

31 October 2007

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

QUARTERLY REPORT FOR PERIOD ENDING 30 September 2007

HIGHLIGHTS

COCHRANE HILL GOLD PROJECT

- § Assaying of un-assayed intervals of selectively sampled historic resource delineation drillcore is adding about 25% on average to grades previously applied to these holes for resource estimation, with selected results as follows:

Hole	Width (m)	Original Assays (g/t gold) (includes un-assayed intervals)	New Assays (g/t gold) (all intervals assayed)
CH-74-002	29.95	3.74	4.43
CH-74-023	32.15	2.08	2.79
CH-74-026	30.40	1.23	1.84
CH-74-031	14.20	0.59	2.17
CH-81-050	6.10	3.05	5.29

- § Shallow reconnaissance RC drilling has commenced to evaluate the main mineralised structure along its 5 km length within the Property with first holes targeting an untested surface trench of 1.9 g/t over 7.6 m located 1.6 km west of the resource.

TOUQUOY GOLD PROJECT

PERMITTING

- § Focus Report for Environmental Assessment essentially completed with submission to the Nova Scotia Minister of Environment and Labour expected within days.
- § Pro-active consultation with all levels of government, interested NGO's and the wider community remains ongoing.

FEASIBILITY STUDY

- § A used plant appropriate for the Project has been identified with negotiations in progress.

terms of environmental impact, Atlantic Gold is confident that the Focus Report has satisfactorily addressed all remaining issues for Environmental Approval posed by the Minister's office.

The prescribed lead-time for the Minister's decision in respect of Environmental Approval (in consideration of the Focus Report) aggregates 81 days from submission of the Focus Report. This period includes 30 days for public submissions. The Minister's decision is therefore expected in mid-January, 2008.

The comprehensive level of detail required for Environmental Approval is expected to facilitate the requirements for subsequent Industrial Approval, reporting for which is currently in progress.

Although not formally required, Atlantic Gold continues an energetic liaison program to apprise all levels of government, interested NGO's and the community about all aspects of the Project.

FEASIBILITY STUDY

As previously outlined, the Engineering and Cost Study (ECS) for the Project has been completed to a level of detail which will enable almost seamless conversion to a Feasibility Study appropriate for project financing once two conditions, apart from the granting of environmental approvals, were considered to have been met. The first of these is that a used plant – preferred to avoid the expected long lead time for delivery of a new mill and to reduce capital costs – actually be secured so that its acquisition, refurbishment and relocation costs can be accurately quantified and incorporated into the Feasibility Study. Investigations to identify a suitable used gold processing plant have been fruitful and negotiations for its acquisition are in progress.

The second requirement for completion of the Feasibility Study was that the remaining 80,000 ounces of Inferred Resources be upgraded by infill drilling to Measured and Indicated Resource categories, thereby supplementing the existing 400,000 ounces of Measured and Indicated Resources to maximise the Reserve inventory. Although complete definition of the Reserve inventory at this stage would be expected to enhance project economics the Financial Study, as previously stated, indicates that the Project is viable at the present level of Measured and Indicated Resource definition. Subsequent discussion with potential financiers has since provided confidence that Project development proceed on the basis of the present Resource inventory but with completion of sufficient grade control drilling to evaluate the distribution of ore at a mining scale completed in advance of development to underpin the first several months of mining.

This grade control drilling program, following on from a small trial grade control program completed December 2006, has now begun. For logistical reasons this particular program is being commenced with diamond drilling, at competitive

rates. Depending on progress results and the effectiveness of the program up to 10,000m may be drilled in this campaign over about a four-month period. Some interruptions to this program may ensue as some drilling capacity is deployed from time to time to exploration of the Cochrane Hill property.

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 Atlantic Gold's Touquoy Gold Project (refer to accompanying plan) and is subject of an option agreement with TSX-listed Scorpio Mining Corporation (SMC).

The current total mineral resource estimate at Cochrane Hill, as previously announced, is 4.7 million tonnes @ 2.5 g/t for 373,000 contained ounces gold – as tabled below:

	Tonnes (millions)	Grade (g/t Au)	Contained Ounces
Indicated Resource	1.8	2.5	143,000
Inferred Resource	2.9	2.4	230,000
TOTAL	4.7	2.5	373,000

The lower cut-off grade is 1.0 g/t. 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 650 m.

The resource delineation drilling was undertaken by previous explorers during the 1970s and 1980s, much of the drill core (from about 110 drillholes) having been stored in the provincial core library and now being available for inspection. Core from 45 priority drillholes has now been logged. Since the original assaying had been selective with un-assayed intervals having been ascribed zero grade about 2700 samples of previously un-assayed core have now been submitted for gold assay. By simply "filling in the blanks" – no re-assaying of core previously assayed has been conducted – results for the holes tested to date average about a 25% increase in grades to those applied in the above resource estimate. The more notable results (with about 1000 assays from 18 holes pending) are as follows (refer to accompanying plan for hole locations):

Hole	North (m)	East (m)	From (m)	To (m)	Width (m)	Original Assays (with un-assayed gaps)	New Assays (gaps infilled)
						Grade (g/t)**	Grade (g/t)**
CH-74-029*	3059	3199	12.95	35.00	22.05	0.91	1.18
CH-74-034*	3110	2782	60.50	68.00	7.50	2.96	3.26
CH-74-004*	3138	3071	102.10	137.05	34.95	1.65	1.87
CH-81-050*	3122	3177	92.05	98.15	6.10	3.05	5.29
		and	108.00	141.60	33.60	7.25	7.74
CH-74-026*	3063	3214	8.00	38.4	30.40	1.23	1.84
CH-81-061*	3130	3289	149.20	156.20	7.00	36.8	38.2
CH-74-002*	3097	3018	69.10	99.05	29.95	3.74	4.43
CH-74-031*	3149	3129	121.45	135.65	14.20	0.59	2.17
CH-74-024*	3122	3167	89.45	110.35	20.90	0.72	0.84
CH-74-023*	3122	3230	72.85	105.00	32.15	2.08	2.79
CH-74-039	3086	3053	53.80	75.13	21.33	0.00	1.10
CH-81-049	3110	3201	73.76	111.00	37.24	1.70	1.83

* Results for these holes previously announced during the Quarter.

** Based on 0.6g/t grade cut-off, no top cut and maximum 5m internal dilution.

Assay results have been received from 15 additional holes and although these generally show modest grade increases they are outside, or do not otherwise contribute to, the resource as estimated.

One notable exception however is the result from a previously un-assayed hole just beyond the eastern end of the resource. Hole CH-74-016 returned 9 m @ 1.99 g/t from 56 m depth. Although sampling of two largely un-assayed step-out holes eastwards beyond CH-74-016 returned only anomalous gold values (up to 34 m @ 0.3 g/t), potential for an eastern extension of the resource is recognised and follow-up drilling is planned here during the current quarter.

With the field geologists having obtained a good working knowledge of the deposit this program of evaluation of historic drill core has been temporarily suspended in order to apply attention to the wider exploration of the property with commencement of a reconnaissance shallow RC drilling program.

Exploration potential beyond (and beneath) the drilled resource is excellent. The sheared mineralised sequence is parallel to, and 100 m south of, the axis of the overturned Cochrane Hill anticline (refer to accompanying property plan). This intermittently outcropping shear zone has been traced for 5 km across the property by previous explorers, and it hosts several areas of anomalous gold geochemistry in various media. The most notable of these is a trench grading 1.9 g/t gold over 7.6 m about 1.6 km west of the resource. No drilling has been conducted along this mineralised shear zone beyond that central 1200 m length encompassing the identified resource.

The initial test of this 5km-long mineralised structure within the property – a program of eight fences of shallow angled RC drilling – has commenced. The first fence, testing the historic trench results, noted above, at the western end of the property, has been completed with assays pending. Fences will be nominally

spaced at 500 m intervals and involve “top-to-tail” angled drilling to nominal 25 m depth to traverse the mineralised structure on each fence with a light mobile RC drill rig. The program will take several weeks for completion. Positive results will be followed up immediately by additional RC drilling and or diamond drilling

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 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% 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

No material advances are reported for the Caribou Joint Venture property, or other wholly-owned or optioned exploration properties elsewhere in Nova Scotia.

KOOKYNIE JOINT VENTURE, Western Australia

(Atlantic Gold 50%)

Pursuant to a letter of intent Atlantic Gold has optioned its 50% interest in the Kookynie Joint Venture – and specifically its 50% interest in the Kookynie Tenements (M40/3, M40/8, M40/101, M40/110 and P40/989) – to its co-venturer, Kookynie Partnership (Barmenco Investments Pty Ltd and Kookynie Resources Pty Ltd). Under the terms of the letter of intent Kookynie Partnership will pay Atlantic Gold \$50,000 on the first anniversary of signing a formal agreement, a further \$50,000 on the second anniversary of the agreement and \$500,000 on the earlier of a decision to mine or the third anniversary of the agreement.

A production royalty of 1.5% based on the average quarterly gold price is payable to Atlantic Gold quarterly in arrears after production of the first 5,000 ounces of gold from the property.

In the event that Kookynie Partnership does not exercise its option to purchase Atlantic Gold's 50% interest in the Kookynie Tenements then ownership will revert to Atlantic Gold holding 50% equity and Kookynie Partnership holding 50% equity with Atlantic Gold being manager of the Joint Venture, as previously.

CORPORATE

SHARE PLACEMENTS

As announced 10 October 2007 Atlantic Gold placed 13.3 million fully paid ordinary shares at an issue price of \$0.13 per share to raise \$1.7 million.

Additional placements of 19.1 million fully paid ordinary shares also at an issue price of \$0.13 per share to raise a further \$2.5 million are subject to shareholder approval to be sought at a meeting of shareholders on 23 November 2007.

The funds raised from these placements will be used to:

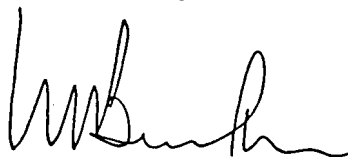
- commence exploration and resource development drilling on Atlantic's Cochrane Hill property given the excellent results being returned from re-evaluation of historic drilling; and to continue regional exploration elsewhere in the Touquoy district;
- subject to obtaining acceptable pricing and financing arrangements secure, by at least partial acquisition of, a used processing plant to expedite and enhance the economics of the Touquoy Gold Project;
- commence a grade control drilling program on the Touquoy Gold Deposit to establish ore distribution for the first several months of mining. This program follows on from the trial grade control drilling undertaken in December 2006, and is to be undertaken in place of an infill diamond drilling program previously planned to enable upgrade of the remaining 80,000 ounces of Inferred Resources to the Measured and Indicated Resource categories;
- following environmental assessment approval progress the Touquoy Gold Project Engineering and Cost Study, completed May 2007, into a Bankable Feasibility Study;
- repay \$0.7 million in borrowings; and
- assist with short-term working capital requirements.

Details of the shareholder meeting scheduled for 23 November 2007 are posted on the Company's website

LISTED OPTIONS

The Company has on issue 16.5 million listed options with an exercise price of \$0.12 per fully paid ordinary share expiring 1 November 2007. The Company is pleased to report that to date this issue has been very well supported by option holders. Funds raised from the exercise of these options will be used to retire debt (\$1 million) with the remainder (up to \$1 million) being used to progress the Cochrane Hill and Touquoy Gold Projects.

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

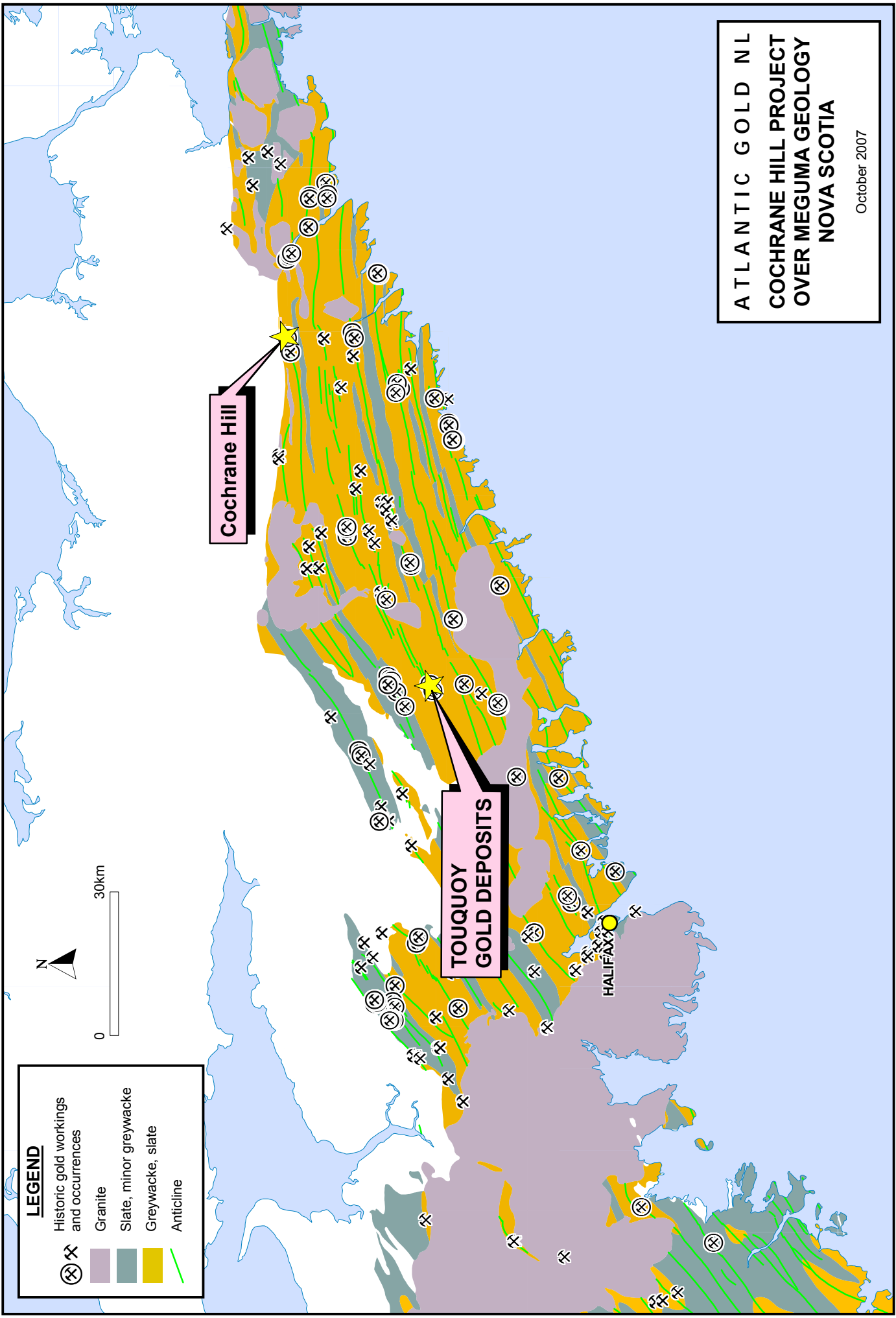
Atlantic Gold aims to develop open pit gold deposits in Nova Scotia, the Touquoy Gold Project being the starting point. The extensive goldfields of Nova Scotia have never before been systematically approached in this way. The Company's skills are derived from 15 years of such work in Western Australia, where its principals, as executives and directors of the highly successful Plutonic Resources Limited, discovered more than 11 million ounces 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 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.

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 recent 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.

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

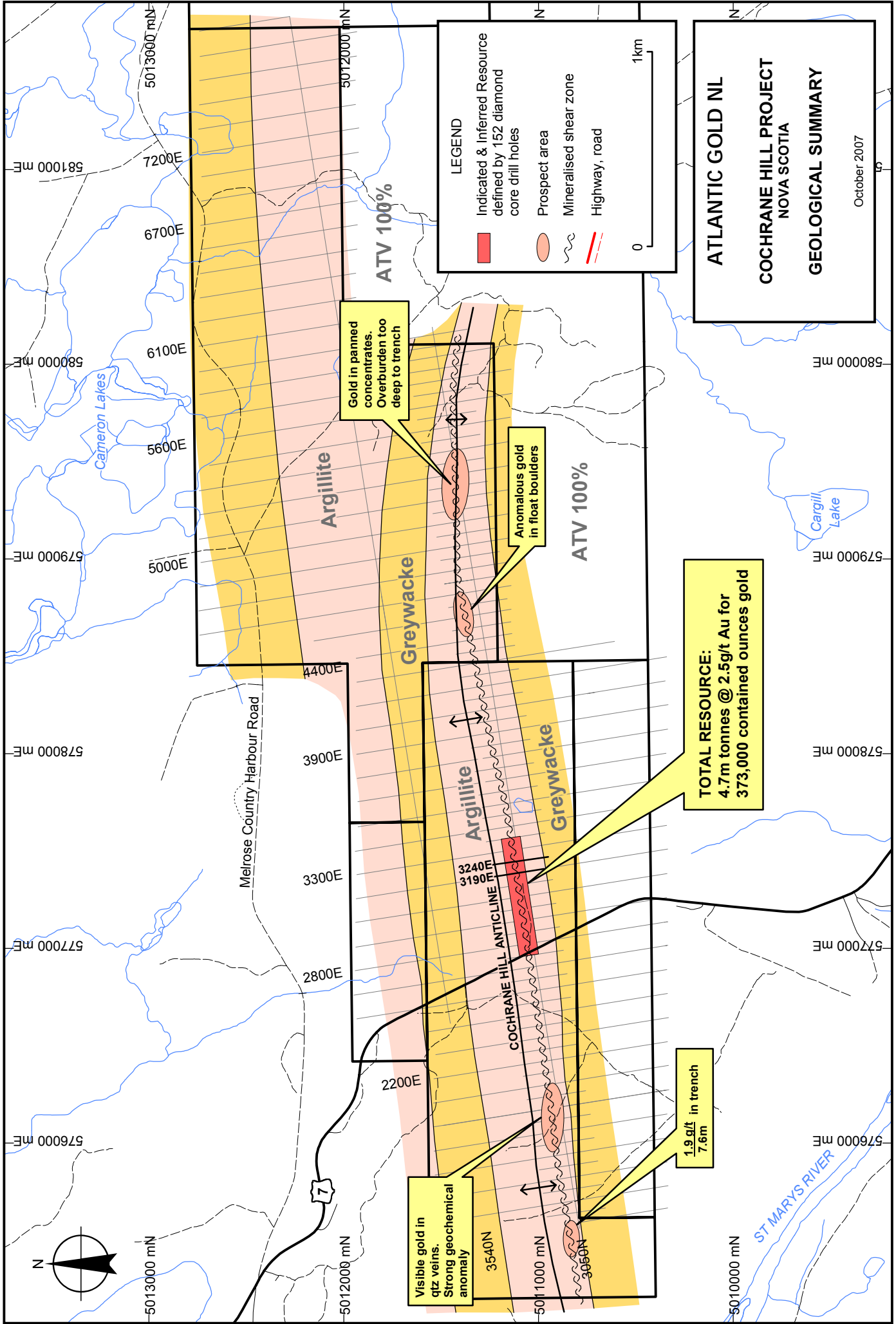
0 30km

N

Cochrane Hill

TOUQUOY GOLD DEPOSITS

HALIFAX



LEGEND

- Indicated & Inferred Resource defined by 152 diamond core drill holes
- Prospect area
- Mineralised shear zone
- Highway, road

0 1km

ATLANTIC GOLD NL
COCHRANE HILL PROJECT
 NOVA SCOTIA
GEOLOGICAL SUMMARY
 October 2007

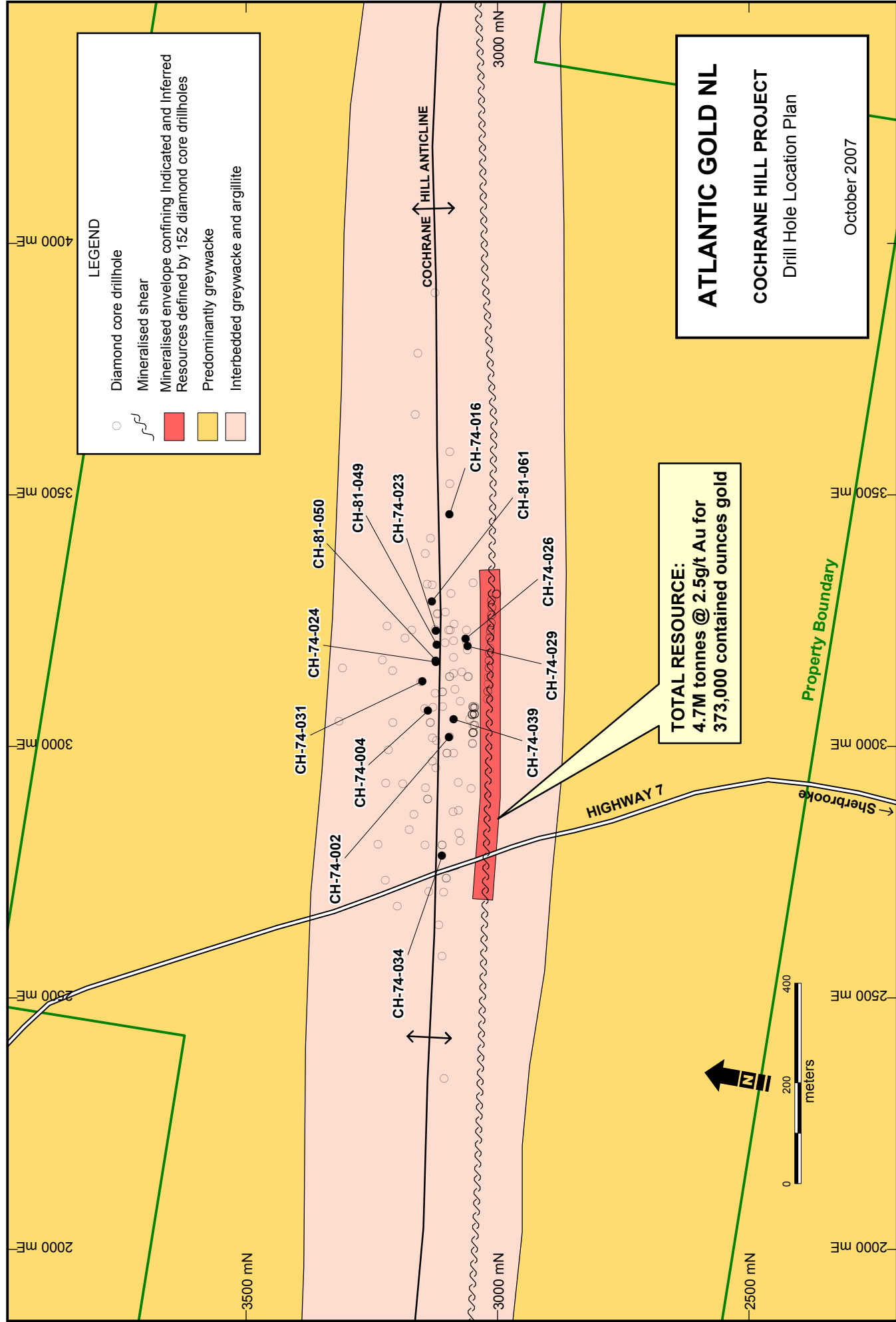
Gold in panned concentrates. Overburden too deep to trench

Anomalous gold in float boulders

TOTAL RESOURCE:
 4.7m tonnes @ 2.5g/t Au for 373,000 contained ounces gold

Visible gold in qtz veins. Strong geochemical anomaly

1.9 g/t in trench
7.6m

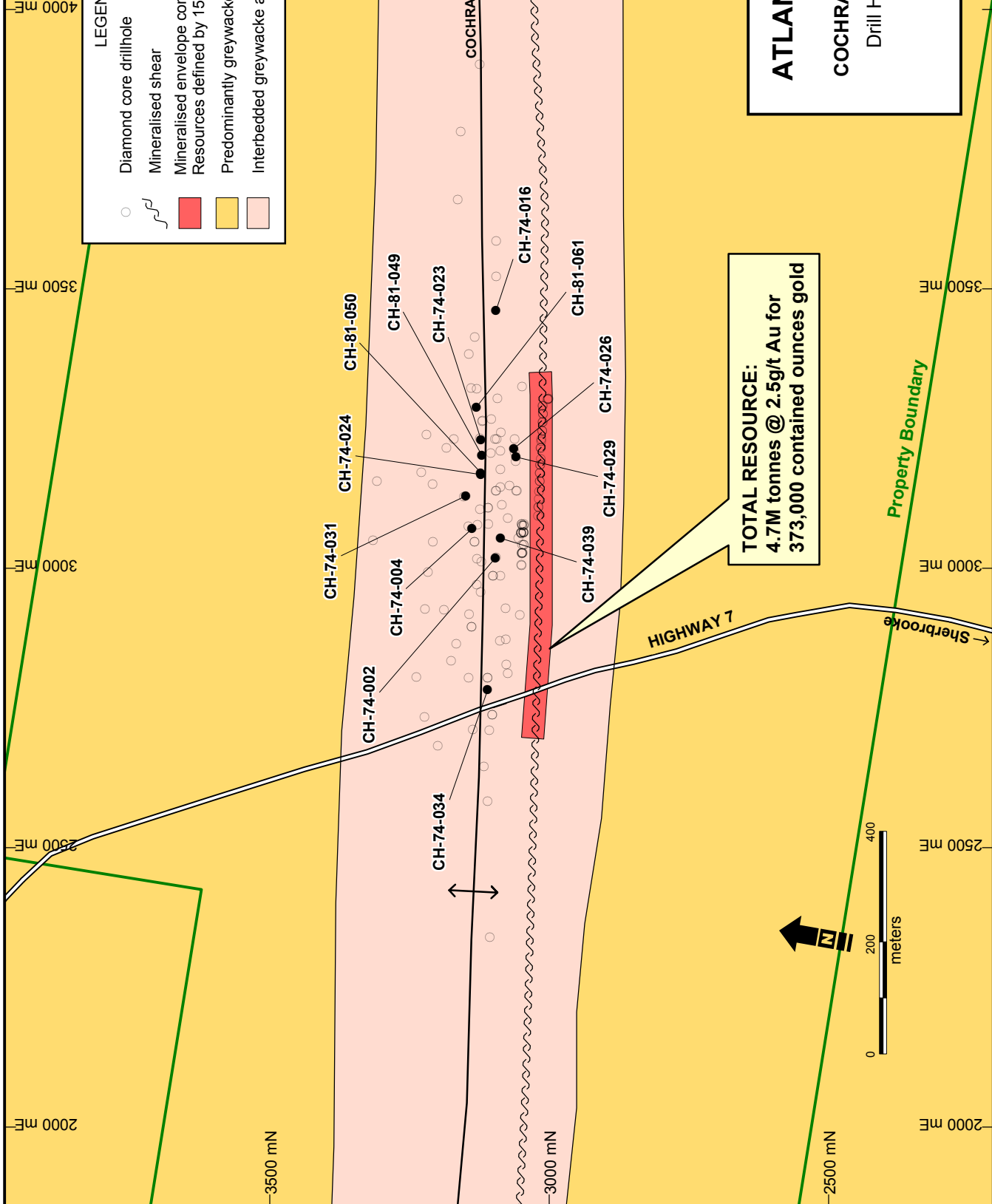
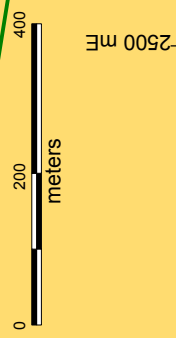


LEGEND

- Diamond core drillhole
- Mineralised shear
- Mineralised envelope confining Indicated and Inferred Resources defined by 152 diamond core drillholes
- Predominantly greywacke
- Interbedded greywacke and argillite

ATLANTIC GOLD NL
COCHRANE HILL PROJECT
 Drill Hole Location Plan
 October 2007

TOTAL RESOURCE:
 4.7M tonnes @ 2.5g/t Au for
 373,000 contained ounces gold



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 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(312)	(631)
(b) development	(451)	(2,324)
(c) production		
(d) administration	(76)	(424)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14	52
1.5 Interest and other costs of finance paid		(166)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(825)	(3,493)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets		(5)
1.9 Proceeds from sale of:		
(a)prospects		
(b)equity investments		111
(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		106
1.13 Total operating and investing cash flows (carried forward)	(825)	(3,387)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(825)	(3,387)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	23	614
1.15	Proceeds from sale of forfeited shares		1000
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other		(2)
	Net financing cash flows	23	1,612
	Net increase (decrease) in cash held	(802)	(1,775)
1.20	Cash at beginning of quarter/year to date	1,441	2,413
1.21	Exchange rate adjustments to item 1.20		1
1.22	Cash at end of quarter	639	639

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 1.2	72
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	50

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	3000	3000
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	1,000
Total	1,300

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	173	1,376
5.2 Deposits at call	466	65
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	639	1,441

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	161,725,448 30,286,342	161,725,448 30,286,342	20 cents	9 cents
7.4 Changes during quarter (a) Increases through issues Fully paid ATV – exercise of options Partly paid – 2c call (b) Decreases through returns of capital, buy-backs	23,886 1,403,389	23,886 1,403,389		
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor) – ATVO – ATVAI – ATVAK – ATVAM	16,406,059 2,200,000 4,610,000 3,000,000	16,406,059	Exercise price \$0.12 \$0.20 \$0.15 \$0.15	Expiry date 01.11.07 31.12.08 22.08.10 14.10.10
7.8 Issued during quarter				
7.9 Exercised during quarter – ATVO	23,886	23,886	\$0.12	
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 2007
(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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