

31 July 2009

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

QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 2009

HIGHLIGHTS

- Intersections up to 24 m @ 8.0 g/t gold from 117 m (hole CH-09-032), 27 m @ 3.1 g/t from 63 m (CH-09-033) and 38 m @ 1.68 g/t from 44 m (CH-09-036) cut in the Phase 2 resource delineation drilling at Cochrane Hill. Overall results generally confirm resource expectations and flag excellent production potential from this property.
- Concurrent with evaluation of Gekko Systems' innovative gravity/flotation/leach gold processing circuit as applied to the Touquoy Gold Project, other options using conventional gravity/CIL ore treatment (as previously planned and permitted) are being investigated.
- The Company has drawn considerable encouragement from senior government officials to seek financial support for specific components of project financing under existing government programs.
- Additionally the Company continues to investigate avenues for financing the further development of Touquoy and Cochrane Hill, and in particular the possibility of engaging in strategic partnerships with other industry participants.
- The fully underwritten renounceable rights issue announced on 1 April 2009 closed on 11 May 2009 with net proceeds of \$2.9 million raised.
- The Company is now debt free, with full repayment of its unsecured loan from CRX Investments Pty Ltd having been made.
- The Kookynie Joint Venture (WA) 50% interest was sold to NEX Metals Exploration Ltd for \$20,000 cash and 1.0 million NEX ordinary shares.

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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

“Atlantic is in a position to benefit from the availability of water, competitive labour rates and power costs, a local skilled workforce, no transport or accommodation overhead, good road access, the proximity of the deposits to port and urban infrastructure in Halifax and a political environment which encourages development in an area of high unemployment. These are all competitive advantages which many industry peers with similar project economics do not have.”

This is a summary of a review of the Touquoy Gold Project undertaken by a senior, independent and highly experienced WA-based mining engineer with a first-class management record in open-pit gold mining operations.

Nevertheless project financing remains a critical task in these present difficult, but improving, financial market conditions. Atlantic Gold has therefore considered alternative development options in order to reduce the initial capital to a level which can be readily financed to enable expedient commencement of production from the Touquoy Gold Project. Two gold processing methods are therefore being evaluated:

- (i) conventional gravity/CIL gold processing circuit, and
- (ii) gravity/flotation/leach circuit, in particular Ballarat-based Gekko System’s “GFIL” gold processing system.

Both technologies are proven and bankable, and have shown very good gold recoveries (90–94%) from representative Touquoy ore. Touquoy ore is very attractive from a metallurgical standpoint in that gravity recoveries are high (~75%) and the remaining finer gold is readily leachable with short residence time and low reagent usage, or floatable, even at coarse grinds.

The advantages of the Gekko GFIL processing flowsheet are that the plant is modular and compact in design and it can be installed and operated at competitive cost. Preliminary metallurgical testwork undertaken by Gekko Systems last quarter indicated recoveries over 90% at a very coarse grind of 850 μ m. However with recent indications of an unduly long lead time for completion of the further definitive testwork required for feasibility study and permitting purposes the alternative gravity/CIL flowsheet is being concurrently re-evaluated.

The advantages of the gravity/CIL processing flowsheet are that this ore treatment option is highly conventional, all metallurgical and environmental

testwork has been completed and, of overriding importance, this processing option has been granted Environmental Assessment Approval.

Furthermore recent meetings with senior provincial government officials have provided substantial encouragement for Atlantic Gold to pursue avenues for financial support available under existing government programs such as the Industrial Expansion Fund, the Payroll Rebate program and other facilities. Since it is reasonable to consider that some material reduction in the equity portion of the project financing package could result, specific submissions are therefore being drafted.

PROJECT PERMITTING

As previously noted, 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 acquisition of surface land titles any required modifications should the Gekko development option be taken.

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 current JORC-compliant resource estimate for Cochrane Hill, announced in June 2008, is based on historic (1970s and 1980s) diamond drilling and includes infill sampling and assaying undertaken by Atlantic Gold on historic core recovered from storage.

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

The second phase of resource delineation drilling to progressively upgrade this resource inventory to Measured and Indicated Resources has been completed with 16 diamond core holes (CH-09-032 to 047) for 1717 m drilled. Drillholes were sited to define resources at and below the limits of the previous (first) phase of resource delineation drilling and generally within the bounds of a previously optimised conceptual open pit.

Best assays are given in the table below. Mineralisation is characterised as broad intersections of continuous gold mineralisation punctuated by occasional short high grade intervals. These results generally confirm the grades and reflect the style of mineralisation typified by the diamond drilling undertaken in the 1970s and 1980s. (Refer to accompanying drill hole location plan and cross-section).

Gold mineralisation is developed within a 10–30 m wide zone of sulphidic and quartz-veined thin-bedded sediments which dips 70°N and trends almost east-west over a length of about 650 m. Coarse (visible) gold is common and the ore is expected to be free-milling.

HOLE	NORTH	EAST	DIP	AZ.	DEPTH (m)	BEST ASSAYS (>0.80 g/t Au and up to 5 m internal dilution)			
						FROM (m)	TO (m)	WIDTH (m)	GRADE (g/t Au)
CH-09-032	3140	3200	-60	180	179.0	95	104	9	5.3
					incl.	97	98	1	42.8
						117	141	24	8.0
					incl.	125	126	1	89.4
				and	140	141	1	77.8	
					170	171	1	26.1	
CH-09-033	3100	3200	-60	180	130.0	63	90	27	3.1
					Incl.	67	68	1	40.8
						116	117	1	12.4
CH-09-034	3143	3250	-60	180	170.8	117	130	13	2.25
						148	149	1	9.07
						157	164	7	1.75
CH-09-035	3075	3300	-60	180	104.0	26	51	25	0.98
						75	76	1	22.3
CH-09-036	3090	3250	-60	180	114.9	44	82	38	1.68
CH-09-037	3050	3300	-45	180	55.0	4	22	18	1.99
CH-09-038	3061	3250	-45	180	65.0	9	31	22	1.17
CH-09-040	3065	3350	-45	180	49.0	16	25	9	1.69
						31	32	1	26.0
						41	42	1	15.0
CH-09-041	3095	3350	-60	180	83.0	62	69	7	3.14
CH-09-042	3150	3150	-60	180	180.0	137	156	19	1.14
						171	175	4	3.14
CH-09-043	3055	3400	-45	180	44.2	6	18	12	1.15
						31	34	3	2.10
CH-09-044	3090	3100	-60	180	119.0	67	84	17	1.12
CH-09-045	3089	3250	-45	180	98.0	35	41	6	1.48
						49	59	10	1.37
						84	88	4	4.54
CH-09-046	3075	3150	-65	180	119.0	51	70	19	1.25

Note: All holes are NQ core diameter with half sawn core sampled at 1m intervals and fire assayed following whole sample pulverisation. Quality control procedures include routine submission of drill core blanks and accredited standards together with selected submission of blank standards immediately following samples containing visible gold.

Atlantic Gold has now drilled a total of 39 diamond core holes for 3102 m as delineation of the Cochrane Hill gold deposit. Completion of all resource delineation drilling, expected to require a further 5500 m, will enable an

estimate of a full inventory of Measured and Indicated Resources (necessary for Ore Reserve estimation) and likely expand the resource particularly at depth where the resource is open.

The presently Inferred Resources (see table above) are supported by the irregularly spaced and oriented historic drilling and assaying which conformed to industry standards at that time (including selective sampling, core splitting rather than cutting) but did not include routine quality control procedures that are now considered requisite procedures in the definition of Indicated and Measured Resources.

A conceptual pit based on the presently identified Resources and incorporating cost structures derived from the Touquoy Gold Project was optimised in mid-2008 to show that about 70% of this Resource – almost 400,000 ounces – could potentially be mined. Results of the present drilling continue to support the outcome of this preliminary scoping study. Thus Cochrane Hill and Touquoy together have the potential for combined production of over 800,000 ounces of gold.

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.

Cochrane Hill is subject of an option agreement with TSX-listed Scorpio Mining Corporation. Under the terms of the agreement with SMC, once Atlantic Gold (through its wholly-owned Canadian subsidiary) has completed expenditure of C\$4.75 million on exploration and development within 4 years, conditionally extendable for a further 2 years, and has made aggregate cash payments of C\$100,000 to SMC, then at SMC's election Atlantic Gold will have earned either a 60% Joint Venture interest (with SMC retaining a 40% contributing Joint Venture interest) or 100% interest subject to a 20% free carried interest retained by SMC. Atlantic Gold may withdraw at any time. The property is subject to an underlying 3% production royalty, reducible to 1% for cash payment, in favour of a third party. The Cochrane Hill property comprises 53 mineral claims (8.3 km²).

KOOKYNIE JOINT VENTURE, Western Australia

(Atlantic Gold 50%)

Atlantic Gold's non-core 50% interest in the five mining tenements subject of the Kookynie Joint Venture was divested. The sale to ASX-listed NEX Metals Exploration Ltd (NEX), for \$20,000 cash and 1,000,000 NEX ordinary shares, was completed on 30 June 2009.

CORPORATE

The fully underwritten renounceable rights issue announced on 1 April 2009 closed on 11 May 2009 with net proceeds of \$2.9 million raised.

The Company's unsecured loan from CRX Investments Pty Ltd has now been fully repaid, well ahead of its 27 January 2010 maturity date. Atlantic Gold is now debt free.

Nevertheless the Company continues to investigate avenues for financing the further development of Touquoy and Cochrane Hill, and in particular the possibility of engaging in strategic partnerships with other industry participants.

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.

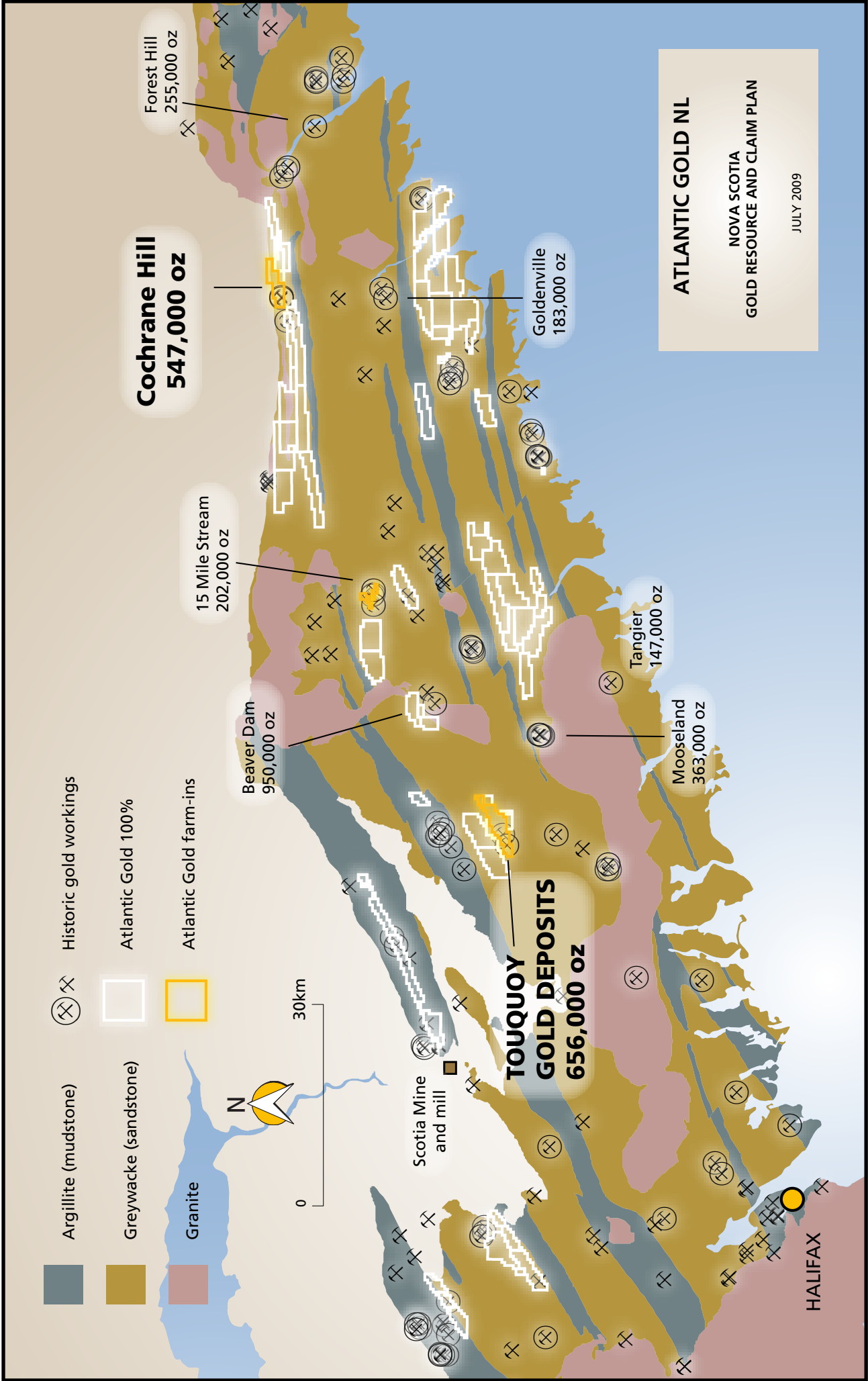
Attribution: The geological and sampling information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of Atlantic Gold, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience which is relevant to the style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



LEGEND

- Historic diamond drill hole
- Atlantic Gold diamond drill holes
- Indicated & Inferred Resource defined by previous 152 diamond core drill holes
- ✦ Power line
- Road or track

5011200 mN



COCHRANE HILL ANTICLINE

ATLANTIC GOLD NL
COCHRANE HILL PROJECT
NOVA SCOTIA
DRILL HOLE CROSS SECTION
3200E
JULY 2009

BULK SAMPLE PIT

CONCEPTUAL PIT

577000 ME

577200 ME

3000E

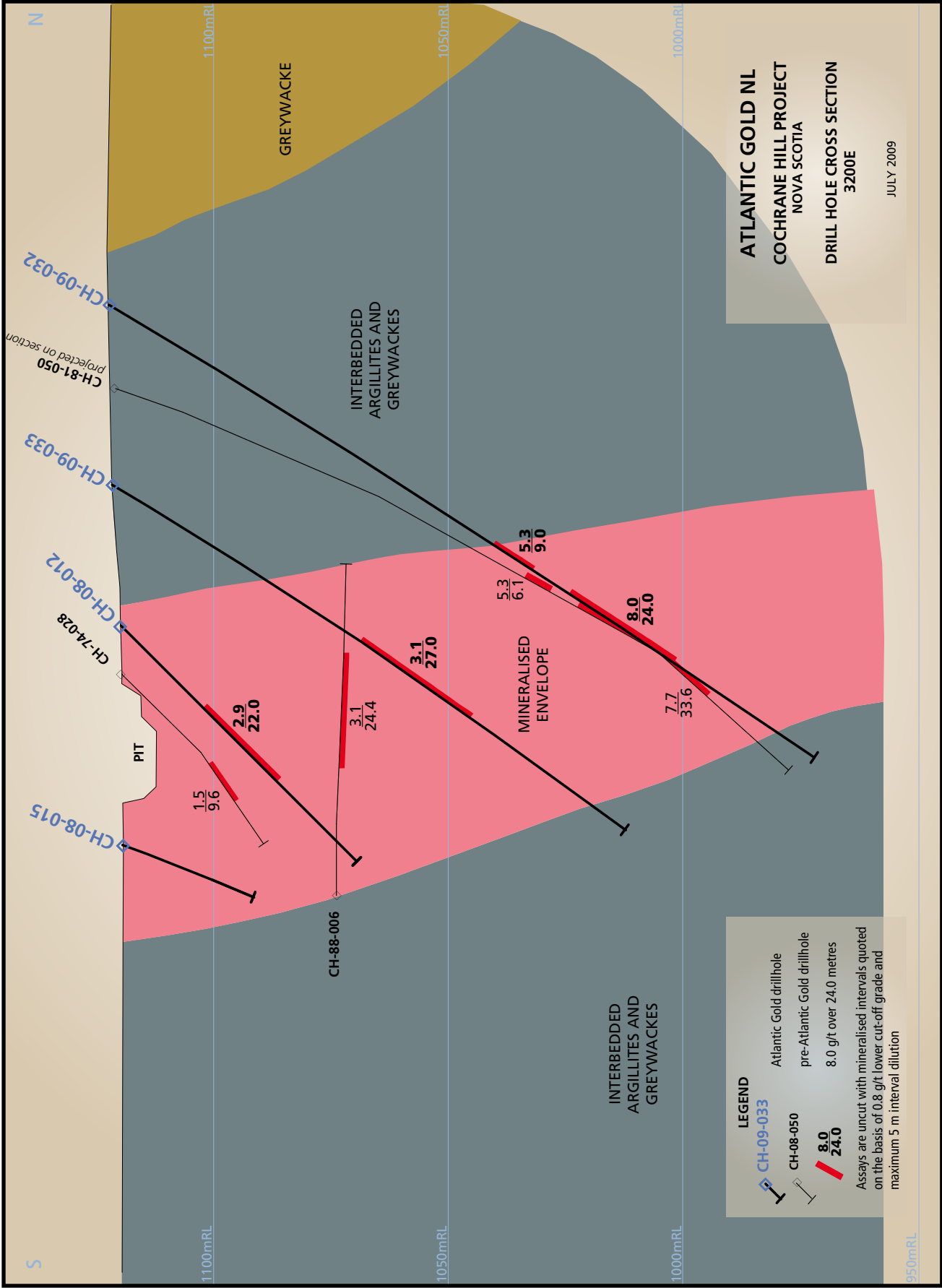
577400 ME

3200E

577600 ME



5011000 mN



Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

ATLANTIC GOLD NL

ABN

82 062 091 909

Quarter ended ("current quarter")

30 JUNE 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(352)	(409)
(b) development	(221)	(352)
(c) production		
(d) administration	(395)	(412)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	11	11
1.5 Interest and other costs of finance paid	(1)	(29)
1.6 Income taxes paid		
1.7 Other (provide details if material) – Refund of prepaid interest	12	
Net Operating Cash Flows	(946)	(1,191)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	(2)	(2)
1.9 Proceeds from sale of:		
(a)prospects	30	30
(b)equity investments		
(c)other fixed assets		6
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Security deposits		
Net investing cash flows	28	34
1.13 Total operating and investing cash flows (carried forward)	(918)	(1,157)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(918)	(1,157)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,318	3,658
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(494)	(450)
1.18	Dividends paid		
1.19	Other – Costs of issues	(318)	(391)
	Net financing cash flows	2,506	2,817
Net increase (decrease) in cash held			
		1,588	1,660
1.20	Cash at beginning of quarter/year to date	421	339
1.21	Exchange rate adjustments to item 1.20	(16)	(6)
1.22	Cash at end of quarter	1,993	1,993

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	61
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	39

Non-cash financing and investing activities

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

Nil

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

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	300
Total	400

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	16	340
5.2 Deposits at call	1,977	81
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,993	421

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	Kookynie tenements; M40/3, M40/8, M40/101, M40/110, P40/989 (MA40/174)	Kookynie Joint Venture with Kookynie Partnership (FMR Investments Pty Limited and Kookynie Resources Pty Ltd)	50%	0%
	EL7366-7368, EL7370-7371	Wholly owned	100%	0%
6.2 Interests in mining tenements acquired or increased	EL8539	Wholly owned	0%	100%
	EL8610	Wholly owned	0%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities Fully paid ATV Partly paid 7c ATVCC	319,832,346 30,286,342	319,832,346 30,286,342	20 cents	9 cents
7.4 Changes during quarter (a) Increases through issues – Fully paid ATV (b) Decreases through returns of capital, buy-backs	84,640,961	6,802,000		
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
– ATVO	21,741,890		\$0.18	30.10.09
– ATVOA	24,144,138		\$0.08	31.01.11
– ATVAK	4,550,000		\$0.15	22.08.10
– ATVAM	400,000		\$0.15	14.10.10
– ATVAO	7,500,000		\$0.15	27.12.09
– ATVAQ	2,000,000		\$0.155	28.08.12
7.8 Issued during quarter – ATVOA	24,144,138		\$0.08	31.01.11
7.9 Exercised during quarter – ATVO	881		\$0.18	30.10.09
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

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



Sign here: Date: 31 July 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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