOVA SCOTIA
 GOLD RESOURCE AND CLAIM PLAN
 APRIL 2012

ATLANTIC GOLD NL
COCHRANE HILL PROJECT
 NOVA SCOTIA
PROPERTY AND DRILL PLAN
 APRIL 2012





ATLANTIC GOLD NL
EAST RAWDON
NOVA SCOTIA
 INTERFACE AND RC
 DRILL PLAN

December 2011

Figure 2

LEGEND

- Anomalous RC drill hole showing hole number (refer table for assays)
- RC drill hole
- ● ● Anomalous interface drill hole showing Au (ppb) in black and As (ppm) in blue
- Interface drill hole
- ⌘ Historic workings
- ↔ Anticline axis
- Goldenville Group: sandstones with interbedded mudstones
- Halifax Group: shales
- Atlantic Gold 100%

Hole ID	Depth (m)	Gold-anomalous Intervals (≥0.1g/t Au and up to 5m internal dilution)			Grade (g/t Au)
		From (m)	To (m)	Width (m)	
ERC-11-001	22	4	22	18	0.25
ERC-11-002	22	4	22	18	0.11
ERC-11-003	21	9	19	10	0.25
ERC-11-004	21	13	19	6	0.13
ERC-11-005	21	11	13	2	0.22

ATLANTIC GOLD NL
EAST RAWDON
CROSS SECTION 10 000E
APRIL 2012

