

## **PROSPECTUS**

### **Non-renounceable Rights Issue**

Prospectus for a non-renounceable rights issue of 1 New Share for every 20 fully paid ordinary shares held at 12 cents per New Share to raise approximately **\$1.26 million** before expenses.

**The last date for applications and payment to be received is 5:00 pm (Sydney Time) on Monday 20 October 2008.**

### **IMPORTANT NOTICE**

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your professional adviser without delay. The New Shares offered under this Prospectus should be considered as speculative.

# CONTENTS

IMPORTANT INFORMATION .....	2
SUMMARY OF THE OFFER .....	4
KEY OFFER DETAILS .....	5
LETTER FROM THE CHAIRMAN .....	6
1 Details of the Issue and Terms of the Offer .....	7
2 Answers to Key Questions.....	10
3 Your options under the Rights Issue.....	12
4 Overview of Atlantic.....	14
5 Effect of the Issue on the Company.....	16
6 Risk Factors.....	18
7 Additional Information .....	22
8 Directors' Consent and Lodgement .....	29
9 Definitions.....	30
10 Corporate Directory.....	32
Entitlement and Acceptance Form .....	Loose leaf

## IMPORTANT INFORMATION

This Prospectus is dated **22 September 2008** and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No shares will be issued on the basis of this Prospectus more than 13 months after the date of this Prospectus.

The Prospectus sets out information in relation to the non-renounceable offer by Atlantic of New Shares in the share capital of Atlantic Gold NL (**Atlantic**) (**Offer**).

Atlantic will apply for admission of the New Shares to quotation on ASX within 7 days after the date of this Prospectus. The fact that ASX may grant Official Quotation of the New Shares is not to be taken in any way as an indication of the merits of Atlantic or the New Shares.

### **This is an important document**

It is important that you carefully read this Prospectus in its entirety before deciding to invest in Atlantic and, in particular, that you consider the risk factors that could affect the financial performance of Atlantic. In addition to the general risks applicable to all investments in listed companies (which are further described in section 6.1), there are specific risks associated with an investment in Atlantic. These risks are discussed in section 6.2 of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

### **Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Atlantic in connection with the Offer. Neither Atlantic nor any other person warrants the future performance of Atlantic or any return on any investment made under this Prospectus, except as required by law and then only to the extent so required.

### **Ineligible shareholders**

This Prospectus contains an Offer only to persons (including individuals and corporate entities) with registered addresses in Australia or New Zealand.

This Offer is not extended to, and no New Shares are offered or will be issued to, persons with registered addresses outside of Australia and New Zealand. Atlantic considers it unreasonable to extend the Offer to those Shareholders with registered addresses in jurisdictions outside Australia and New Zealand having regard to the small number and value of the New Shares that would be offered in such jurisdictions and the cost of complying with the legal and regulatory requirements in those jurisdictions.

However, non Australian and New Zealand resident shareholders can apply for an allocation of Shares under the same terms as this Offer. Subject to relevant legislation and regulations in the country of domicile of the Shareholder, the Board may allocate a portion of any Shortfall to non Australian and New Zealand resident shareholders who have applied for an allocation of shares.

## **Foreign jurisdictions and restrictions on the distribution of this Prospectus**

This Prospectus has been prepared to comply with the requirements of the securities laws of Australia.

This Prospectus and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of New Shares in any place outside Australia and New Zealand unless the person to whom the Prospectus and the accompanying Entitlement and Acceptance Form has been sent has been expressly and personally invited in writing by Atlantic to participate in the Offer. The distribution of this Prospectus and the accompanying Entitlement and Acceptance Form outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus and the accompanying Entitlement and Acceptance Form should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Without limitation, neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent or passed to persons outside Australia and New Zealand or otherwise distributed outside Australia and New Zealand.

In particular, the Offer has not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and is not being made in the United States or to persons resident in the United States. Without limitation, neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be sent to investors in the United States or otherwise distributed in the United States.

The New Shares being offered to residents of New Zealand under this Prospectus are offered in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Prospectus is not an investment statement or

prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Prospectus complies with Australian disclosure requirements. These disclosure requirements may be different from those applicable in other jurisdictions. The financial information included in this Prospectus was prepared with a view towards compliance with Australian practice and not that of any other jurisdiction.

## **Electronic Prospectus**

This Prospectus may be viewed online at [www.asx.com.au](http://www.asx.com.au) and [www.atlanticgold.com.au](http://www.atlanticgold.com.au). If you are an Eligible Shareholder and have access to an electronic version of this Prospectus, you should ensure that you download and read the entire document. The electronic version of this Prospectus will not include an Entitlement and Acceptance Form. The Entitlement and Acceptance Form will be mailed to Eligible Shareholders together with a hard copy of this Prospectus.

## **Defined terms and abbreviations**

Terms and abbreviations used in this Prospectus are defined in section 8 of this Prospectus.

## **Application for New Shares**

If you wish to apply for New Shares, you must complete and return the personalised Entitlement and Acceptance Form which accompanies this Prospectus, with payment, by the Closing Date. If you have not received a personalised Entitlement and Acceptance Form, please contact Julie Fidler on +61 2 9929 6633.

## SUMMARY OF THE OFFER

### The Offer

Atlantic is offering approximately 10.5 million New Shares at \$0.12 per New Share to raise approximately \$1.26 million before expenses under this Prospectus, on the basis of 1 New Share for every 20 fully paid ordinary shares in Atlantic (Shares) held on the Record Date (5.00pm Sydney Time on 1 October 2008) (**Offer**).

The number of New Shares to which you are entitled is shown on the Entitlement and Acceptance Form accompanying this Prospectus.

Under the terms of a loan agreement between Atlantic and CRX Investments Pty Limited (**CRX**), a private investment group, CRX has a right to require that any proceeds received from an equity issue are used to repay amounts owing to them under the loan. CRX have agreed to waive their right to repayment out of funds raised by this Rights Issue. The terms of that waiver are set out in section 7.13 of this Prospectus.

### Reasons for the Offer

The purpose of the Offer, and the intended use of the funds raised by the Offer, is to:

- purchase selected land titles required to further develop the Touquoy Gold Project; and
- assist with short-term working capital requirements.

## KEY OFFER DETAILS

### Key financial data relating to the Offer

New Share issue Price	\$0.12
Rights Issue ratio	1 New Share for every 20 Shares held by Eligible Shareholders on the Record Date
Number of New Shares to be issued	Approximately 10.5 million
Amount to be raised under the Offer	Approximately \$1.26 million (before expenses)
Number of Shares on issue following completion of the Offer	220,361,086

### Key Dates\*

<b>Announcement Date:</b>	
Announcement of the Rights Issue and lodgement of Prospectus with ASIC	22 September 2008
<b>Ex Date:</b>	
The date on which Atlantic Shares commence trading without the entitlement to participate in the Offer	25 September 2008
<b>Record Date:</b>	
The date for determining entitlements of Shareholders to participate in the Offer (at 5:00 pm Sydney Time)	1 October 2008
<b>Prospectus sent to Shareholders:</b>	
Anticipated despatch of Prospectus and Entitlement and Acceptance Forms	3 October 2008
<b>Closing Date:</b>	
The last day for receipt of Entitlement and Acceptance Forms and payment (at 5:00 pm Sydney Time)	20 October 2008
<b>Trading of New Shares:</b>	
Date on which New Shares will begin trading on ASX on a deferred settlement basis	21 October 2008
<b>Despatch Date:</b>	
Anticipated entry of New Shares into uncertified accounts	28 October 2008
<b>Normal Trading:</b>	
Date on which normal trading of New Shares commences	29 October 2008

## CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder,

At the Company's Annual General Meeting held on 30 May 2008, I noted the significant advances that have been achieved towards development of the Touquoy Gold Project in Nova Scotia, Canada and the various avenues of funding we are contemplating to bring the project into operation and to maintain our other exploration interests. We are continuing to investigate various forms of potential finance, however we do not underestimate the difficulties we face in the current challenging and volatile financial climate.

After having carefully considered the various funding alternatives we are now pleased to offer to shareholders the chance to participate in a non-renounceable rights issue of ordinary shares to raise approximately \$1.26 million (before expenses).

The Offer is a non-renounceable rights issue which provides Shareholders with the right to subscribe for one New Share for every twenty Shares held at an issue price of 12 cents per New Share. The Offer does not apply in relation to partly paid shares held in Atlantic. If fully subscribed the Offer will raise approximately \$1.26 million before expenses, which are expected to be approximately \$35,000 exclusive of GST.

The Directors or their related associates have indicated their intention to take up the full entitlements that they have been allocated.

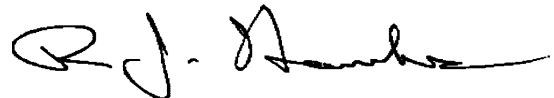
The funds raised will facilitate the further development of the Touquoy Gold Project. This non-renounceable rights issue will be used to:

- fund the purchase of selected land titles required to further develop the Touquoy Gold Project; and
- assist with short-term working capital requirements.

To apply for New Shares under the Offer, you must complete and return the Entitlement and Acceptance Form accompanying this Prospectus, with payment, no later than 5:00 pm Sydney Time on Monday 20 October 2008.

I invite you to read the Prospectus in its entirety. On behalf of the Board of Atlantic, I recommend this Offer to you and encourage your participation.

Yours sincerely



Ronald J Hawkes,  
Chairman  
22 September 2008

# 1 DETAILS OF THE ISSUE AND TERMS OF THE OFFER

This section is intended to provide information on the Offer under this Prospectus.

## 1.1 This Offer

Atlantic is making a non-renounceable Offer to Eligible Shareholders to subscribe for New Shares on the basis of 1 New Share for every 20 Shares held as at 5:00 pm Sydney Time on the Record Date at an issue price of 12 cents per New Share.

## 1.2 Use of the proceeds of Offer

The funds raised will be used to:

- purchase selected land titles required to further develop the Touquoy Gold Project; and
- assist with short-term working capital requirements.

If the Offer is not fully subscribed, Atlantic will be constrained in its ability to expand the Touquoy Gold Project or undertake its other activities.

The intended use of the proceeds of the Offer is set out in more detail in section 4.3.

## 1.3 Your Entitlement

Your Entitlement, that is, the number of Rights you have (or, the number of New Shares to which you are entitled) under the Offer is shown on the Entitlement and Acceptance Form accompanying this Prospectus. Fractional entitlements to New Shares will be rounded up to the nearest whole number.

Your Rights are non-renounceable, which means that Eligible Shareholders may not transfer, dispose of or otherwise deal with any part of their Entitlement that they do not take up. There will be no trading of Rights on ASX.

The Record Date for the purpose of the Offer is 5:00 pm Sydney Time on Wednesday 1 October 2008. Persons with registered addresses in Australia or New Zealand who are registered as the holders of Shares on the Record Date (**Eligible Shareholders**), will be entitled to participate in the Offer.

## 1.4 Closing date

The Company will accept applications from the date of this Prospectus until 5:00 pm Sydney Time on Monday 20 October 2008 or such other date as the Directors in their absolute discretion may determine subject to the requirements of the ASX Listing Rules. Applications for Shortfall New Shares will be accepted after that date.

## 1.5 Total number of New Shares to be issued

The total number of New Shares to be issued pursuant to this Offer will be approximately 10.5 million (the exact numbers will depend on rounding-up of individual holdings and the level of acceptances of the Offer).

The gross proceeds (before costs) of this Offer will be approximately \$1.26 million. The expenses of the Offer are expected to be approximately \$35,000 exclusive of GST.

## 1.6 Application for Shortfall New Shares

Eligible Shareholders, excluding related parties of the Company, unless approved by shareholders, may apply to take up any Shortfall in excess of their pro-rata right or entitlement to New Shares. Eligible Shareholders may apply for Shortfall New Shares by indicating on the Entitlement and Acceptance Form the number of Shortfall New Shares for which they wish to apply.



Subject to the Corporations Act 2001 and the requirements of the ASX Listing Rules, the Directors reserve the right to place Shortfall New Shares at their discretion within three months of the Closing Date of the Offer. Surplus Application Monies will be returned to applicants without any interest.

### **1.7 Entitlements not taken up**

The Offer in the terms of the Issue may be accepted in whole or in part. If Eligible Shareholders decide not to accept all or any part of their entitlement to New Shares under the Issue, their entitlement to those New Shares not accepted will lapse and those New Shares will become Shortfall shares to which sections 1.6 and 1.8 will apply.

### **1.8 Placement of Shortfall**

This Offer is not underwritten. If there is a Shortfall, the Directors reserve the right, at their discretion, to place the Shortfall to third parties and/or Eligible Shareholders who have applied for Shortfall New Shares within 3 months of the Closing Date.

If any New Shares under the Shortfall are offered to any person, that offer will be made on the basis of this Prospectus.

### **1.9 Issue of New Shares**

Atlantic expects to issue the New Shares on or before Tuesday 28 October 2008. No issue of New Shares will be made unless permission is granted for quotation of the New Shares on ASX.

Application Monies will be held in trust for applicants in a subscription account until New Shares are allotted to such applicants. Interest earned on Application Monies will be for the benefit of Atlantic and will be retained by Atlantic irrespective of whether New Shares are issued.

### **1.10 ASX quotation**

Atlantic will apply for admission of the New Shares to quotation on ASX within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the New Shares within 3 months after the date of this Prospectus, Atlantic will not issue any New Shares and will repay all Application Monies within the time prescribed under the Corporations Act, without interest.

### **1.11 Ranking**

The New Shares will rank equally with existing Shares from the time they are issued. A summary of the rights attaching to the New Shares (and existing Shares) is set out in section 7.4.

### **1.12 Market prices of Shares**

The lowest and highest market sale prices of Shares on ASX during the 3 months immediately preceding the lodgement date of this Prospectus, and the respective dates of those sales, were:

- highest price was 17 cents on 5 and 23 June 2008; and
- lowest price was 10.5 cents on 13 and 14 August 2008.

The last sale price for Shares on ASX on Friday 19 September 2008, being the last day of trading of Shares prior to the date of this Prospectus, was 13.5 cents.

### **1.13 Ineligible shareholders**

This Prospectus contains an Offer to Eligible Shareholders with a registered address in Australia or New Zealand.

Eligible Shareholders with a registered address in Australia or New Zealand who hold Shares on the Record Date on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up the New Shares under the Offer does not breach securities law in the relevant overseas jurisdictions. Return of a duly completed Entitlement and Acceptance Form will be taken by Atlantic to constitute a representation that there has been no breach of such laws.

Subject to compliance with relevant legislation in their country of domicile non Australian or New Zealand resident shareholders can apply for an allocation of Shares under the shortfall provisions. Refer to sections 1.6 and 1.8.

#### **1.14 Taxation implications**

The Board considers that it is not appropriate to provide advice regarding the taxation consequences of subscribing for New Shares under this Prospectus in any tax jurisdiction.

Atlantic recommends that Eligible Shareholders consult their own independent accountant, legal adviser or other professional adviser regarding the taxation treatment of subscribing for and disposing of New Shares under this Rights Issue. Atlantic and its officers and advisers do not accept any responsibility or liability for any taxation consequences of Eligible Shareholders subscribing for and disposing of New Shares.

#### **1.15 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form, together with the Application Monies for the number of New Shares applied for, cannot be withdrawn and constitutes a binding application for the number of New Shares and Shortfall New Shares (if any) specified in the Entitlement and Acceptance Form on the terms set out in this Prospectus. The Entitlement and Acceptance Form does not need to be signed to be binding.

In relation to the Offer to Eligible Shareholders, Atlantic will not process applications until the expiry of the Offer Period. No preference will be conferred on applications on the basis of when those applications were received in the Offer Period.

If the Entitlement and Acceptance Form is not completed correctly, Atlantic in its absolute discretion can reject it or treat it as valid. Atlantic's decision as to whether to accept or reject an Entitlement and Acceptance Form or how to construe, amend or complete it is final.

#### **1.16 Enquiries**

Enquiries concerning the Entitlement and Acceptance Form should be directed to [enquiries@atlanticgold.com.au](mailto:enquiries@atlanticgold.com.au) or Julie Fidler on +61 (0)2 9929 6633.

## 2 ANSWERS TO KEY QUESTIONS

QUESTION	ANSWER
<b>What is the Offer?</b>	One (1) New Share for every twenty (20) Shares held at Record Date at an Issue Price of twelve (12) cents per New Share. The Offer is expected to raise approximately \$ 1.26 million before expenses.
<b>Who can participate in the Offer?</b>	<p>Only Eligible Shareholders can participate in the Offer. Eligible Shareholders are persons who are registered holders of Shares on the Record Date with registered addresses in Australia or New Zealand.</p> <p>Non Australian or New Zealand resident shareholders can apply for an allocation of Shares under the same terms as the Offer. Subject to the warning set out in this Prospectus, the Board, subject to availability and relevant regulations in the country of domicile of the Shareholder, may allocate a portion of the Shortfall to non Australian or New Zealand resident shareholders.</p>
<b>How much do I have to pay to participate in the Offer?</b>	The Issue Price for a New Share is twelve (12) cents. You may subscribe for all, or part of, your Entitlement, or more than your Entitlement by applying for Shortfall New Shares (however, as set out in section 1.8, any Shortfall will be placed at the discretion of the Directors).
<b>What are the terms of the New Shares?</b>	The New Shares issued under the Offer will rank equally with existing Shares. The rights and liabilities attaching to Shares (and New Shares) are detailed in section 7.4.
<b>Is the Offer underwritten?</b>	The Offer is not underwritten. If there is any Shortfall, the Directors reserve the right, in their discretion, to place that Shortfall. See sections 1.6 and 1.8 for further details.
<b>What is the purpose of the Offer?</b>	The funds raised will be used to purchase land required for the further development of the Touquoy Gold Project and assist with working capital needs. Refer to section 4.3 for further details.
<b>What are my options?</b>	<p>You may either:</p> <ul style="list-style-type: none"><li>▪ take up all or part of your Entitlement;</li><li>▪ take up all of your Entitlement and apply for additional Shortfall New Shares (as set out in section 1.8, any Shortfall will be placed at the discretion of the Directors).; or</li><li>▪ do nothing and allow your Entitlement to New Shares to lapse with any Shortfall to be placed at the Directors' discretion.</li></ul> <p>Please read the Prospectus carefully before selecting an option.</p>

QUESTION

**How do I exercise my Rights?**

ANSWER

If you are an Eligible Shareholder, and you wish to subscribe for all or some of the New Shares making up your Entitlement (and New Shortfall Shares in addition to your Entitlement) you must complete the Entitlement and Acceptance Form accompanying this Prospectus, and forward it, with your Application Monies, to:

Rights Issue  
Atlantic Gold NL  
Suite 701, 220 Pacific Highway  
Crows Nest NSW 2065.

Atlantic must receive your Entitlement and Acceptance Form by the Closing Date.

If you have not received an Entitlement and Acceptance Form, please contact Julie Fidler on +61 (0)2 9929 6633.

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**Can I sell or transfer my Rights?**

No, as the Offer is non-renounceable, you cannot sell or transfer any of your Rights. There will be no trading of Entitlements on ASX.

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**Is there a cooling off period?**

No, there is no cooling off period. As such, in most circumstances, you cannot withdraw an application for New Shares or Shortfall New Shares once the Entitlement and Acceptance Form and Application Monies have been received by Atlantic.

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**How can I obtain further information?**

Atlantic encourages you to seek advice from your financial or other professional adviser.

Enquiries concerning the Entitlement and Acceptance Form or this Prospectus should be directed to [enquiries@atlanticgold.com.au](mailto:enquiries@atlanticgold.com.au) or to Julie Fidler on +61 (0)2 9929 6633.

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## 3 YOUR OPTIONS UNDER THE RIGHTS ISSUE

### 3.1 Entitlement

Your Entitlement is shown on the accompanying Entitlement and Acceptance Form. Before taking any action in relation to the Offer, you should read this Prospectus in its entirety, and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

You may:

- take up all or part of your Entitlement;
- take up all of your Entitlement and apply for additional Shortfall New Shares (as set out in section 1.8, any Shortfall will be placed at the discretion of the Directors); or
- do nothing and allow your Entitlement to New Shares to lapse with any Shortfall to be placed at the Directors' discretion in accordance with section 1.8.

### 3.2 Take up all or part of your Entitlement

If you wish to take up all or part of your Entitlement:

- complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form, specifying the amount of your Entitlement you wish to take up; and
- ensure your application and Application Monies are received by the Company at:
  - Right Issue
  - Atlantic Gold NL
  - Suite 701, 220 Pacific Highway
  - Crows Nest NSW 2065
  - Facsimile: +61 (0)2 9929 9366

**by 5.00 pm Sydney Time on the Closing Date**

(the Closing Date is currently Monday 20 October 2008, but Atlantic reserves the right to extend the Offer).

### 3.3 Take up all of your Entitlement and apply for additional Shortfall New Shares

If you wish to take up all of your Entitlement and apply for any Shortfall New Shares:

- complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form, specifying that you wish to take up the total amount of your Entitlement and the amount of Shortfall New Shares you wish to take up (as set out in section 1.8, any Shortfall will be placed at the discretion of the Directors); and
- ensure your application and Application Monies are received by the Company at:

Right Issue  
Atlantic Gold NL  
Suite 701, 220 Pacific Highway  
Crows Nest NSW 2065  
Facsimile: +61 (0)2 9929 9366

**by 5.00 pm Sydney Time on the Closing Date**

(the Closing Date is currently Monday 20 October 2008, but Atlantic reserves the right to extend the Offer).

### 3.4 Do nothing

If you do nothing, your Entitlement will lapse. The Directors may determine to issue any Shortfall at their discretion within 3 months after the Closing Date. Any issue of the Shortfall will not be at a price that is less than the Issue Price under this Prospectus. Although you will continue to own the same number of Shares in Atlantic, your percentage shareholding in Atlantic will be diluted.

Please carefully read this Prospectus in its entirety before making your decision.

### 3.5 Form of payment

Payments of Application Monies will only be accepted in Australian currency and may only be made by one of the following methods:

- Bank cheque drawn on and redeemable at any Australian bank; or
- Personal cheque drawn on and redeemable at any Australian bank. Eligible Shareholders must ensure there are sufficient funds in the account on which the personal cheque is drawn so that the cheque clears in favour of Atlantic when it is first presented for payment.

Cheques or bank cheques should be made payable to “**Atlantic Gold NL – Rights Issue**” and crossed “**Not Negotiable**”. Eligible Shareholders are asked not to forward cash. Receipts for payment will not be provided.

## 4 OVERVIEW OF ATLANTIC

### 4.1 Background

The Company was incorporated on 17 November 1993 and was listed as Diamond Ventures NL on ASX on 29 March 1994. In January 1999 control of the Company passed to the present interests and since that time corporate focus has been directed to exploration for gold with the objective of increasing shareholder value through the discovery of gold reserves and the establishment of profitable mining operations. With this objective developing momentum in Atlantic, Canada, the company name was changed to Atlantic Gold NL in June 2005.

In May 2003, Atlantic acquired an option to earn a controlling interest in the Touquoy Gold Project located 100 km from Halifax, Nova Scotia, Canada. By the end of 2005, Atlantic had 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.

With conclusion of an option agreement with Scorpio Mining Corporation in respect of the Cochrane Hill advanced exploration property, Atlantic now has control over more than one million ounces (approximately 600,000 ounces on an equity basis) of contained gold resources located within an 80km radius of the proposed Touquoy Gold Project processing plant.

Subject to receipt of the required approvals to mine from the Nova Scotia government, acquisition of appropriate funding and accommodation of those risks identified in section 6 of this Prospectus, Atlantic anticipates that the Touquoy Gold Project processing plant will be operational at full capacity early in 2010.

### 4.2 Atlantic's strategy

Atlantic's immediate strategic business objectives are:

- to develop a profitable mining operation at the Touquoy Gold Project site located 100 kilometres from Halifax in Nova Scotia, Canada;
- to develop and upgrade gold resources and reserves at the Cochrane Hill advanced exploration property, and
- to continue to build a valuable asset base of gold mining and exploration properties in the Touquoy district through exploration activities and acquisition.

The key to Atlantic's growth lies in its ability to discover, identify and acquire attractive resources and develop these resources into a stable of profitable and environmentally sustainable mining operations. In the short term, Atlantic is focused on developing the Touquoy Gold Project, advancing the Cochrane Hill Gold Project and continuing its exploration activities in Nova Scotia using these as a base for future growth.

### 4.3 Use of funds

The Offer seeks to raise approximately \$1.26 million before expenses. These funds will be used to:

- purchase selected land titles required to further develop the Touquoy Gold Project; and
- assist with short-term working capital requirements.

The intended use of the funds raised by the Offer is summarised in the following table.

## APPLICATION OF FUNDS

100% SUBSCRIBED

Purchase of selected land titles at the Touquoy Gold Project site to further develop the Touquoy Gold Project	1,086,000
Short term working capital requirements (including costs of the Offer)	174,000
<b>Total</b>	<b>1,260,000</b>

The actual amount of expenditure may vary from the table above.

#### 4.4 Consequences if the Offer does not proceed

The use of proceeds will be directly affected by the level of acceptance received under the Offer. If less than the full amount of New Shares under the Offer is taken up or placed by the Directors, the Company will be limited in its ability to further develop the Touquoy Gold Project or undertake its other activities as Atlantic will:

- have insufficient funds available to progress the development of the Touquoy Gold Project including the purchase of the selected land titles;
- need to seek other capital raising opportunities that may not be as advantageous to existing Shareholders; and
- either suffer significant delays in the development of the Touquoy Gold Project or need to consider other alternative strategies for the Touquoy Gold Project.

#### 4.5 The Directors

**Mr Ronald J Hawkes** BSc, FAusIMM, FGAC

Non-Executive Chairman

Ron, a geologist, was appointed to the Atlantic Board in 1999. He was formerly Managing Director of Plutonic Resources Limited and has over 42 years experience in the mining industry. Plutonic Resources Limited was a highly successful

exploration and mining company that grew from modest beginnings in 1985 to be valued at more than \$1 billion when it was taken over by Homestake Mining Company in 1998.

**Mr Wally R Bucknell**

BSc(Hons), FAusIMM, FGAC, MSEG

Executive Director

Wally, also a geologist, was appointed to the Atlantic Board in 1999. He was formerly General Manager – Exploration of Plutonic Resources Limited and has over 38 years experience in the mining industry. During the 1990s Plutonic discovered over 11 million resource ounces of gold including the Plutonic Gold mine (over 6 million ounces gold) and Darlot/Centenary Gold mine (over 2 million ounces gold). Wally was awarded the prestigious Prospector of the Year in 1999.

**Mr Robert H N Symons** BA LLB(Hons)

Non-Executive Director

Robert was appointed to the Atlantic Board in 2005. He is General Counsel and practice director and a former partner of the law firm Deacons and has extensive experience in many aspects of corporate and commercial legal practice with particular expertise in resources, energy and infrastructure.



## 5 EFFECT OF THE ISSUE ON THE COMPANY

### 5.1 Structure of Capital Raising

The capital raising will consist of the Offer of approximately 10.5 million New Shares under this Offer at \$0.12 per New Share for a total cash consideration of approximately \$1.26 million.

As at the date of this Prospectus, Atlantic has 209,867,701 Shares, 30,286,342 partly paid shares and 38,385,089 Options on issue. After the successful conclusion of the Offer, Atlantic will have approximately 220.4 million Shares on issue.

The following table shows the current capital structure position and post-Offer capital structure position of Atlantic:

	CURRENT CAPITAL STRUCTURE	ISSUED DUE TO OFFER	CAPITAL STRUCTURE POST-OFFER
Shares	209,867,701	10,493,385	220,361,086
Partly paid ordinary shares	30,286,342		30,286,342
Options – Expire 31 Dec 2008 @ \$0.20	2,200,000		2,200,000
Options – Expire 30 Oct 2009 @ \$0.18	21,735,089		21,735,089
Options – Expire 27 Dec 2009 @ \$0.15	7,500,000		5,000,000
Options – Expire 22 Aug 2010 @ \$0.15	4,550,000		4,550,000
Options – Expire 14 Oct 2010 @ \$0.15	400,000		400,000
Options – Expire 28 Aug 2012 @ \$0.155	2,000,000		2,000,000

### 5.2 Pro-forma Unaudited Consolidated Balance Sheet

The pro-forma unaudited consolidated balance sheet of Atlantic set out below has been prepared to illustrate the financial position of Atlantic following completion of the Offer. This pro-forma unaudited consolidated balance sheet is intended to be illustrative only and will not necessarily reflect the actual position and balances as at the date of this Prospectus or at the conclusion of the Offer.

Pro-forma post-capital raising balance sheet assuming a 100% subscription based on 30 June 2008 reported half year results follows:

	CONSOLIDATED 30 JUNE 2008 \$	100% SUBSCRIBED \$	UNAUDITED PRO FORMA \$
<b>Current assets</b>			
Cash and cash equivalents	1,408,997	140,000	1,548,997
Trade and other receivables	184,319		184,319
Other current assets	212,469		212,469
<b>Total current assets</b>	<b>1,805,785</b>	<b>140,000</b>	<b>1,945,785</b>
<b>Non-current assets</b>			
Other financial assets	71,280		71,280
Property, plant and equipment	355,647	1,086,000	1,441,647
Exploration and evaluation expenditure	11,303,736		11,303,736
<b>Total non-current assets</b>	<b>11,730,663</b>	<b>1,086,000</b>	<b>12,816,663</b>
<b>TOTAL ASSETS</b>	<b>13,536,448</b>	<b>1,226,000</b>	<b>14,762,448</b>
<b>Current liabilities</b>			
Trade and other payables	355,497		355,497
Loan and borrowings	1,205,418		1,205,418
Employee benefits	52,220		52,220
<b>Total current liabilities</b>	<b>1,613,135</b>		<b>1,613,135</b>
<b>Non-current liabilities</b>			
Loan and borrowings			
Employee benefits	57,200		57,200
<b>Total non-current liabilities</b>	<b>57,200</b>		<b>57,200</b>
<b>TOTAL LIABILITIES</b>	<b>1,670,335</b>		<b>1,670,335</b>
<b>NET ASSETS</b>	<b>11,866,113</b>	<b>1,226,000</b>	<b>13,092,113</b>
<b>Equity</b>			
Issued capital	31,160,130	1,226,000	32,386,130
Reserves	(729,880)		(729,880)
Accumulated losses	(18,564,137)		(18,564,137)
<b>TOTAL EQUITY</b>	<b>11,866,113</b>	<b>1,226,000</b>	<b>13,092,113</b>

Pro forma adjustments underlying the pro forma balance sheet are:

- Gross proceeds from the Right Issue of \$1.26 million with costs of the Issue being \$35,000.
- The Application Monies received have been recorded as cash and cash equivalents.
- The cost of the Issue will be treated as reduction in Issued Capital.
- Issue of shares on exercise of Options (see ASX announcement 26 August 2008).
- Payments required for purchases of land are approximately A\$1.086 million (Canadian \$934,240).

## 6 RISK FACTORS

There are a number of risk factors which could adversely impact Atlantic's performance and the value of its Shares. Eligible Shareholders should consider these risk factors and should consult their stockbroker, accountant, lawyer or other professional adviser before deciding whether to subscribe for New Shares under the Offer.

The following is not an exhaustive summary, but points to some of the risks that are peculiar to a company involved in mining and exploration. Any one or a combination of such risks could affect the Company adversely and thus the value of any investment in the Company. The Board is unable to speculate as to the extent of such adversity, and thus an investment in the Company should be regarded as speculative.

### 6.1 General risk factors

#### Economic conditions

The performance of Atlantic may be significantly affected by changes in economic conditions, and particularly conditions which affect the mining sector. Profitability of the business may be affected by factors such as market conditions, interest rates, inflation and global gold prices.

#### Geo-political factors

Atlantic may be affected by the impact that geo-political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically.

#### Australian and foreign government policies & legislation

Atlantic may be affected by changes to government policies and legislation (both in Australia and in foreign jurisdictions) including those relating to property, the environment, superannuation, taxation, the regulation of trade practices and competition, government grants and incentive schemes.

#### Share market conditions

Atlantic, being a company listed on ASX, is subject to the market forces that influence the broad share market trends and the price of securities of individual companies. Recent global political and economic events, including the continuing terrorist threats, may cause share price fluctuations in the Australian share market and globally. Accordingly, assuming that the New Shares are granted Official Quotation on ASX, they may trade on ASX at higher or lower prices than the Issue Price.

#### War

Anywhere in the world could result in an outbreak of hostilities in a particular region. There could be a resultant material adverse effect on the business, financial condition and financial performance of the Company.

#### Competition Risk

The structure of the markets in which the Company operates may alter or new competitors may enter some or all of those markets, resulting in increased competition. Increased competition may result in lower prices, operating margins and profit for the Company.

#### Operational Risks

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees or contractors (through personal injuries, industrial matters or otherwise) or any other cause, including strikes, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of Atlantic.

## **6.2 Specific risk factors**

In addition to the above, there are a number of specific risks concerning Atlantic of which potential investors should be aware. The following is not an exhaustive summary, but points to some of the risks that are specific to Atlantic. Any one or a combination of such risks could affect Atlantic adversely and thus the value of any investment in Atlantic.

Like other companies at a similar stage of development, the Company faces a number of risks, both general and project-specific, including but not limited to the risks set out below.

### **Capital of the Business**

If unexpected events and consequent losses deplete the capital of Atlantic, there can be no assurance that the capital markets will provide the capital and/or debt funds necessary to sustain Atlantic.

### **Taxation Risks**

Atlantic seeks to comply with all taxation laws and seeks professional advice on its taxation compliance programme. Nevertheless, the complexity of taxation laws creates a risk for Atlantic.

### **Exploration and mining risks**

Mineral exploration is a highly speculative activity. There are risks involved in the development of ore bodies and the production of minerals. Factors such as sample representivity, continuity of mineralisation, evaluation techniques utilised for the estimation of mineral resources and ore reserves will necessarily impact on the accuracy of the estimation and on production forecasts and costs. Production levels and costs can also be adversely affected by factors beyond the control of management.

The Company has not managed a mining operation in Canada. However, two of the Directors have considerable experience in planning and managing exploration activities in Canada. The Company will also use its extensive Australian mining experience and its network of well respected consultants and contacts, together with Canadian professional expertise to assist in making commercial judgements in respect of its Canadian activities.

### **Market conditions**

The ability of the Company to benefit from the production of minerals, the acquisition or divestment of mineral properties, and investments in or mergers with resource companies will depend, to some extent, on market factors. Most of the Company's revenues will be derived from the sale of gold. As a consequence, the Company's earnings and cash flows will be affected by changes in the price of gold. World market prices for gold and metals are subject to many variables and may fluctuate substantially.

The factors that will influence the price of gold include, but are not limited to, supply and demand, forward selling, general world economic conditions and the outlook for interest rates, exchange rate, inflation and other commodity prices. These factors may have an adverse affect on the Company's exploration, development and production activities as well as its ability to fund those activities.

### **Legislative amendments**

There may be changes to the Income Tax Assessment Act, the Corporations Act 2001 or other legislation or government policy, which may be detrimental to participants or investors in the resources industry.

### **Native title**

It is possible that there may exist on tenements in which the Company has an interest, or may acquire an interest, a form of native title which could result in exploration/mining restrictions and/or claims for compensation.

### **Touquoy Gold Project**

Development of the Touquoy Project is dependent upon the necessary approvals being obtained from the Nova Scotia government and the economics of the Touquoy Gold Project. As stated in the Chairman's Letter to shareholders in this Prospectus that before development of Touquoy Gold Project can commence Atlantic will need to raise additional funds. Atlantic may not be able to raise those funds at all or on terms acceptable to it.

As at the date of this Prospectus, Atlantic has submitted its formal application for industrial approval and a mining lease. Industrial approval is conditional upon access to all surface titles and grant of the mining lease will be subject to posting of a reclamation bond. Receipt of industrial approval and granting of the mining lease will complete regulatory permitting necessary to commence site development

As reported in the June 2008 quarterly report, acquisition of surface lands is required and is one of the purposes of this fundraising. The application for industrial approval submitted in mid-July remains under review and that its approval is subject to the Company's establishment of ownership or access rights to all surface titles at the site and submission of certain drawings stamped by a professional engineer licensed to practice in Nova Scotia. There are other land titles that need to be acquired which are not part of the use of funds of this fundraising. The application for a Mining Lease also continues to be reviewed with formal request for further details pertaining to resource estimation and pit design likely to be made. The Directors believe that these details can be readily provided. Grant of the Mining Lease is subject to lodgement of a reclamation bond, the amount of which is yet to be advised. Demonstration by the lessee that it has legal access to surface titles in order to undertake mining is also a provision of the provincial Mineral Resources Act.

Until these approvals are obtained and the surface land acquired, then development of the Touquoy Gold Project will not be able to proceed. If there are significant delays in obtaining the required approvals then these delays may adversely impact the economics of the project and Atlantic's ability to successfully complete the next fund raising as planned. Delays in gaining the required approvals increase the risk of a change in the general risk factors, in particular the economic outlook, which may adversely impact the economics of the Touquoy Gold Project.


If there are significant adverse movements in economic factors such as the gold price and/or interest rates the economic viability of the Touquoy Gold Project may be adversely impacted, and development of the Touquoy Gold Project may be delayed or not be able to proceed.

### **Financial risks**

The Company may seek to acquire further assets and businesses, and form strategic alliances, to develop its projects. The ability of the Company to develop the Touquoy Gold Project will depend in part on its ability to raise funds (including under this Offer) or to secure appropriate funding arrangements or both. Various avenues to finance our current and longer term needs are being explored. However no assurances can be given that such funding will be available, or that it will be available on terms acceptable, to the Company. This may adversely affect the Company.

### **Key employee risks**

The future success of the Company may depend in part on its continued access to highly qualified scientific, technical and managerial personnel. Competition for such staff is intense. Further, much of the intellectual property and developed know-how resides in the Company's staff or those under contract. The loss of key staff could have a material



adverse effect on the Company. While the Company seeks to ensure that the services of key personnel are retained, no assurances can be given that the Company will continue to retain and attract the key staff required by the business.

**Risks related to investment in resources**

Exploration and/or development of resources generally are subject to high levels of risk.

Commodities are subject to high levels of volatility in price and demand.

**Discovery risks**

Any discovery of minerals may not be commercially viable or recoverable.

**Climatic risks**

The risk of adverse weather conditions that may affect production and exploration.

**Environmental risks**

Following cessation of production from operations, the Company may be required to participate in clean-up programs resulting from any contamination from operations in which it participates, removing disused plant and equipment and, where necessary, restoring land that has been disturbed in the course of operations. The cost of that cleanup may be considerable if operations result in significant environmental liabilities being incurred. In such a case, any allowance made for rehabilitation in the cash flow projections would be inadequate.

**Production risks**

There can be no assurance given that the Company will achieve production from any of its projects. The capacity of the Company to achieve production will depend on a wide range of factors including capital costs and operating costs that may be applicable to the individual projects and the capacity of the Company to fund those costs. If production is achieved then unanticipated problems may increase extraction costs and reduce anticipated recovery rates.

**Risk as to profitability**

Anticipated or estimated possible production levels may not be achieved, and even if achieved, may not result in the Company being profitable. The ability of the Company to pay dividends will depend on it generating revenue and then deriving sufficient after-tax profits to be able to do so.

**Dependency on others**

The future success of the Company will be in part dependent on the competency of organisations chosen from time to time to be operators of the Company's various projects and on each operator's capacity to manage day to day operations. The Company's future growth will also be dependent in part upon engagement of management capable of managing and expanding its operations beyond the present projects.

**Contract Risks**

The Company operates through a series of contractual relationships with operators, sub-contractors and will sell production through various marketing contracts. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed.

**Currency exchange risks**

Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations of international currency exchange markets. Foreign taxes, limitations on repatriation of earnings, compliance with foreign accounting and business laws and cultural differences carry a certain amount of risk.

## 7 ADDITIONAL INFORMATION

### 7.1 Disclosure

Atlantic is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the ASX Listing Rules and the Corporations Act concerning notification of information to ASX. Copies of documents lodged at ASIC in relation to Atlantic may be obtained from, or inspected at, an office of ASIC. Copies of announcements made to ASX by Atlantic may be viewed at ASX's website at [www.asx.com.au](http://www.asx.com.au) or Atlantic's website at [www.atlanticgold.com.au](http://www.atlanticgold.com.au).

In addition, a copy of the following documents will be provided by the Company free of charge, upon request, during the application period for this Prospectus:

- 1 the most recent annual financial report lodged with ASIC;
- 2 any half-year financial report lodged with ASIC after the lodgement of that annual financial report and before lodgement of this Prospectus with ASIC; and
- 3 any continuous disclosure notice given by the Company after the lodgement of that annual financial report and before lodgement of this Prospectus with ASIC.

### 7.2 Documents

The following table provides a list of all of Atlantic's announcements since the annual financial report was lodged with ASX on 28 March 2008 (copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC):

#### List of ASX Announcements – 27 March 2008 to 19 September 2008

23/04/2008	Touquoy Gold Project Update
28/04/2008	Annual Report to shareholders
28/04/2008	Notice of Annual General Meeting/Proxy Form
30/04/2008	March 2008 Quarterly Activities Report
29/05/2008	Bonus Issue of free share options
29/05/2008	Prospectus bonus option issue
29/05/2008	Appendix 3B Bonus option issue
30/05/2008	Chairman's address to Shareholders
30/05/2008	Results of Meeting
30/05/2008	CEO presentation to AGM
04/06/2008	Cochrane Hill resource upgrade
19/06/2008	Allotment completed of ATVO options
19/06/2008	Change of Director's Interest Notices - All directors x 3
22/07/2008	Cancellation of unvested options
31/07/2008	Quarterly Activities and Cashflow Report
26/08/2008	Issue of securities on exercise of options
29/08/2008	Appendix 3B Employee Options Approved at AGM
12/09/2008	Half Year Accounts

### **7.3 Continuous disclosure prospectus**

This Prospectus contains information required under the special prospectus content rules for continuously quoted securities pursuant to section 713 of the Corporations Act. That section enables disclosing entities to issue a special prospectus in relation to continuously quoted securities of a body or options to acquire continuously quoted securities of a body.

Apart from formal matters, a continuous disclosure prospectus need only contain information relating to the terms and conditions of the Offer, the effect of the Offer on Atlantic and the rights and liabilities attaching to the New Shares. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements applicable to disclosing entities mean that all this information should have previously been released to the market via ASX.

### **7.4 Rights and liabilities attaching to Shares**

The New Shares will rank equally with, and have the same rights and liabilities as, existing Shares.

The rights attaching to Atlantic Shares are set out in the Constitution of Atlantic and are affected by the Corporations Act, the ASX Listing Rules and statute and general law. The following is a summary of key rules in the Constitution of Atlantic.

#### **1 Voting**

Subject to any restriction on voting imposed by the ASX Listing Rules or any restriction agreement entered into between Atlantic and a Shareholder, every Shareholder present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a show of hands and one vote on a poll for every Share held.

A poll may be demanded by the Chairman of the meeting, five Shareholders entitled to vote on the resolution or Shareholders who together hold at least five percent of the votes that may be cast on the resolution on a poll.

#### **2 General meetings**

Each Shareholder is entitled to receive notice of and to attend general meetings of Atlantic and to receive all notices, accounts and other documents required to be sent to Atlantic Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

#### **3 Dividends**

Where dividends are payable out of Atlantic's profits they will be declared by the Board. Dividends declared will (subject to any special rights or restrictions attaching to a class of Shares created under any arrangement as to dividend) be payable on Atlantic Shares in accordance with the Corporations Act.

#### **4 Transfer of Atlantic Shares**

A Shareholder may transfer Shares by a proper transfer effected in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Board. The Board may refuse to register a transfer of Shares where the refusal to register the transfer is permitted under the Constitution, the Corporations Act and the ASX Listing Rules.

#### **5 Issue of Shares**

The Board may (subject to the restrictions on the issue of Shares imposed by the Constitution, the ASX Listing Rules or the Corporations Act) issue, grant Options in respect of, or otherwise dispose of further Shares as they see fit.



## **6 Winding up**

Upon a winding up of Atlantic, if the assets available for distribution among the members are insufficient to repay the whole of the paid up capital, such assets shall be distributed in such a way that the losses are to be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up. If the assets available for distribution among the members are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital paid up or which ought to have been paid up. The distribution of property in this manner is subject to the rights of the holders of Shares issued upon special or preferential terms.

## **7 ASX Listing Rules**

Because Atlantic is listed on the official list of ASX, notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if a provision is required in the Constitution by the ASX Listing Rules, the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the ASX Listing Rules, the Constitution will be treated as not containing that provision to the extent of the inconsistency.

## **7.5 Effect on Options**

As consequence of this Rights Issue, the exercise price of all Options may be altered in accordance with their terms of issue and consistent with ASX Listing Rule 6.22.

## **7.6 Privacy**

Atlantic collects information about each Eligible Shareholder provided on the Entitlement and Acceptance Form for the purpose of processing applications for New Shares and to administer the Eligible Shareholder's security holding in Atlantic.

By submitting an Entitlement and Acceptance Form, each Eligible Shareholder agrees that Atlantic may use the information provided on those forms for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to Atlantic's share registry, related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires Atlantic to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in Atlantic's public registers must remain there even if that person ceases to be a security holder of Atlantic. Information contained in Atlantic's register is also used to facilitate distribution payments and corporate communications (including Atlantic's financial results, annual reports and other information that Atlantic may wish to communicate to its security holders) and compliance by Atlantic with legal and regulatory requirements.

If the information required on an Entitlement and Acceptance Form is not provided, Atlantic may not be able to accept or process the application.

A Shareholder has a right to gain access to the information that Atlantic holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Atlantic's Company Secretary at Atlantic's registered office.

## **7.7 Disclaimer**

The information contained in sections 4 and 5 does not represent any forecast or projection as to the future revenue or profitability of Atlantic. See section 6 regarding risk factors generally in respect of your decision on whether to take part in the Offer.

## **7.8 CHESS and issuer sponsorship**

Atlantic participates in CHESS. All trading on ASX in Shares is, and in New Shares will be, settled through CHESS. ASTC, a wholly-owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASTC Settlement Rules. The registry operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Both these sub-registers constitute Atlantic's principal register of Shareholders.

Holders of New Shares will not receive a share certificate but will receive a statement of their holding. If an Eligible Shareholder is sponsored by a broker or other participant in CHESS, that person will receive a CHESS statement which will set out the number of New Shares issued to them under this Prospectus, provide details of their HIN (holder identification number), and provide the participant identification number of the sponsor.

If applicants are registered on the issuer-sponsored sub-register, their holding statement will contain the number of New Shares issued to them under this Prospectus and their SRN (security-holder reference number).

A CHESS statement or issuer-sponsored statement will be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

## **7.9 Allotment**

New Shares will be allotted and holdings statements shall be despatched no later than Tuesday 28 October 2008 to allottees at the address appearing in the register of members or such other address as may be advised by the allottee.

## **7.10 Interests of Directors**

Other than as set out below or elsewhere in this Prospectus, no Director, and no firm in which a Director is a partner, holds, or held at any time during the last two years before the date of this Prospectus, any interest in the formation or promotion of Atlantic, any property acquired or proposed to be acquired by Atlantic in connection with its formation or promotion or in connection with the Offer.

Other than as set out below or elsewhere in this Prospectus, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director in the last two years:

- to induce them to become, or to qualify them as, a Director; or
- for services rendered by them in connection with the formation or promotion of Atlantic or in connection with the Offer.

Mr R H N Symons, a director of the Company, is General Counsel and practice director and a former partner of the law firm Deacons. In the preparation of this Prospectus, Deacons have provided legal services on normal commercial terms.

The Directors disclose their relevant interests (whether the shareholding is held in their personal name or otherwise) in Shares and in Options, as at the date of this Prospectus as follows.

	SHARES	EXISTING OPTIONS	ENTITLEMENT UNDER OFFER NEW SHARES
<b>Shares</b>			
Directors			
R J Hawkes	24,530,056		1,226,503
W R Bucknell	5,499,156		274,958
R H N Symons	100,000		5,000
<b>Partly paid ordinary shares</b>			
Directors			
R J Hawkes	5,750,000		
W R Bucknell	1,036,860		
R H N Symons	–		
<b>Options</b>			
Directors			
R J Hawkes		4,711,757	
W R Bucknell		5,596,578	
R H N Symons		110,000	

Note: All of the interests of the Directors set out above are held by the relevant Director or through related entities of the relevant Director.

### 7.11 Directors' Remuneration

The Constitution contains provisions as to the remuneration of Directors. The Directors are to be remunerated for their services such sum as the Company in general meeting determines, to be divided among them in such proportion and manner as they agree, or in default of agreement, equally.

The fees paid to Directors for the year ended 30 June 2008 are detailed below.

Director	Salary	Directors' Fees	Super	Options	Total
R J Hawkes	–	60,000	5,400	6,295	71,695
R H N Symons	–	22,500	10,200	1,259	33,959
W R Bucknell	196,002	–	17,640	12,589	226,231

## 7.12 Litigation

The Company is not currently involved in any litigation or arbitration considered to be material in the context of this Prospectus and is not aware of any threatened litigation or pending arbitration against it considered to be material in the context of this Prospectus.

## 7.13 Material contracts

In December 2006, CRX Investments Pty Ltd (CRX) loaned Atlantic \$2,000,000 (CRX Loan). Under the loan agreement, CRX was granted 5 million Options each exercisable into one fully paid share of the Company at a strike price of 15 cents expiring on repayment of the loan.

During the 2008 financial year, as consideration for providing an additional \$1 million loan facility (fully drawdown June 2007 and fully repaid November 2007) and for re-negotiating the terms of the original \$2 million loan agreement, CRX was provided with an additional 2.5 million Options at an exercise price of 15 cents per Option such that CRX now has 7.5 million Options with an exercise price of 15 cents per Option expiring on 27 December 2009. \$702,000 of the original \$2 million loan facility was repaid by the issue of 5.4 million shares.

Currently, \$1.292 million of the CRX Loan is outstanding. Under the terms of the loan agreement, the CRX Loan is repayable by 27 December 2008.

CRX has agreed to waive its right to require that the CRX Loan be repaid out of the funds raised from this Rights Issue subject to Atlantic agreeing to amendments to the repayment terms of the CRX Loan.

Accordingly, the amended repayment terms of the CRX Loan are:

- 1 Atlantic must repay, in cash, \$650,000 of the amount owing to CRX no later than 27 December 2008. If Atlantic conducts another capital raising before 27 December 2008, Atlantic must repay \$650,000 in cash to CRX out of the proceeds of that capital raising at the time those funds are received.
- 2 If Atlantic repays CRX \$650,000 out of the proceeds of a capital raising prior to 27 December 2008, any interest adjustment for early repayment is to be deducted from the remaining loan balance.
- 3 In repayment of the remaining loan balance (approximately \$642,000 prior to an interest adjustment) on 27 December 2008, Atlantic has the right to issue Shares to CRX on 27 December 2008 in accordance with clause 6.4 of the original loan agreement (which dictates that the price is no more than 10 cents per share). If Atlantic wishes to repay the remaining loan balance to CRX in cash, funded through another capital raising, CRX has the right to convert the loan at the same price at which Atlantic intends to conduct the capital raising. ATV must provide CRX with advance notice of any proposed capital raising intended to raise funds to repay the remaining loan balance so that CRX can decide whether it wants to elect to receive Shares rather than cash.

As previously noted elsewhere in this document, various avenues to fund our needs beyond immediate requirements outlined in this document are being actively investigated.

**7.14 Interest of other persons**

Atlantic has paid or agreed to pay the following amounts to the following persons in connection with the Offer:

**Deacons**

Fees for professional services undertaken as legal advisers to Atlantic in connection with the Offer of approximately \$15,000 plus GST as at the date of this Prospectus, including disbursements.

**Various suppliers**

Fees for other services provided including the share registry, printing and mailing, ASIC fees, and ASX fees of approximately \$20,000 plus GST in total.

Members and staff of the above companies, firms or their associates may be Eligible Shareholders.

Other than as set out above or elsewhere in this Prospectus, no person named in this Prospectus is performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of Atlantic involved in the Offer holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in the formation or promotion of Atlantic, any property acquired or proposed to be acquired by Atlantic in connection with its formation or promotion or in connection with the Offer, and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of Atlantic or in connection with the Offer.

**7.15 Expenses of the Offer**

The total expenses of the Offer exclusive of GST payable by the Company are estimated as follows:

Legal fees and expenses	\$15,000
Other expenses including share registry services, printing and mailing, and ASX quotation fees	\$ 20,000
<b>Total</b>	<b>\$ 35,000</b>

**7.16 Governing Law**

This Prospectus and the contracts which arise on acceptance of Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia and each applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

**7.17 Consents and disclaimers**

Deacons (legal advisers to Atlantic in relation to the Offer) has given and not withdrawn its written consent to be named in the Prospectus in the form and context in which it is named.

Deacons has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement in this Prospectus is said to be based, except to the extent set out in Deacons' consent above, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus except to the extent set out in Deacons' consent above.

## 8 DIRECTORS' CONSENT AND LODGEMENT

Each Director has consented in writing to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.



W R Bucknell  
Executive Director

Dated 22 September 2008

## 9 DEFINITIONS

In this Prospectus, the following terms and abbreviations have the following meanings, unless the context otherwise requires:

**\$** means Australian dollars (and references to cents are to Australian cents) unless otherwise indicated;

**Application Monies** means monies payable by Eligible Shareholders in respect of applications for New Shares;

**ASIC** means Australian Securities and Investments Commission;

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532;

**ASTC Settlement Rules** means the settlement rules of ASTC;

**ASX** means ASX Limited ABN 98 008 624 691;

**ASX Listing Rules** means the official listing rules of ASX as waived or modified from time to time;

**Atlantic** or **Company** means Atlantic Gold NL ABN 82 062 091 909;

**Board** means the board of directors of Atlantic;

**Business Day** means a day on which ASX is open for the transaction of business;

**CHESS** means the Clearing House Electronic Subregister System;

**Closing Date** means, subject to section 1.4 of this Prospectus, 20 October 2008;

**Company** or **Atlantic** means Atlantic Gold NL ABN 82 062 091 909;

**Constitution** means the constitution of Atlantic as amended from time to time;

**Corporations Act** means the Corporations Act 2001 (Cth);

**Directors** means the directors of the Company at the date of this Prospectus;

**Eligible Shareholder** means those shareholders who have a registered address in Australia or New Zealand and who are registered as holders of Shares as at the Record Date;

**Entitlement** or **Rights** means the entitlement or right to apply for 1 New Share for every 20 Shares held by an Eligible Shareholder as at Record Date;

**Entitlement and Acceptance Form** means the entitlement and acceptance form accompanying this Prospectus and, unless the context requires otherwise, includes any application or similar form accompanying this Prospectus in relation to the placement of the Shortfall;


**GST** means goods and services or similar tax;

**Issue** means the issue of New Shares pursuant to this Prospectus;

**Issue Price** means 12 cents per New Share;

**New Shares** means Shares issued at 12 cents each pursuant to this Prospectus;

**Offer** means the offer of New Shares to Eligible Shareholders pursuant to this Prospectus and includes any Offer in relation to the placement of the Shortfall;



**Offer Period** means the period between the Opening Date and the Closing Date;

**Official Quotation** means official quotation of the New Shares by ASX in accordance with the Listing Rules;

**Opening Date** means the date of this Prospectus, 22 September 2008;

**Option** means an option to acquire one Share;

**Prospectus** means this Prospectus dated 22 September 2008;

**Record Date** means 5.00 pm Sydney Time on 1 October 2008;

**Rights or Entitlement** means the entitlement or right to apply for 1 New Share for every 20 Shares held by an Eligible Shareholder as at Record Date;

**Shares** means fully paid ordinary shares in the capital of the Company;

**Shareholder** means a person who holds Shares;

**Shortfall** means those New Shares not subscribed for by way of an application pursuant to this Prospectus by 5.00 pm (Sydney Time) on the Closing Date; and

**Sydney Time** means time in Sydney, New South Wales, Australia.

References in this Prospectus to currency are, unless stated otherwise, to the currency of Australia.



### **Directors**

Ronald J Hawkes (Chairman)

Walter R Bucknell

Robert H N Symons

### **Company Secretaries**

Grahame Clegg

Julie Fidler

### **Solicitors to the Offer**

Deacons

RACV Tower

485 Bourke Street

Melbourne Vic 3000

### **Registered Office and Principal Place of Business**

Suite 701

220 Pacific Highway

Crows Nest NSW 2065

### **Share Registry\***

Computershare Investor Services Pty Limited

Level 3 Carrington Street

Sydney NSW 2000

### **Auditor\***

KPMG

10 Shelley Street

Sydney NSW 2000

### **ASX CODE**

ATV

ATVO

ATVCD

\* The names of these parties are included for information purposes only.

