

The Touquoy and Cochrane Hill Gold Projects

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The principals of Australian-listed Atlantic Gold were formerly Managing Director/General Manager-Exploration of Plutonic Resources Ltd., which through the 1990s discovered over 10 million ounces of gold, operated six open pit and underground gold mines in Western Australia and was taken over by Homestake Mining (subsequently taken over by Barrick Gold Corp.) for \$1.1 billion in 1998.

Atlantic Gold currently controls 1.2 million oz. of gold resources at its Touquoy and Cochrane Hill projects in the Meguma Group of Nova Scotia, and holds substantial relevant exploration acreage.

With recognition of the open pit potential of the Touquoy gold deposit, 100 km by road northeast of Halifax, Atlantic Gold became involved in this project in 2003. Environmental Assessment Approval was granted in early 2008 and a Definitive Feasibility Study was completed in July 2010. The feasibility study is underpinned by Proved and Probable Reserves of 9.59 million tonnes @ 1.48 g/t gold for 454,000 ounces in an open pit with a strip ratio of 2.6:1. An on-site 2.0 mtpa conventional gravity/CIL plant is planned for an initial mine life of 5 years and annual production of 84,000 ounces gold at a projected cash cost of US\$ 505/oz. On-site complement will be approximately 150. Project financing is presently being sought for the \$123 m initial capital requirement, finalization of which is contingent on a grant of Industrial Approval and a Mineral Lease, and acquisition of remaining surface land titles.

Based on present knowledge the current plan is to move the plant to Cochrane Hill, 110 km by road to the east, once operations have ceased at Touquoy. While further resource delineation is required at Cochrane Hill present indications are for an open pit operation of similar size and duration to that at Touquoy. That is, the combined Touquoy and Cochrane Hill Project is expected to have a 10-year mine life with total production of 900,000 oz. This production plan assumes the unlikely situation of no further discoveries.

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