30 January 2009

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

QUARTERLY REPORT FOR PERIOD ENDING 31 DECEMBER 2008

HIGHLIGHTS

- Detailed financial analysis, engineering evaluations and site visits under the terms of a Memorandum of Understanding with Acadian Mining Corporation have determined that Touquoy ore could be transported and treated at its Scotia Mine plant with a low capital investment of C$32m plus C$7m working capital and cash operating cost of C$620 per ounce. Gold is currently C$1,100 per ounce.

- Preliminary engineering and financial analyses have determined that an alternative approach to Touquoy using Gekko gravity-float-intensive leach processing provides an attractive option with upfront capital of C$53m plus C$7m working capital, and operating costs reduced to C$455 per ounce.

- The company's investigations into project finance have determined that a debt provider is particularly attracted to the low operating cost indicated by the Gekko studies, the Nova Scotia government is very attracted to the potential jobs provided by the Touquoy development and the Canadian Budget stimulus package announced this week contains financial incentives which will benefit Touquoy.

- Under the terms of a Memorandum of Understanding discussions are in progress with Acadian Mining to consolidate both companies' gold properties in Nova Scotia which together comprise almost 3.0 million ounces of gold resources and more than 1000km^2 of highly prospective exploration lands.

- The company is engaged in ongoing discussions with various funding parties in order to access additional working capital.

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PROJECT DEVELOPMENT

TOUQUOY GOLD PROJECT Nova Scotia Canada
(Atlantic Gold 60%, may earn up to 75% outside known resources)

PROJECT FEASIBILITY

The Company's strategy in the present difficult financial market conditions is to evaluate alternative development options which would reduce the initial capital required to commence production of the Touquoy Gold Project while preserving the competitive advantage of mining the gold deposit. Focus has therefore been given to detailed and comprehensive site evaluations of several alternative development options conducted with the expert assistance of Gemell Mining Engineers and based on the considerable reliable technical data generated by Atlantic over the last several years.

Gravity/CIL Processing Plant

From the outset project development has contemplated a conventional stand-alone gravity/CIL processing plant with throughput ranging from 1.5 to 2.0 million tonnes per annum and capital costs ranging from C$70m (used 1.5mtpa plant) to C$95m (new 2.0mtpa plant). As can be seen from the Comparison Table below very attractive economics attach to even to the latter higher capital cost option in the current high gold price conditions, however available and most suitable project capital is limited given present global financial conditions.

Ore Haulage and Treatment at Scotia Mine

Consistent with the strategy of seeking lower initial capital cost options, and as previously reported, a Memorandum of Understanding was signed on 30 October 2008 with TSX-listed Acadian Mining Corporation to consider, in part, processing ore from Touquoy through Acadian's base metal treatment plant at its Scotia Mine located 40km west of Touquoy. With the necessary plant modifications made to treat gold ore a throughput rate of up to 1.0 million tonnes per annum could be potentially achieved.

An intensive site-based evaluation of this option was therefore undertaken in close collaboration with Acadian's technical management and a summary of the resultant financial study is presented in the Comparison Table below. This option contemplates on-site crushing of ore and haulage to the Scotia Plant for gold production via gravity, flotation and intensive leach. (From previous metallurgical investigations Touquoy ore is amenable to flotation with recoveries around 93%). The Touquoy resource was re-optimised and mining re-scheduled principally to accommodate the increased throughput costs relating to ore haulage from mine to mill. This resulted in a pit containing 4.9 million tonnes at a grade of 2.0g/t.

This presents a favourably low capital cost option – C$39m, of which approximately one-third relates to plant modification from base metal to gold production. Higher projected operating costs to US$505/oz is principally a result of the ore haulage from mine to mill but nevertheless generate considerable margin in the current gold price regime.

Stand-alone Gekko GFIL Plant

This alternative involves the implementation of a stand-alone Gekko GFIL plant (gravity-flotation-intensive leach). Preliminary scoping studies are indicating this also to be a very attractive alternative. This proven technology is innovative, having been developed as a low cost alternative to conventional CIP/CIL, and only recently successfully developed to a production scale appropriate for Touquoy. It has been applied and financed for similar gold projects around the world, including in Canada. It appears particularly well suited to Touquoy ore given its demonstrably high gravity recovery (around 80%) and flotation characteristics.

Using the same throughput rate and total production as applied to the Scotia Mine option, this scenario results in the lowest operating costs at US$370/oz. Based on our discussions with a range of potential project financiers this option appears to be the most readily financeable. Following favourable commentary from a financier's perspective this option is being vigorously pursued. Stated capital cost of C$60m includes a new comminution circuit with considerable reduction available should used equipment be deployed.

With its modular and compact configuration a Gekko plant is relatively mobile. This feature implies reduced site establishment costs, a potential advantage in contemplating a subsequent relocation to Atlantic's developing Cochrane Hill project.

COMPARISON TABLE

	GRAVITY/CIL	SCOTIA MINE	GEKKO
Production	442,000 oz	281,000 oz	281,000 oz
Initial mine life	6 years	6 years	6 years
Plant throughput	2.0 Mtpa	0.8 Mtpa	0.8 Mtpa
Grade	1.4 g/t	2.0 g/t	2.0 g/t
Initial capital	C$95M	$39M	C$60M
Cash cost	US$410/oz	US$505/oz	US$370/oz
	C$505/oz	C$620/oz	C$455/oz
Gold price used	US$900/oz	US$900/oz	US$900/oz
	C$1105/oz	C$1105/oz	C$1105/oz
Net cash (pre-tax)	C$163M	C$91M	C$112M
NPV (8% pre-tax)	C$84M	C$55M	C$65M
IRR (ungeared, pre-tax)	44%	45%	38%

Consolidation of Atlantic's and Acadian's Gold Assets

A second consideration of the above-mentioned Memorandum of Understanding with Acadian Mining is the consolidation of Atlantic's and Acadian's gold interests in Nova Scotia (see accompanying plan). As previously reported the combined JORC and National Instrument 43-101 compliant resources of Atlantic and Acadian amounts to a combined resource inventory of almost 3 million ounces gold. The consolidation would also deliver over 1000km^2 of highly prospective exploration lands. Positive discussions with Acadian are continuing.

Encouragement from Government

In the present restrictive economic circumstances the Canadian Federal Government, like many others globally, has announced substantial infrastructure funding initiatives to support the national economy. The Canadian Budget stimulus package announced on January 27th includes $12 billion in new Infrastructure Stimulus funding over two years, $200 million for an Extraordinary Financing Framework to allow businesses to obtain the financing they need to invest, grow and create new jobs and provides for initiatives of Tax and Tariff Relief to Stimulate Business Investment.

From public statements and our ongoing communications with Nova Scotia government representatives and officials a similar mood of support for infrastructure investment and job maintenance and creation is apparent at the provincial level. The Nova Scotia government has specifically indicated its earnest encouragement for Atlantic to proceed with development of the Touquoy Gold Project as soon as practicable.

PROJECT PERMITTING

Applications for the Mining Lease and for Industrial Approval, the adjunct to the previously granted Environmental Assessment Approval, have previously been submitted to the Nova Scotia Departments of Natural Resources and Environment respectively. These applications are presently in abeyance pending any required modifications should a development option other than the Base Case gravity/CIL option be taken.

In evaluation of the Scotia Mine processing scenario senior officials of Nova Scotia Environment and the Department of Natural Resources were formally consulted as to specific permitting requirements. Prompt and helpful responses were received with all reasonable obligations as expected.

Final permitting and granting of the Mining Lease require effective ownership of surface land titles. Funds received from the rights issue conducted last quarter were insufficient to enable the intended purchase of selected titles and in consequence purchase options over ten of these titles were extended and two were exercised.

EXPLORATION

COCHRANE HILL OPTION, Nova Scotia

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

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

The program of re-logging all available historic drill holes was completed during the quarter.

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

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

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

COCHRANE HILL GOLD DEPOSIT

	Tonnes (millions)	Grade (g/t Au)	Contained Ounces
Indicated Resource	3.6	1.7	200,000
Inferred Resource	6.4	1.7	347,000
TOTAL	10.0	1.7	547,000

Completion of the resource delineation drilling, final resource estimation, metallurgical testwork considering application of Gekko's GFIL technology, pit design and financial studies are therefore now key priorities for advancing the Cochrane Hill project.

The nature of the Cochrane Hill mineralisation confirms Atlantic Gold's belief that this district is highly prospective for bulk-mineable gold reserves similar to that at Touquoy. Acquisition of a controlling interest in this advanced prospect, with its demonstrable upside, represents a significant forward step in Atlantic's strategy to develop a commercially viable, environmentally sustainable and socially acceptable gold mining industry in Nova Scotia. Atlantic looks forward to advancing this property to production.

CORPORATE

During the period, the company's financial position has been further strengthened from (i) completion of its non-renounceable rights issue raising $692,804, and (ii) $840,456.89 repayment and reduction of its unsecured loan from CRX Investments. As announced on 13 January 2009, the remaining $450,000 loan balance has been extended to mature on 27 January 2010.

The company is engaged in ongoing discussions with various funding parties in order to access additional 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.

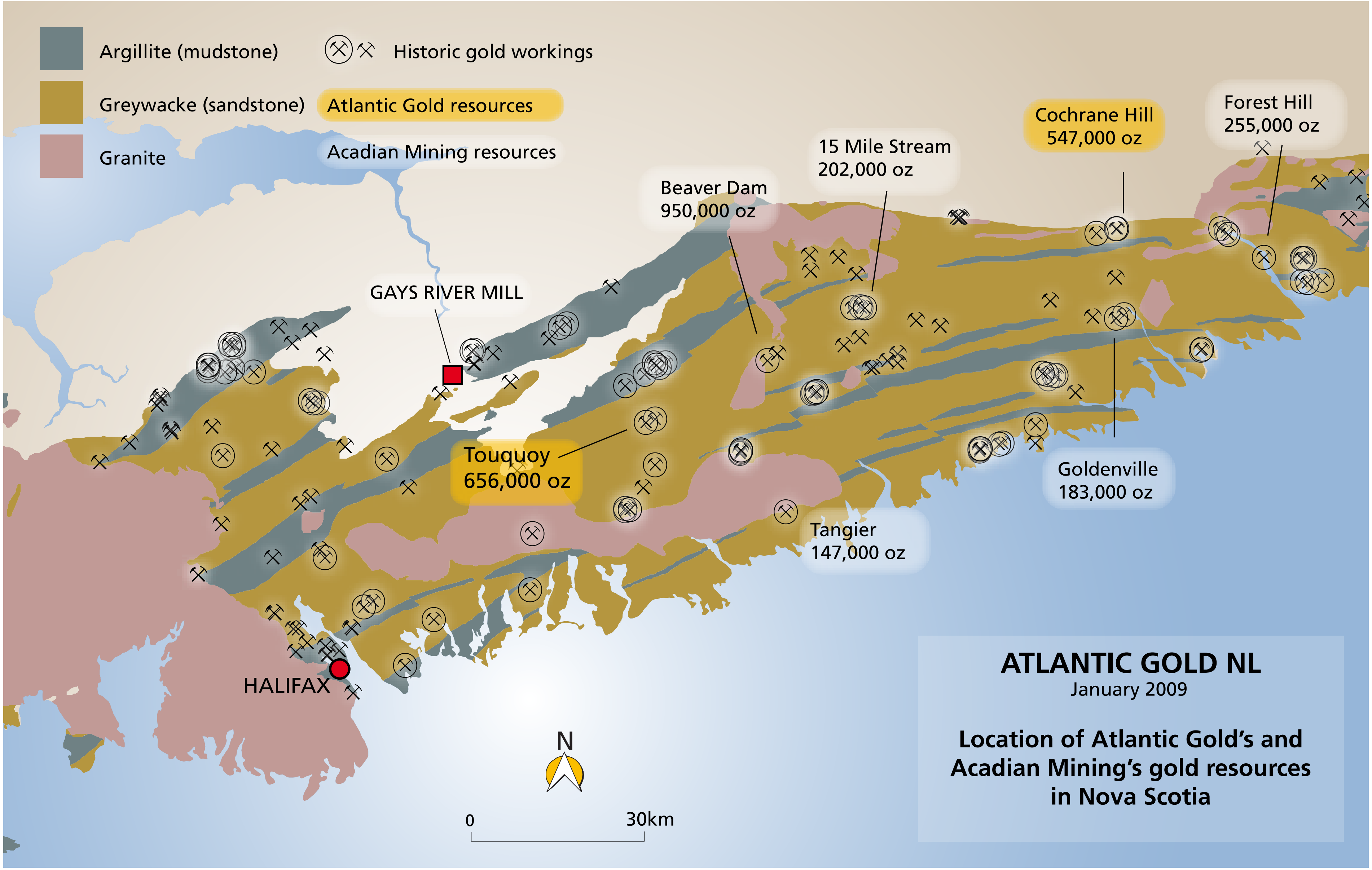
Attribution: The geological and sampling information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of Atlantic Gold, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience which is relevant to the style 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 holds a 60% interest in the Touquoy Gold Project. An additional 15% interest can be acquired in the property outside the general area of the known resource by securing project financing.

In addition to developing the Touquoy Gold Project Atlantic Gold is undertaking extensive exploration, both regional and near-mine, to build its resource base. The Company believes the area is highly prospective for additional Touquoy style deposits. Atlantic Gold's involvement in the advanced Cochrane Hill property reflects this strategy, to the extent that the company now has over 1 million ounces of gold resources under its control in the Touquoy district.


Argillite (mudstone)
Greywacke (sandstone)
Granite
Historic gold workings
Atlantic Gold resources
Acadian Mining resources
GAYS RIVER MILL
Beaver Dam
950,000 oz
15 Mile Stream
202,000 oz
Cochrane Hill
547,000 oz
Forest Hill
255,000 oz
Touquoy
656,000 oz
Goldenville
183,000 oz
Tangier
147,000 oz
HALIFAX
N
0
30km
ATLANTIC GOLD NL
January 2009
Location of Atlantic Gold's and Acadian Mining's gold resources in Nova Scotia

Rule 5.3

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	Quarter ended ("current quarter")
82 062 091 909	31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(126)	(964)
	(b) development	(424)	(1,750)
	(c) production	-	-
	(d) administration	(95)	(582)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	7	110
1.5	Interest and other costs of finance paid		(96)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(638)	(3,282)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets	(125)	(354)
1.9	Proceeds from sale of: (a)prospects		
	(b)equity investments		
	(c)other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other – Security deposits		
	Net investing cash flows	(125)	(354)
1.13	Total operating and investing cash flows (carried forward)	(763)	(3,636)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(763)	(3,636)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	695	706
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(201)	(201)
1.18	Dividends paid		
1.19	Other – Costs of share issues	(9)	(28)
	Net financing cash flows	485	477
	Net increase (decrease) in cash held	(278)	(3,159)
1.20	Cash at beginning of quarter/year to date	624	3,497
1.21	Exchange rate adjustments to item 1.20	(8)	
1.22	Cash at end of quarter	338	338

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

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

1.25 Explanation necessary for an understanding of the transactions

Directors fees	22
Salaries	58

Non-cash financing and investing activities

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

Loan from CRX Investments Pty Limited was partially repaid by converting $640,456.89 of the outstanding loan amount into 12,735,043 ordinary fully paid shares

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

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	444	444
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	
4.2	Development	
	Total	

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	33	54
5.2	Deposits at call	305	570
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	338	624

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	ELs6854-6858, ELs 7937-7938	Wholly owned	100%	0%
		ELs 6376, 6765, 6816, 6133, 6324-6326	Pleasant River Barrens option	0%	0%
		EL6400	North Brookfield option	0%	0%
6.2	Interests in mining tenements acquired or increased	EL8380-8421, 8428-8433 (46 ELs, 372 sq km)	Wholly owned	0%	100%

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	228,389,385	228,389,385		
	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*	18,521,684	18,521,684		
	(b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities *(description)*				
7.6	Changes during quarter				
7.7	Options *(description and conversion factor)*			*Exercise price*	*Expiry date*
	– *ATVO*	21,721,890		$0.18	30.10.09
	– *ATVAK*	4,550,000		$0.15	22.08.10
	– *ATVAM*	400,000		$0.15	14.10.10
	– *ATVAQ*	2,000,000		$0.155	28.08.12
	– *ATVAO*	7,500,000		$0.15	27.12.09
7.8	Issued during quarter				
	– *ATVAO*	7,500,000		$0.15	27.12.09
7.9	Exercised during quarter				
	– *ATVO*	658		$0.18	30.10.09
7.10	Expired during quarter				
	– *ATVAI*	2,200,000		$0.20	31.12.08
	– *ATVAO*	7,500,000		$0.15	27.12.08
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: 30 January 2009
(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.