

31 July 2008

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

QUARTERLY REPORT FOR PERIOD ENDING 30 June 2008

HIGHLIGHTS

TOUQUOY GOLD PROJECT

- Documentation for Industrial Approval submitted to Nova Scotia Department of Environment.
- Application for Mining Lease submitted to Nova Scotia Department of Natural Resources
- NI 43-101 resource estimate, appropriate for possible Canadian funding, is being undertaken for both the Touquoy and Cochrane Hill resources.

COCHRANE HILL GOLD PROJECT

Resource increase of 174,000 ounces with new resource estimate of 10.0 million tonnes @ 1.7g/t for 547,000 ounces gold.

- Shallow open pittable mineralisation intersected over substantial widths – up to 31 m @ 2.43 g/t from 19 m depth – from first stage resource delineation diamond drilling to upgrade Resource categories.
- These confirmatory drill results provide confidence in potential for >800,000 ounces commercial production from Cochrane Hill and Touquoy combined.

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PROJECT DEVELOPMENT

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

PROJECT PERMITTING

As follow-on from the crucial Environmental Assessment Approval received for the Project last quarter, formal application for Industrial Approval was submitted

to the Nova Scotia Department of Environment (NSE) in mid-July. The additional investigations and documentation for this second level of environmental review address further detail relating to surface and groundwater quality, management of air quality, protection and compensation for disturbance of terrestrial and aquatic habitat, site operations and reclamation, emergency management and community liaison.

The application for Industrial Approval is subject to a 60-day review period by NSE. In addition, application for a Mining Lease has now been submitted to the Nova Scotia Department of Natural Resources.

Receipt of Industrial Approval and grant of the Mining Lease will complete regulatory permitting necessary to commence site development. Acquisition of surface lands is also required, and for which the necessary fundraising is presently in progress.

PROJECT FEASIBILITY

Ausenco Canada Ltd has been engaged to undertake the process engineering for construction of the treatment plant once appropriate used plant has been secured. This will enable completion of the Touquoy Feasibility Study. As previously reported used plant has been identified, acquisition of which is subject to suitable financing.

A summary of the projected key attributes applicable to the Touquoy Project on 100% basis stands as previously noted:

Initial mine life	years	6
Plant throughput	mtpa	1.5 – 2.0
Grade	g/t	1.4
Total production	ounces	450,000
Waste:ore ratio		2:1
Cash operating cost	C\$/oz (=US\$/oz)	435
Gold price for pit optimisation	C\$/oz (=US\$/oz)	850
Gold price received	C\$/oz (=US\$/oz)	900
Initial capital (used gravity/CIL) plant)	C\$m (=US\$M)	70
Capital payback	years	2.5
Net cash flow before tax	C\$m (=US\$M)	132
8% NPV before tax (ungeared)	C\$m (=US\$M)	80
IRR before tax (ungeared)		37%

Notes:

- 100% basis
- Plant throughput assumes start-up at 1.5mtpa increasing to 2.0mtpa.
- Assumes the remaining Inferred Resources, representing 15% of the total resource, are converted (as fully expected, based on experience) to Measured and Indicated Resources during the life of mine.
- No Ore Reserves are presently implied by this study. Ore Reserve estimates will be determined upon completion of the Feasibility Study and receipt of all government approvals to mine.

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)

Excellent results from the first stage resource delineation drilling – 21 diamond core holes (CH-08-011 to 031) for 1248m – have been received with shallow open pitable mineralisation intersected over substantial widths – up to 31m @ 2.43g/t from 19m depth. These results are a further step towards confirmation that the Cochrane Hill gold deposit, developed in synergy with Touquoy, will be commercially viable with real potential for over 800,000 ounces gold to be produced from these two deposits. A summary of best assays is as follows:

HOLE	EAST	NORTH	DIP	AZI	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-08-019	3100	3061	-45	180	80.0	19	50	31	2.43
CH-08-012	3200	3073	-45	180	71.4	25	47	22	2.93
					and	61	62	1	35.8
CH-08-020	3075	3080	-45	180	82.9	41	76	35	1.81
CH-08-027	3028	3059	-58	180	44.9#	15	28	13	9.51
					incl	15	16	1	113.5
CH-08-030	3053	3071	-58	180	110.3	34	63	29	2.17
					and	70	75	5	2.14
CH-08-021	3075	3080	-59	180	110	49	70	21	1.12
					and	84	91	7	8.41
CH-08-028	3053	3044	-44	180	65.3	22	35	13	3.58
CH-08-026	3028	3051	-44	180	27.4#	9	27.4	18.4	2.39!
CH-08-024	3125	3049	-59	180	64.2#	16	26	10	2.36
CH-08-031	3100	3035	-44	180	50	8	15	7	3.00
					and	25	32	7	2.15
CH-08-029	3053	3070	-44	180	55.5#	31	36	5	5.85
					and	43	52	9	1.58
CH-08-011	3175	3064	-45	180	66.4	23	47	24	0.96
CH-08-013	3225	3065	-45	180	60.4	18	34	16	1.02

hole ended in underground workings

! hole ended in mineralisation

True width 95% and 75% of down-hole width for 45° and 60° inclined holes respectively.

30g fire assays of pulverised whole-sample.

Results are commensurate with the more irregularly spaced historic drill data which provide the basis of the present resource estimate, of which two-thirds are Inferred Resources. It is also apparent that this mineralisation extends to surface and is developed over substantial widths, confirming its amenability for open pit extraction. Mineralisation is open at depth. (Refer to accompanying cross-sections and drillhole location plan).

The gold mineralisation is developed within a 10 m to 30 m-wide zone of sulphidic and quartz-veined slates which dips 70°N and trends almost east-west over a length of about 650m. As typical within the Meguma Terrain the gold is expected to be free milling.

This 21-hole program was completed as the first stage of a 5,000 m resource development diamond drilling program. The complete program is designed to upgrade the presently outlined resource to Measured and Indicated Resource status, provide sufficient core for completion of comprehensive metallurgical testwork, and establish a basis for reserve definition and determination of the best approach for its development, with probable throughput using the planned Touquoy processing plant.

The current resource estimate for Cochrane Hill, announced earlier this quarter, reflects a substantial increase compared to the previous estimate of 373,000 ounces gold:

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

This new resource estimate is based on a revised sample data set which includes a substantial amount of additional gold data sourced from Atlantic Gold's sampling and assaying of an aggregate 3100 m of previously un-assayed intervals of historic (1970s and 1980s) diamond drill core recovered from storage. These intervals of drill core within the mineralised resource envelope had not been previously assayed and had been ascribed zero grade for the purposes of resource estimation. The new sampling comes from both the sampling of intervals from holes that had been selectively sampled by previous explorers - thus for these holes there are now continuous runs of samples across the mineralised zone - and also sampling of holes that previously had not been sampled.

The estimate for the Cochrane Hill Gold Deposit was prepared by resource estimation specialists Hellman & Schofield Pty Ltd ("H&S") and, apart from the 3100 m of newly assayed drill core, is based upon essentially the same historic data used for a NI43-101 compliant resource estimate conducted in 2004¹. This earlier resource estimate was undertaken by TSX-listed Scorpio Mining Corporation (SMC), with whom an option agreement is held in relation to this property.

SMC's estimation methodology was block modelling of selected wireframed mineralised vein sets, appropriate for underground extraction. In contrast, the H&S estimate employs methodology appropriate for open pit extraction with a lower cut-off grade of 0.5 g/t Au that approximates an economic cut-off grade.

¹ Property vendor, Scorpio Mining Corporation, estimated an Indicated Resource of 534,100 tonnes @ 6.5 g/t for 112,500 contained ounces gold with an additional Inferred Resource of 26,700 tonnes @ 5.7 g/t for 4,900 contained ounces gold. It is based on 6,855 assays from 16,800 m drilled in 152 diamond core holes from four drilling campaigns during 1975-1989.

Preliminary scoping studies applying cost structures derived from the Touquoy Gold Project and a gold price of \$900/oz have indicated that about 70% of this resource – almost 400,000 ounces – could potentially be mined by open pit. Thus Cochrane Hill and Touquoy together have the potential for combined production of over 800,000 oz.

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

Resource delineation and estimation, metallurgical recovery, pit design through to haulage, processing costs and so on is therefore now a key priority for advancing the Cochrane Hill project.

The total Mineral Resource now controlled by Atlantic Gold in Nova Scotia exceeds one million ounces:

	Tonnes (millions)	Grade (g/t gold)	Contained Ounces gold
TOUQUOY			
Measured Resources	2.8	1.5	130,000
Indicated Resources	7.3	1.5	350,000
Inferred Resources	1.6	1.5	77,000
Total Touquoy	11.7	1.5	557,000
TOUQUOY WEST			
Indicated Resources	0.9	1.9	54,000
Inferred Resources	0.6	2.2	45,000
Total Touquoy West	1.5	2.0	99,000
Total Touquoy Project	13.2	1.5	656,000
COCHRANE HILL			
Indicated Resources	3.6	1.7	200,000
Inferred Resources	6.4	1.7	346,000
Total Cochrane Hill	10.0	1.7	546,000
TOTAL NOVA SCOTIA	23.2	1.6	1,202,000

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 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.

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

OTHER PROJECTS, Nova Scotia

Atlantic Gold (through its local subsidiary) acquired an option over the Plenty Property from a prospector. Plenty is located 40km northeast of Touquoy and has been subject of previous drilling programs, the last in the 1980s, in which numerous sights of visible gold have been recorded.

Atlantic's current land holdings in Nova Scotia aggregate 130km².

CORPORATE

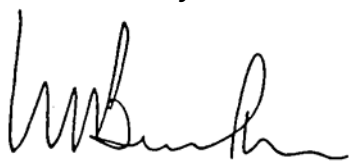
With the following milestones having been essentially reached:

- documentation for the principal Touquoy permitting requirements submitted
- appropriate used plant for Touquoy identified,
- Touquoy surface land titles available
- Cochrane Hill emerging with viable production capability

project funding is now the critical factor remaining to proceed to development of Touquoy and to complete resource delineation and pre-feasibility study of Cochrane Hill.

With consideration being given to Canadian as well as Australian sources of project funding National Instrument 43-101 compliant resource estimates for Touquoy and Cochrane Hill (already JORC-compliant) are being undertaken.

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.