

31 October 2008

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

QUARTERLY REPORT FOR PERIOD ENDING 30 SEPTEMBER 2008

HIGHLIGHTS

- A Memorandum of Understanding with Acadian Mining Corporation has been signed to consider:
 - processing gold ore from Atlantic's Touquoy Gold Project (Nova Scotia) at Acadian's Scotia mill, and
 - consolidating both companies' gold properties in Nova Scotia which together comprise almost 3.0 million ounces of gold resources and more than 1000 km² of highly prospective exploration lands.
- The financial feasibility and competitive strengths of the Touquoy Gold Project remain, driven by:
 - relatively low operating costs as a result of the low waste:ore ratio; excellent metallurgical characteristics of the ore; and its strategic location with respect to infrastructure, and
 - grant of the critical Environmental Assessment approval.
- Strategic support from the emerging Cochrane Hill property where supplementary resources of over 0.5 Moz have been so far defined, and
- the Canadian dollar gold price remains strong.

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PROJECT DEVELOPMENT

TOUQUOY GOLD PROJECT Nova Scotia Canada

(Atlantic Gold 60%, may earn up to 75% outside known resources)

PROJECT FEASIBILITY

Despite the present extreme financial market conditions, the financial feasibility and competitive strengths of the company's Touquoy Gold Project remain. These in particular are the relatively low operating costs as a result of the low waste:ore ratio, excellent metallurgical characteristics of the ore, its strategic location with respect to infrastructure, and grant of the critical Environmental Assessment approval.

Nevertheless access by the company, like most others, to cost effective project capital has been delayed. In response a number of alternative development options involving reduced capital costs and financing burdens are being evaluated to take advantage of continued favourable Canadian dollar gold spot market pricing conditions.

One of these production options contemplates throughput via TSX-listed Acadian Mining Corporation's presently operating base metal treatment plant at its Scotia Mine, 40 km west of Touquoy, for processing (refer to location plan). With the necessary plant modifications made to treat gold ore a throughput rate of up to 1.0 million tonnes per annum could be achieved.

As a result of these evaluations Atlantic Gold has signed a Memorandum of Understanding ("MOU") with Acadian Mining Corporation to consider

- processing ore from the Touquoy Gold Project through Acadian's Scotia mill; and
- consolidating each other's assets and in particular the companies' gold interests.

A preliminary scoping study suggests the Touquoy Gold Project could be operational by late 2009 processing up to one million tonnes per annum through the Scotia mill. The use of the Scotia mill would save significant capital expenditure and the project would be in production sooner than if a stand-alone gold processing plant was constructed at the Touquoy site. Some modifications to the Scotia mill would be necessary to process the gold ore, and certain regulatory approvals are expected to be required.

Consolidation of both companies' gold properties in Nova Scotia would result in a combined resource inventory of almost 3.0 million ounces of gold and over 1000 km² of highly prospective exploration lands. The resources controlled by both companies are as follows:

	RESOURCE	TONNES (millions)	GRADE g/t Au	CONTAINED GOLD ounces
ATLANTIC GOLD'S REPORTED JORC COMPLIANT RESOURCES				
Touquoy	Measured	2.8	1.5	130,000
Touquoy	Indicated	7.3	1.5	350,000
Touquoy	Inferred	1.6	1.5	77,000
Total		11.7	1.5	557,000
Touquoy West	Indicated	0.9	1.9	54,000
Touquoy West	Inferred	0.6	2.2	45,000
Total		1.5	2.0	99,000
TOTAL TOUQUOY		13.2	1.5	656,000
Cochrane Hill	Indicated	3.6	1.7	200,000
Cochrane Hill	Inferred	6.4	1.7	347,000
TOTAL COCHRANE HILL		10.0	1.7	547,000
ACADIAN MINING'S NI43-101 COMPLIANT RESOURCES				
Beaver Dam	Indicated	9.1	1.5	446,000
Beaver Dam	Inferred	10.4	1.5	504,000
Fifteen Mile Stream	Inferred	4.9	1.4	219,000
Forest Hill	Indicated	0.23	14.9	108,000
Forest Hill	Inferred	0.38	11.9	147,000
Tangier	Indicated	0.13	9.7	42,000
Tangier	Inferred	0.27	12.1	105,000
Goldenville	Indicated	0.63	14.7	30,000
Goldenville	Inferred	0.39	12.4	153,000

The way forward now is for both Atlantic and Acadian to share information and discuss options and terms upon which this joint initiative could be constructed with equitable benefit to both parties.

The MOU will allow both companies to exchange information and develop a financial model for ore from Touquoy to be processed through the Scotia mill. The terms for the combination, and plans for development, of the companies' gold assets in Nova Scotia can also be determined. The parties have until the end of March 2009 to agree terms of this business combination.

In parallel with this initiative other production scenarios involving lower capital and operating costs are being investigated.

PROJECT PERMITTING

Application for Industrial Approval, the adjunct to the previously granted Environmental Assessment Approval, was submitted to the Nova Scotia Department of Environment (NSE) last quarter. The Application is presently under review with notification received that evidence of legal access to surface land titles is required to complete processing of the application.

Advice has also been received from the Nova Scotia Department of Natural Resources that the Application for a Mining Lease, also submitted last quarter, is also under review, with additional information relating to reclamation having been requested.

Receipt of Industrial Approval and grant of the Mining Lease will complete regulatory requirements necessary to commence mine development.

EXPLORATION

COCHRANE HILL OPTION, Nova Scotia

(Atlantic Gold may earn either 60% or 80% depending on co-venturer's election following Atlantic Gold's earn-in expenditure)

Cochrane Hill is an advanced gold exploration property located 80 km east of the Company's Touquoy Gold Project (refer to accompanying plan) and is subject of an option agreement with TSX-listed Scorpio Mining Corporation.

As previously reported preliminary scoping studies applying cost structures derived from the Touquoy Gold Project and a gold price of C\$900/oz have indicated that about 70% of this resource – almost 400,000 ounces – could potentially be mined by open pit. Thus Cochrane Hill and Touquoy together have the potential for combined production of over 800,000 oz.

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

The current JORC-compliant resource estimate for Cochrane Hill is as previously announced:

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

A National Instrument 43-101 report addressing this resource is presently in preparation to meet Canadian regulatory compliance.

Completion of the resource delineation drilling, final resource estimation, metallurgical testwork, pit design and financial studies are therefore now key priorities for advancing the Cochrane Hill project.

The nature of the Cochrane Hill mineralisation confirms Atlantic Gold's belief that this district 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's strategy to develop a commercially viable, environmentally sustainable and socially acceptable gold mining industry in Nova Scotia. Atlantic looks forward to advancing this property to production.

Under the terms of the agreement with Scorpio Mining Corporation (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 will have earned either a 60% Joint Venture interest (with SMC retaining a 40% contributing Joint Venture interest) or 100% interest subject to a 20% free carried interest retained by SMC. Atlantic may withdraw at any time. The property is subject to an underlying 3% production royalty in favour of a third party. The Cochrane Hill property comprises 53 mineral claims (8.3 km²).

OTHER PROJECTS, Nova Scotia

Sixty-five shallow reconnaissance "interface" holes were drilled on four regional wholly-owned prospect areas, mostly in the Cochrane Hill area. Assay results are pending. Surface prospecting was undertaken to evaluate several other wholly-owned Licences and properties held by others.

Following an evaluation of regional reconnaissance data an additional 42 exploration licences were pegged with about 500km² now held under licence.

CORPORATE

A pro-rata non-renounceable rights issue has been offered to shareholders on the basis of one New Share for each 20 Shares held on the Record Date of 1 October 2008 at an issue price of 12 cents per New Share to raise approximately \$1.26 million. Funds are to be used to purchase selected land titles at Touquoy and to assist with short-term working capital requirements. At the time the issue was offered the company's share price was 14 cents. As a result of the general market collapse the share price has fallen below the offer price of 12 cents and in consequence the Closing Date has been advanced to 7 November 2008.

Yours faithfully



W R Bucknell

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.

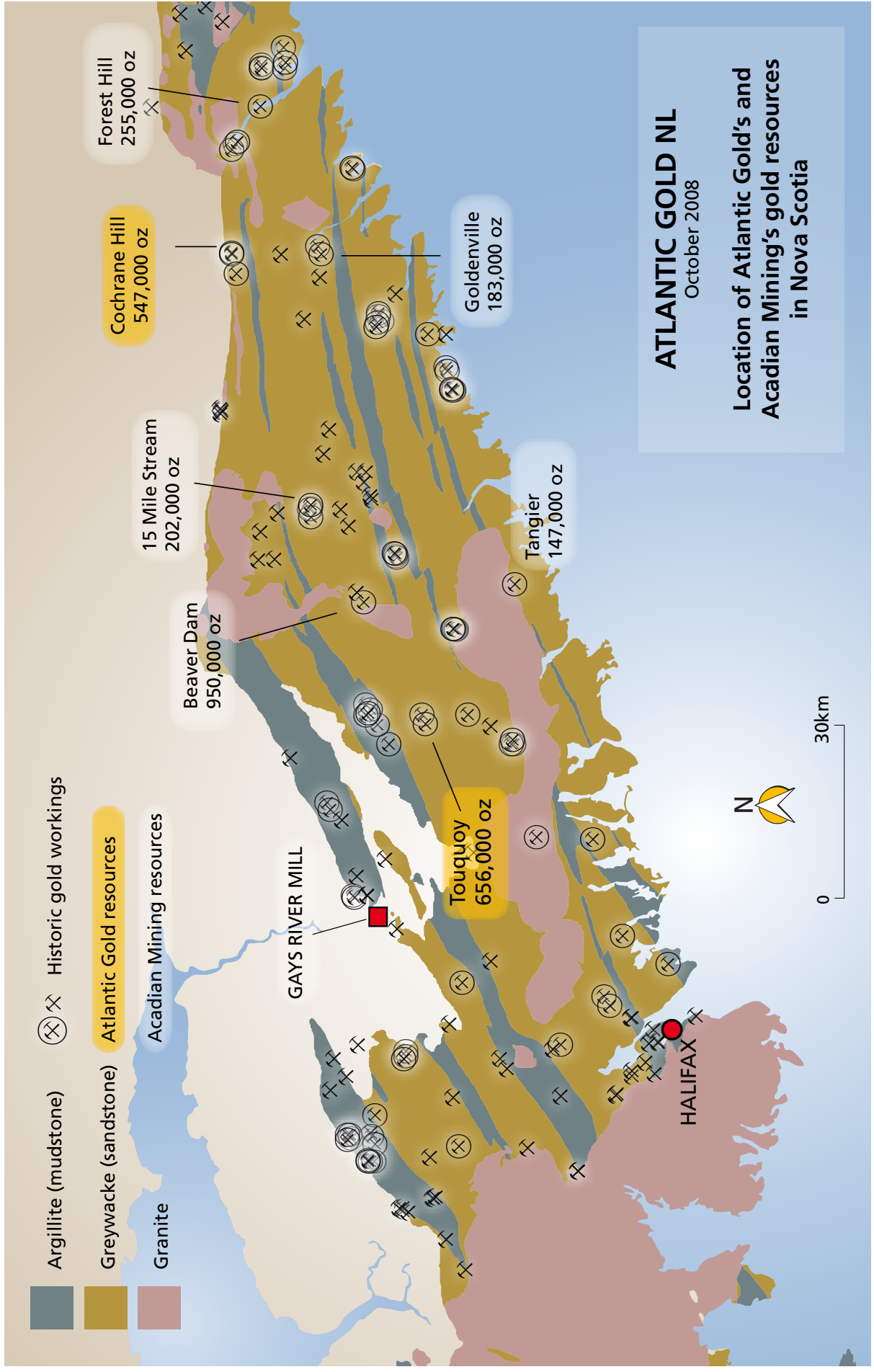
Attribution: The geological and sampling information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of Atlantic Gold, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience which is relevant to the style 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).

About Atlantic Gold NL

Atlantic Gold aims to develop 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. 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 Moz of gold and operated up to five gold mines. The Company principals have considerable previous experience in exploration in Atlantic Canada.

The target at Touquoy is to develop a project with a minimum 1.5 million tonne per annum throughput and a 7 year minimum mine life to produce approximately 90,000 ounces gold per year. Atlantic Gold holds 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.

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's involvement in the advanced Cochrane Hill property reflects this strategy, to the extent that the company now has over 1 million ounces of gold resources under its control in the Touquoy district.



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

ATLANTIC GOLD NL

ABN

82 062 091 909

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) exploration and evaluation	(208)	(838)
(b) development	(401)	(1,325)
(c) production	-	-
(d) administration	(150)	(487)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	16	104
1.5 Interest and other costs of finance paid		(97)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(743)	(2,643)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(37)	(229)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Security deposits		
Net investing cash flows	(37)	(229)
1.13 Total operating and investing cash flows (carried forward)	(780)	(2,872)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(780)	(2,872)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2	11
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – Costs of share issues	(19)	(19)
	Net financing cash flows	(17)	(8)
	Net increase (decrease) in cash held	(797)	(2,880)
1.20	Cash at beginning of quarter/year to date	1,409	3,497
1.21	Exchange rate adjustments to item 1.20	12	7
1.22	Cash at end of quarter	624	624

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.25	80
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees	22
Salaries	58

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,292	1,292
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	150
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows:

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	54	42
5.2 Deposits at call	570	1,367
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	624	1,409

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺ securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 ⁺ Ordinary securities Fully paid ATV Partly paid 9c ATVCD	209,880,242 30,286,342	209,880,242 30,286,342	20 cents	9 cents
7.4 Changes during quarter (a) Increases through issues Fully paid ATV – placements (b) Decreases through returns of capital, buy-backs	21,194	21,194		
7.5 ⁺ Convertible debt securities (description)				
7.6 Changes during quarter				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
– ATVO	21,722,548		\$0.18	30.10.09
– ATVAI	2,200,000		\$0.20	31.12.08
– ATVAK	4,550,000		\$0.15	22.08.10
– ATVAM	400,000		\$0.15	14.10.10
– ATVAO	7,500,000		\$0.15	27.12.09
– ATVAQ	2,000,000		\$0.155	28.08.12
7.8 Issued during quarter – ATVAQ	2,000,000		\$0.155	28.08.12
7.9 Exercised during quarter – ATVO	21,194		\$0.18	30.10.09
7.10 Expired during quarter –				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2008
(Director/Company secretary)

Print name: Walter R Bucknell

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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31 October 2008

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

Dear Sir,

**2009 TOUQUOY PRODUCTION PLAN AND 3Moz GOLD RESOURCE COMBINATION
– MEMORANDUM OF UNDERSTANDING SIGNED**

Atlantic Gold is pleased to announce that a Memorandum of Understanding (“MOU”) has been signed with Acadian Mining Corporation, a mining company listed on the Toronto Stock Exchange, to consider:

- processing ore from Atlantic’s Touquoy Gold Project through Acadian’s Scotia mill; and
- consolidating their assets including their gold interests, the aggregate resource inventory of which amounts to almost 3.0 million ounces gold.

A preliminary scoping study suggests the Touquoy Gold Project could be operational by late 2009 processing up to 1.0 Mtpa through the Scotia mill. The use of the Scotia mill would save significant capital expenditure and the project would be in production sooner than if a stand-alone gold processing plant was constructed at the Touquoy site. Work has commenced on building a financial model based on processing up to 3,000 tpd of ore sourced from Touquoy through the Scotia mill located 40 kilometres to the west. The parties will review and assess the merits of the various business options and work to reaching mutually agreeable terms with respect to combining the respective corporate assets, including possible corporate restructuring. Certain governmental and regulatory approvals are expected to be required.

Consolidation of both companies’ gold properties in Nova Scotia would result in a combined resource inventory of almost 3.0 million ounces of gold and over 1000 km² of highly prospective exploration lands.

Wally Bucknell, Executive Director, of Atlantic Gold NL said that “this consolidation makes a lot of sense and is something that’s been considered by Atlantic for some years and has now been advanced largely because of the current economic crisis. It is my belief that the best return from these resources will result from processing through a single plant so that agreeing to combine the gold interests is in the interests of both parties.”

The MOU will allow both companies to exchange information and develop a financial model for ore from Touquoy to be processed through the Scotia mill. The terms for the combination, and plans for development, of the companies' gold assets in Nova Scotia can also be determined. The parties have allowed themselves until end of March 2009 to agree terms although they expect that it will be sooner.

About Atlantic Gold NL

Atlantic Gold is an ASX listed company (Code ATV) which aims to develop 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. 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 Moz of gold and operated up to five gold mines. The Company principals have considerable previous experience in exploration in Atlantic Canada.

Atlantic Gold holds 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.

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's involvement in the advanced Cochrane Hill property reflects this strategy, to the extent that the company now has over 1 million ounces of gold resources under its control in the Touquoy district.

	TONNES million	GRADE g/t	CONTAINED GOLD ounces
Touquoy			
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 Touquoy	11.7	1.5	557,000
Touquoy West			
Indicated resource	0.9	1.9	54,000
Inferred resource	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 resource	3.6	1.7	200,000
Inferred resource	6.4	1.7	347,000
TOTAL COCHRANE HILL PROJECT	10.0	1.7	547,000

About Acadian Mining Corporation

Acadian Mining Corporation reports as follows:

Acadian Mining Corporation ('Acadian') is a Halifax, Nova Scotia, Canada based mining company which is listed on the Toronto Stock Exchange (Code ADA) and Frankfurt (Code C2Z) and is focused on exploring and developing gold, zinc-lead and barite properties in Atlantic Canada. Acadian operates an open pit zinc-lead mine (Scotia Mine) at Gays River, Nova Scotia which commenced production in May, 2007, and is the cornerstone of the Company's Scotia Zinc Project. The mine is expected to produce 30,000 tonnes of high grade zinc concentrate and 12,000 tonnes of high grade lead concentrate per year.

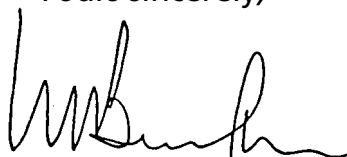
Acadian is also focused on developing five advanced gold properties, Beaver Dam, Fifteen Mile Stream, Tangier, Forest Hill and Goldenville, which form the core holdings of the Scotia Goldfields Project. All of the five advanced properties host gold resources described in technical reports prepared in compliance with National Instrument 43-101 and are available on www.sedar.com. Acadian is bringing a new approach to the development of Nova Scotia gold deposits by pursuing a multiple mine, central processing, managing and servicing strategy.

PROPERTY	LOWER CUT-OFF	CATEGORY	TONNES*	GRADE	OUNCES*
Beaver Dam	0.3 g/t	Indicated	9,080,000	1.53	446,000
		Inferred	10,400,000	1.51	504,000
Fifteen Mile Stream	0.7 g/t	Inferred	4,900,000	1.66	202,000
		Indicated	225,000	14.9	108,000
Forest Hill	3.50 g/t/1.20 m	Inferred	383,000	11.93	147,000
		Indicated	134,000	9.67	42,000
Tangier	3.50 g/t/1.20 m	Inferred	271,000	12.08	105,000
		Indicated	63,000	14.72	30,000
Goldenville	3.50 g/t/1.20 m	Inferred	385,000	12.38	153,000
		Indicated			626,000
TOTAL		Inferred			1,111,000

*Numbers are rounded.

** See Technical Reports filed on SEDAR on Jul. 4, 2008; Sept. 17, 2007; Nov. 3, 2007; Mar. 3, 2005; Nov. 5, 2004

Yours sincerely,



Wally Bucknell
Executive Director

