

31 January 2008

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

QUARTERLY REPORT FOR PERIOD ENDING 31 December 2007

HIGHLIGHTS

TOUQUOY GOLD PROJECT

PERMITTING

- Focus Report for Environmental Assessment submitted to Nova Scotia Department of Environment and Labour on 19 November 2007 with the Minister of Environment and Labour to announce decision on 1 February (2 February AEST).

FEASIBILITY STUDY

- Negotiations continue with respect to acquisition of a used plant appropriate for the Project.
- Initial grade control drilling program of 80 holes for 2990 m completed with final assays pending.

COCHRANE HILL GOLD PROJECT

- High grade mineralisation intersected in shallow reconnaissance RC drilling 600 m west of the resource is validated by riffle-split 1 m sampling with **12.2 g/t over 8 m from 4 m depth and 8.5 g/t over 5 m from 17 m depth**. Assays from deeper diamond drilling pending.
- Program of assaying previously un-assayed intervals of selectively sampled historic resource delineation drillcore completed with additional 25% increase on average to grades previously applied to these holes for resource estimation.
- Eastern extension to resource flagged by return of 1.0 g/t over 10 m from 35m depth in initial step-out diamond drilling.

CORPORATE

- 95% of bonus options expiring 1 November 2007 were exercised with \$1.9M raised with a further \$3.5M cash raised through share placements.
- The Company now has cash reserves of \$3.5M and debt has been reduced to \$1.3M.

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PROJECT DEVELOPMENT

TOUQUOY GOLD PROJECT Nova Scotia Canada

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

PROJECT PERMITTING

The Focus Report, as requested by the Nova Scotia Minister of Environment and Labour to " *examine potential impacts of the proposed Touquoy Gold Project on the recreational, wilderness, and ecological value of the Scraggy Lake, Fish River, and Moose River system and undeveloped lands lying south-west of the project site*" was completed, submitted to the Nova Scotia Department of Environment and Labour and released for public comment on 19 November 2007. The Focus Report represents a major and detailed supplement to the Environmental Assessment Registration document, submitted to the Department of Environment and Labour in March 2007.

The period for public comment closed on 24 December 2007 with some 240 submissions made, both for and against the project. The Minister's decision is expected to be handed down on 1 February 2008 (Halifax time) which will be Saturday 2 February AEST. The outcome will be released to the ASX pre-opening on Monday 4 February 2008.

Should Environmental Assessment approval be granted Atlantic Gold will continue to work with the various regulatory bodies to achieve Industrial Approval, granting of which will permit commencement of site development. Subject to conditions imposed under Environmental Assessment approval and other factors, and assuming EA approval is forthcoming, Industrial Approval may take in the order of a further six months to be granted.

Efforts to establish project financing will be advanced with canvassing of potential financiers to be undertaken in parallel with Feasibility activities.

FEASIBILITY STUDY

As previously reported investigations to identify a suitable used gold processing plant have been fruitful and negotiations for acquisition continue, impeded to some extent owing in part to the uncertainty surrounding Environmental Assessment approval. A used plant is preferred to avoid the expected long lead time for delivery of a new mill and to reduce capital costs.

The grade control drilling program commenced in October 2007 has been completed with 80 holes for 2990 m drilled on 5m x 10m centres. Final assay results are expected in early February 2008 following which an assessment of grade distribution, grade control methodology and comparison with resource drilling will be made. Subject to results further grade control drilling could be required.

Achievement of these two undertakings (apart from the granting of approvals to mine) – acquisition of used plant and completion of adequate grade control drilling – will enable refinement of the previously completed Engineering and Cost Study to a Feasibility Study appropriate for project financing.

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)

Impressive assay results previously reported from reconnaissance RC drilling on Section 2140E in the western area of the Cochrane Hill property have been validated by riffle-splitting of samples on 1m intervals, with results as follows (refer to accompanying drill section):

**6.5 g/t over 4 m from 11 m depth in hole CHRC-07-018
12.2 g/t over 8 m from 4 m depth in hole CHRC-07-019, and
8.5 g/t over 5 m from 17 m depth in hole CHRC-07-020.**

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.

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 resource 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. This sheared, mineralised sequence is parallel to, and 100 m south of, the axis of the overturned Cochrane Hill anticline (refer to accompanying property plan) and has been traced as a gold geochemical anomaly for 5 km across the property by previous explorers. No previous drilling has hitherto been conducted along this mineralised shear zone beyond that central 1200 m length encompassing the identified resource.

An initial program and a follow-up program of shallow reconnaissance reverse circulation (RC) drilling comprising 82 holes for 1246 m in 14 fences have now been drilled to test this mineralised zone.

As previously reported the initial program, comprising six fences (holes CHRC-07-001 to 039) nominally spaced at 500 m intervals along the zone, returned impressive results – up to 13.4 g/t gold over 10 m from 3 m depth from hole CHRC-07-019 – on Section 2140mE based on 4 m grab composite sampling. Subsequent confirmatory re-sampling of the mineralised holes on this Section by riffle-splitting on 1 m intervals has now validated these results as follows, and as shown on the accompanying cross-section and plan:

Hole	East (m)	North (m)	Dip	Grid Az	Depth (m)	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
CHRC-07-018	2133	3074	-90	-	17	11	15	4	6.5
CHRC-07-019	2140	3073	-60	164	15	4	12	8	12.2
					incl.	4	5	1	78.5
CHRC-07-020	2139	3083	-60	164	24	17	22	5	8.5

The three reconnaissance RC fences drilled to the east of the resource – Sections 4350E, 4775E and 5200E – were barren but it appears the drill 100 m-long fences may have been too short to have traversed the zone of interest. A wider spread of reconnaissance drilling is planned here.

Follow-up of the initial RC program was conducted in the area west of the resource with completion of a further eight fences of holes (CHRC-07-040 to 08-082) nominally spaced at 100 m intervals (see accompanying plan). Assay results for 40% of this program have been returned to date. Fences on the two sections 100 m east and west of 2140E returned narrow low grade intervals (best 2.0 g/t over 1 m) within wider gold-anomalous zones, suggesting the mineralisation on Section 2140E to be part of a high grade shallow plunging shoot, or shoots, typical of this style of mineralisation. Ongoing drilling and further assay returns will quantify and elucidate the nature of this newly discovered mineralisation.

Six diamond holes (CH-07-001 to 08-006) for 405 m have been drilled – two beneath the high grade RC intersections on 2140E, two beneath mineralised RC holes on 1775E, and two testing for eastern extensions to the main resource (see accompanying plan). To date assays have been returned from the latter two holes with modest mineralisation shown to be continuing eastwards at shallow depths:

Hole	East (m)	North (m)	Dip	Grid Az	Depth (m)	Best Assays			
						From (m)	To (m)	Width (m)	Grade (g/t Au)
CH-07-001	3400	3080	-45°	180	89	35	45	10	1.01
CH-07-002	3454	3055	-45°	187	60	42	50	8	1.05

Results from assays pending will direct the nature and location of ongoing drilling.

All assay results have now been returned from the program of sampling and assaying of previously un-assayed core from selected historic diamond core drillholes from the area of the resource (4.7 million tonnes @ 2.5 g/t for 373,000 contained ounces gold). Since the original assaying during the 1970s and 1980s had been selective with un-assayed intervals having been ascribed zero grade about 3100 samples of previously un-assayed core have 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 continue to average about a 25% increase in grades to those applied in the above resource estimate. The more notable results are as follows:

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
CH-74-030*	3060	3192	11.75	35.00	23.25	0.99	1.38
CH-74-028*	3061	3207	12.35	37.00	24.65	1.64	1.79
CH-81-047*	3129	2971	115.50	124.51	9.00	0.11	1.42
		and	140.05	155.15	15.10	2.04	2.40
CH-81-059*	3144	3076	128.45	166.75	38.30	2.44	2.98
CH-74-040	3229	3173	185.01	194.08	9.07	0.00	1.95
CH-81-052	3124	3233	82.00	134.00	52.00	0.53	0.95

* Results for these holes previously announced.

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

A revision of the resource estimate is not planned at this time but will be undertaken on completion of additional resource delineation drilling planned for later in 2008.

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

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

CORPORATE

During the Quarter funds totaling \$5.4 million were raised from exercise of options expiring 1 November 2007 (\$1.9 million) and share placements (\$3.5 million).

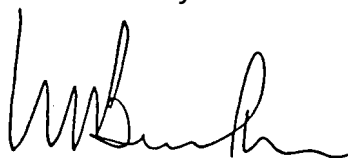
The Company had on issue 16.4 million listed options with an exercise price of \$0.12 per fully paid ordinary share expiring 1 November 2007. This issue was strongly supported by option holders with a total of 15.6 million options exercised to raise a total of \$1.9 million. The support of the option holders is much appreciated by the Company.

Share placements totaling 32.4 million fully paid ordinary shares to raise \$4.2 million (\$3.5 million in cash and \$0.7 million in repayment of borrowings) were finalised during the quarter. Issue of 19.1 million fully paid ordinary shares to raise \$2.5 million was subject to shareholder approval which was obtained at a meeting of shareholders on 23 November 2007.

Debt repayments during the Quarter of \$1.7 million reduced Atlantic Gold's borrowings from \$3 million to \$1.3 million at the end of the Quarter. Debts repayment consisted of \$1 million in cash and \$0.7 million by way of issue of 5.4 million fully paid ordinary shares.

At the end of the Quarter Atlantic Gold had \$3.5 million in cash reserves which is to be applied to progress the Cochrane Hill and Touquoy Gold Projects and fund working capital.

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.

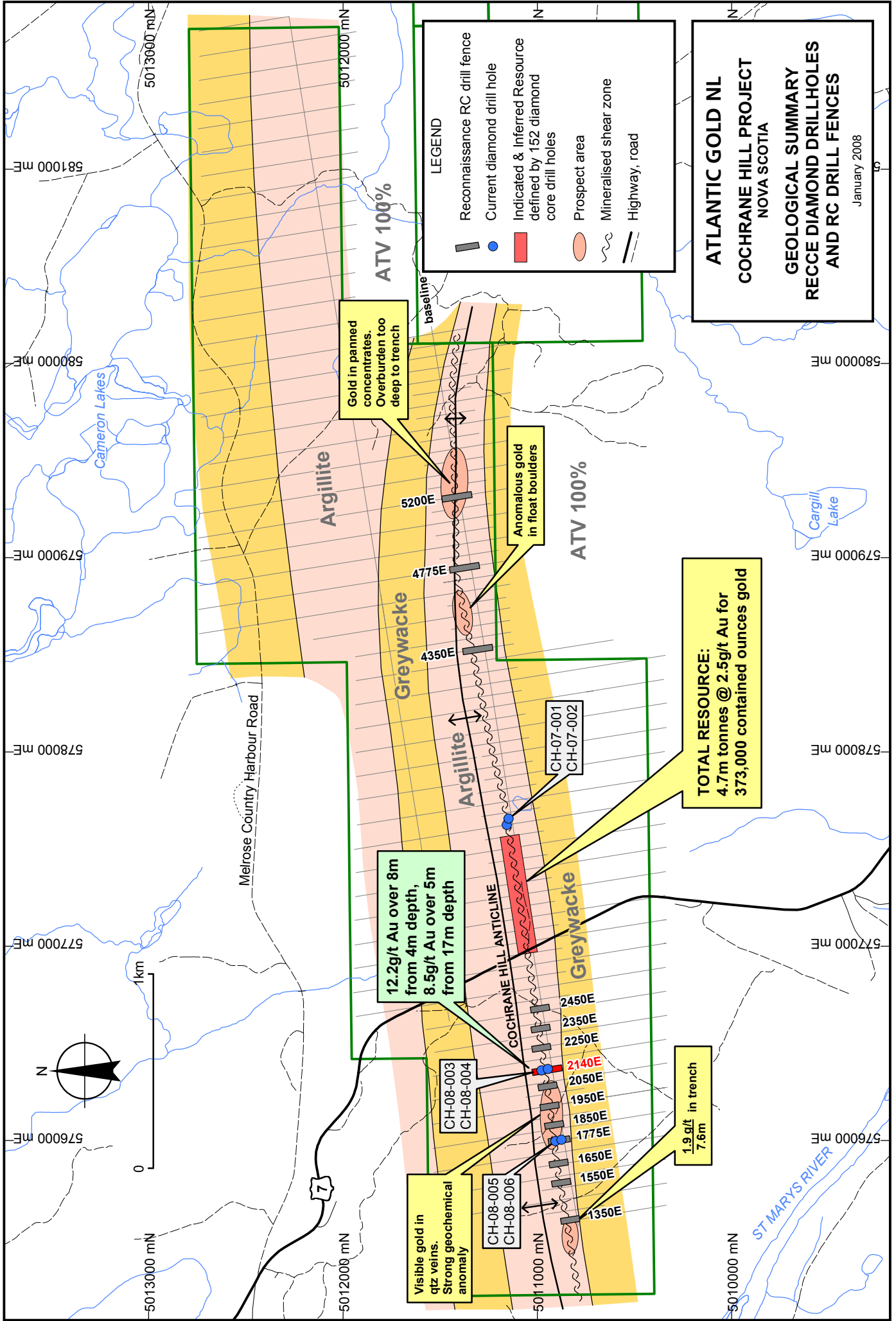
Attribution: The geological and sampling information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of Atlantic Gold, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience which is relevant to the style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



LEGEND

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

ATLANTIC GOLD NL
COCHRANE HILL PROJECT
 NOVA SCOTIA

GEOLOGICAL SUMMARY
RECCE DIAMOND DRILLHOLES
AND RC DRILL FENCES

January 2008

Gold in panned concentrates. Overburden too deep to trench

Anomalous gold in float boulders

12.2g/t Au over 8m from 4m depth, 8.5g/t Au over 5m from 17m depth

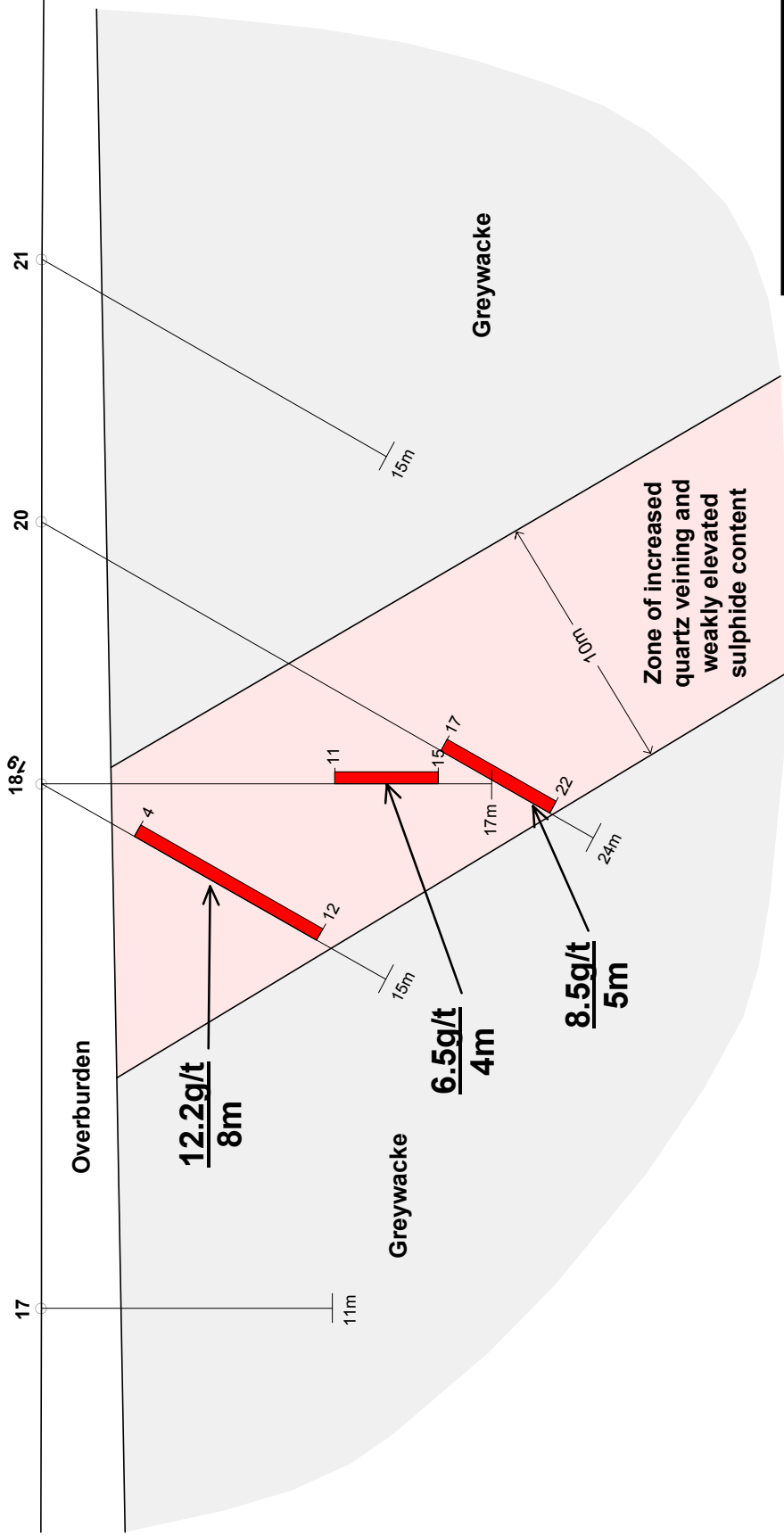
Visible gold in qtz veins. Strong geochemical anomaly

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

1.9 g/t in trench 7.6m

ATV 100%

ATV 100%



ATLANTIC GOLD NL
COCHRANE HILL OPTION
Drill Section 2140E
(looking West)
January 2008

Assays are of riffle-split, 1m samples.
Assays are uncut, with mineralised intervals quoted on the basis
of 0.5g/t lower cut-off grade and maximum 2m internal dilution

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")

31 December 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 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	(251)	(882)
(b) development	(1004)	(3328)
(c) production		
(d) administration	(140)	(564)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	41	93
1.5 Interest and other costs of finance paid	(70)	(236)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(1424)	(4917)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(42)	(47)
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	(42)	64
1.13 Total operating and investing cash flows (carried forward)	(1466)	(4853)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1466)	(4853)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	5327	5941
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		1000
1.17	Repayment of borrowings	(1006)	(1006)
1.18	Dividends paid		
1.19	Other		(2)
	Net financing cash flows	4321	5933
	Net increase (decrease) in cash held	2855	1080
1.20	Cash at beginning of quarter/year to date	639	2413
1.21	Exchange rate adjustments to item 1.20		1
1.22	Cash at end of quarter	3494	3494

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

Atlantic Gold NL issued 5,401,733 fully paid ordinary shares in the Company to CRX Investments Pty Limited as repayment of \$702,000 in borrowings.

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	1292	1292
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	109	173
5.2 Deposits at call	3385	466
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3494	639

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	EL6924 to EL6937 (14ELs 135 sq km)	Wholly owned	100%	0%
	ELs 6720, 6722, 6724-7, 6729-30	Wholly owned	100%	0%
	EL6327	Little Liscomb Lake option	0%	0%
6.2 Interests in mining tenements acquired or increased	EL7937 and 7938	Wholly owned	0%	100%

+ 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	209,781,896	209,781,896		
Partly paid 9c ATVCD	30,286,342	30,286,342	20 cents	9 cents
7.4 Changes during quarter (a) Increases through issues Fully paid ATV – placements – exercise ATVO options – exercise ATVAK options (b) Decreases through returns of capital, buy-backs				
	32,412,149	32,412,149		
	15,584,299	15,584,299		
	60,000			
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	0	0	\$0.12	01.11.07
– ATVAI	2,200,000		\$0.20	31.12.08
– ATVAK	4,550,000		\$0.15	22.08.10
– ATVAM	3,000,000		\$0.15	14.10.10
– ATVAO	7,500,000		\$0.15	27.12.08
7.8 Issued during quarter – ATVAO	2,500,000		\$0.15	27.12.08
7.9 Exercised during quarter – ATVO – ATVAK	15,584,299 60,000	15,584,299	\$0.12 \$0.15	
7.10 Expired during quarter – ATVO	821,760	821,760	\$0.12	
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 January 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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+ See chapter 19 for defined terms.