

29 October 2010

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

QUARTERLY REPORT FOR PERIOD ENDING 30 SEPTEMBER 2010

HIGHLIGHTS

- Options available for funding the Touquoy Gold Project actively being identified and assessed.
- \$2.63 million raised in private placements of 43.77 million shares @ 6 cents per share.
- Funds raised will facilitate the completion of surface title acquisitions at Touquoy.
- 6 HQ diamond holes for 758 m drilled at Touquoy West as an initial resource upgrade delineation program.
- Policy decision taken to substantially increase gold exploration in Nova Scotia. Additional 5633 claims covering an aggregate 905 km² applied for on geological and geophysical targets throughout the auriferous Meguma Terrane to underpin a major exploration initiative over the next 12 months and following. ATV now holds 1100 km² of exploration lands in this region.

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OVERVIEW – THE TOUQUOY-COCHRANE HILL GOLD PROJECT

The Definitive Feasibility Study on the Touquoy Gold Project, Nova Scotia, was completed last quarter with Ore Reserves of 9.59 million tonnes @ 1.48 g/t for 454,000 contained ounces of gold having been established. These Reserves are defined within an open pit with a 2.6:1 strip ratio and having a 5-year mine life at a planned throughput rate of 2.0 Mtpa through a conventional on-site gravity/CIL plant. Cash operating costs are estimated at US\$505/oz with an initial capital cost of A\$136 million. The net cash surplus (ungeared, pre-tax) of A\$164 million at \$1,100/oz gold price has since increased by approximately A\$50 million at the currently prevailing gold price and exchange rates.

The Touquoy Gold Project is the first stage of a conceptual 10-year production plan for the combined Touquoy-Cochrane Hill Gold Project of 900,000 ounces recovered from both open pits. This combined production plan currently envisages the re-location of the Touquoy processing plant 80 km to the east to Cochrane Hill upon completion of the Touquoy operation. Further studies, exploration outcomes and project optimisations will consider additional options.

Further details on the Touquoy Definitive Feasibility Study and the combined production plan for the Touquoy-Cochrane Hill Gold Project can be found in the Company's June 2010 Quarterly Report to the ASX.

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TOUQUOY GOLD PROJECT

(Stage 1 of the Touquoy-Cochrane Hill Gold Project)

The Touquoy Gold Project is located in central Nova Scotia about 70 minutes drive by sealed road from Halifax, the Provincial capital. Halifax is a modern city with a population of about 350,000. It accommodates three universities and being a major shipping port supports major engineering and service infrastructure. Halifax International Airport, servicing direct flights to New York, London and Toronto, is 45 minutes from Touquoy.

CURRENT ACTIVITY

Acquisition of remaining surface titles

The acquisition of all remaining surface titles at the project site is now firmly on the critical path. Access to surface lands is a pre-condition for the grant of Industrial Approval and the Mining Lease, both of which are pre-conditions to project finance being available.

The project site, officially known as Moose River Gold Mines, was an active pre-WW1 mining community with only several full-time residents remaining at the present time. As a result there are about 50 small residential lots – with 25 extant dwellings, many in disrepair – and these are largely held by absentee owners/claimants under “old law” title, most being heirs of the original inhabitants of a bygone era. At the present time 30 such titles have been acquired. The capital raising discussed elsewhere in this report will facilitate completion of the land titles acquisition program.

Final Permitting

Environmental Assessment Approval, the critical permit, has been granted for Touquoy and is in place. Documentation for formal applications for the Mining Lease and Industrial Approval has been prepared for submission to the regulators (the Nova Scotia Departments of Natural Resources and Environment respectively) once all surface land titles have been secured, as prescribed.

Project Financing

The options available for funding the Touquoy Gold Project are actively being identified and assessed with a view to defining and pursuing the optimal project funding package.

A range of major banks has been approached with regard to the debt component of the project financing. Indicative responses confirm the Company's view that conventional debt is available to form the major component of the project funding requirement.

With the debt component approximated investigations have since focused on avenues of raising the balance of the required funds. Encouraging discussions have been held in Toronto and New York with brokers and investment banks in relation to a possible capital raising and listing on the TSX and structuring and sourcing funds via a gold backed convertible security.

The consideration of project funding options is ongoing.

Diamond drilling at Touquoy West

The drilling of six angled HQ diamond core holes for 758 m has been completed. The holes are located within and adjacent to the Touquoy West resource located 2 km west along strike from the main Touquoy orebody. The Touquoy West resource is presently defined by diamond drilling undertaken by others in the late 1980s. The present drilling, with current QA/QC standards applied, therefore represents an initial resource delineation drilling program aimed at upgrading the resource to Measured and Indicated Resources. The current resource estimate at 1.0 g/t cut-off grade, compiled by independent specialists Hellman & Schofield in 2004¹ is as follows:

Touquoy West

	TONNES millions	GRADE g/t	CONTAINED GOLD ounces
Indicated Resources	0.9	1.9	54,000
Inferred Resources	0.6	2.2	45,000
Total	1.5	2.0	99,000

¹ Refer Atlantic Gold NL 2009 Annual Report

No assays have yet been returned. Hole coordinates are tabled below and hole locations are shown in the accompanying plan.

HOLE	NORTH	EAST	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)
MR-10-151	9962	20075	110				Assays pending
MR-10-152	9945	20000	121				Assays pending
MR-10-153	9945	19950	103				Assays pending
MR-10-154	9905	19950	152				Assays pending
MR-10-155	9940	19900	142				Assays pending
MR-10-156	9938	20050	130				Assays pending
Total			758				

Note: All holes are HQ core diameter with half sawn core sampled at 1 m intervals. Samples are being 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 any samples containing visible gold.

Core recovery has been excellent and drilling has confirmed the current interpretation of gold mineralisation within and adjacent to argillite in a tightly folded, overturned anticline plunging gently to the west. As expected numerous visible gold occurrences have been noted in association with sulphidic quartz veins.

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REGIONAL EXPLORATION

The Company has made a policy decision to substantially upscale its gold exploration activities in the highly auriferous Meguma Terrane of Nova Scotia.

These goldfields are highly prospective for major open-pittable gold resources similar in style to that at Touquoy and Cochrane Hill.

Guided by the geological and geophysical characteristics of the Touquoy and Cochrane Hill mineralisation applications for a total of 5,633 new claims covering an aggregate 905 km² were recently submitted to cover selected targets throughout the Meguma Terrane. Atlantic Gold now holds a total of 7138 claims covering over 1146 km². These exploration lands will provide the basis for a major exploration initiative over the next 12 months, and following. The Company's aggregate land holdings, assuming the new claim applications are accepted, are shown on the accompanying plan.

CORPORATE

Private placements of 43.77 million ordinary shares at 6 cents per share to raise \$2.63 million were made to private companies Au Mining Limited and Australian Pioneer Pty Ltd.

Yours sincerely,



Wally Bucknell
Executive Director

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.

ENDNOTES:

A. Property ownership details

Atlantic Gold as the operator and manager of the **Touquoy Gold Project** sole funds all capital and exploration expenditure. Once gold production at Touquoy has commenced Atlantic gold will receive 100% of the Touquoy cashflow until all these expenditures plus interest have been recouped. Thereafter Atlantic Gold is obliged to pay 40% of pre-tax profits from Touquoy to the vendor of the Touquoy tenements. A royalty of 3% is also payable, two-thirds of which can be purchased.

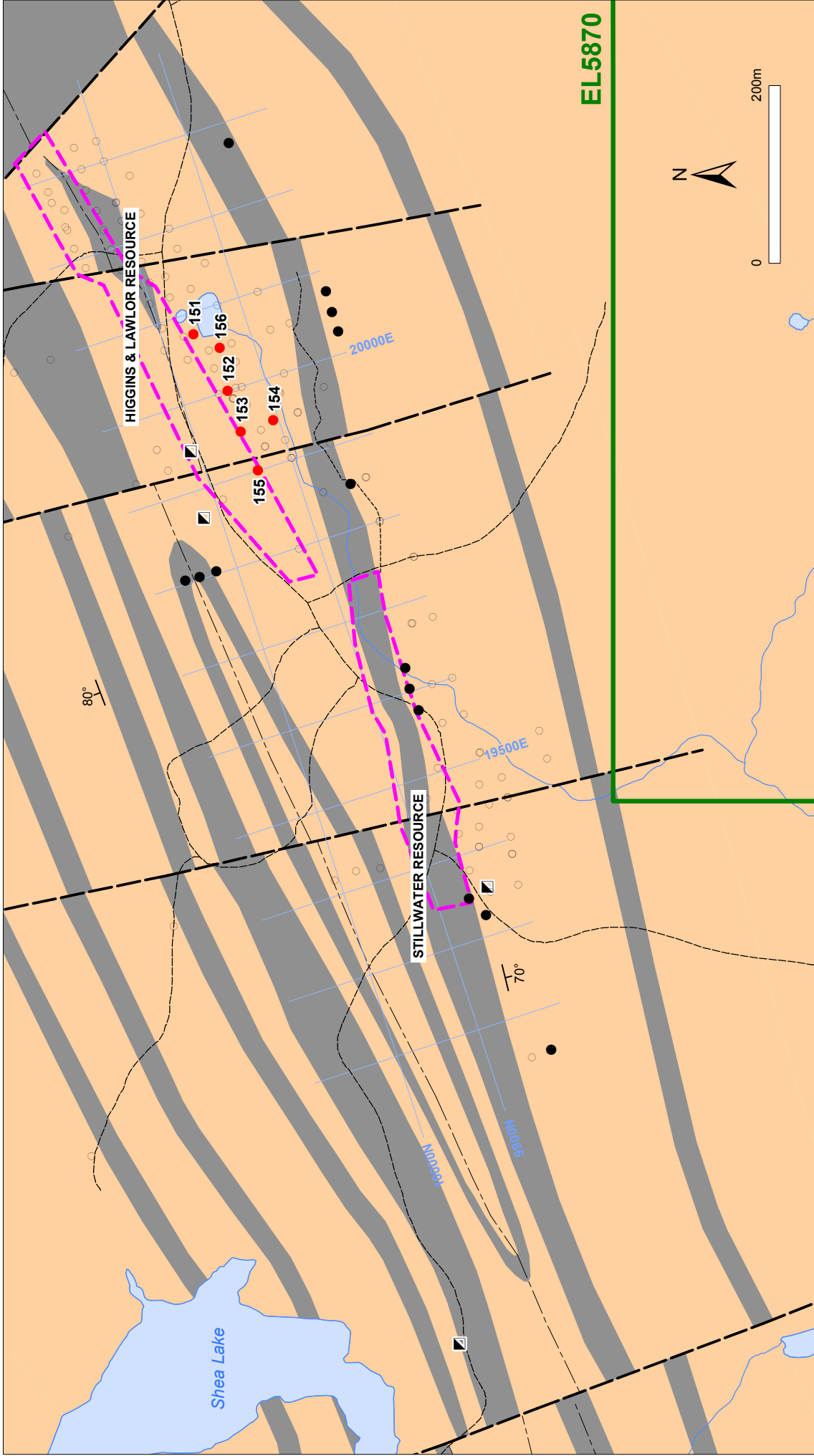
Cochrane Hill is subject of an option agreement with TSX-listed Scorpio Gold Corporation (TSX: SGC). Under the terms of the agreement with SGC, once Atlantic Gold has completed further exploration and development expenditure of C\$3.2 million by May 2012 (extendable for a further 12 months for C\$50,000 cash payment), then at SGC's election Atlantic Gold will have earned either a 60% Joint Venture interest (with SGC retaining a 40% Joint Venture interest) or 100% interest subject to a 20% free carried interest retained by SGC. The Cochrane Hill property is subject to an underlying 3% production royalty, two-thirds of which can be purchased.

B. Attribution

The geological information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of Atlantic Gold and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Bucknell has consented to the inclusion of this information in the form and context in which it appears. 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).

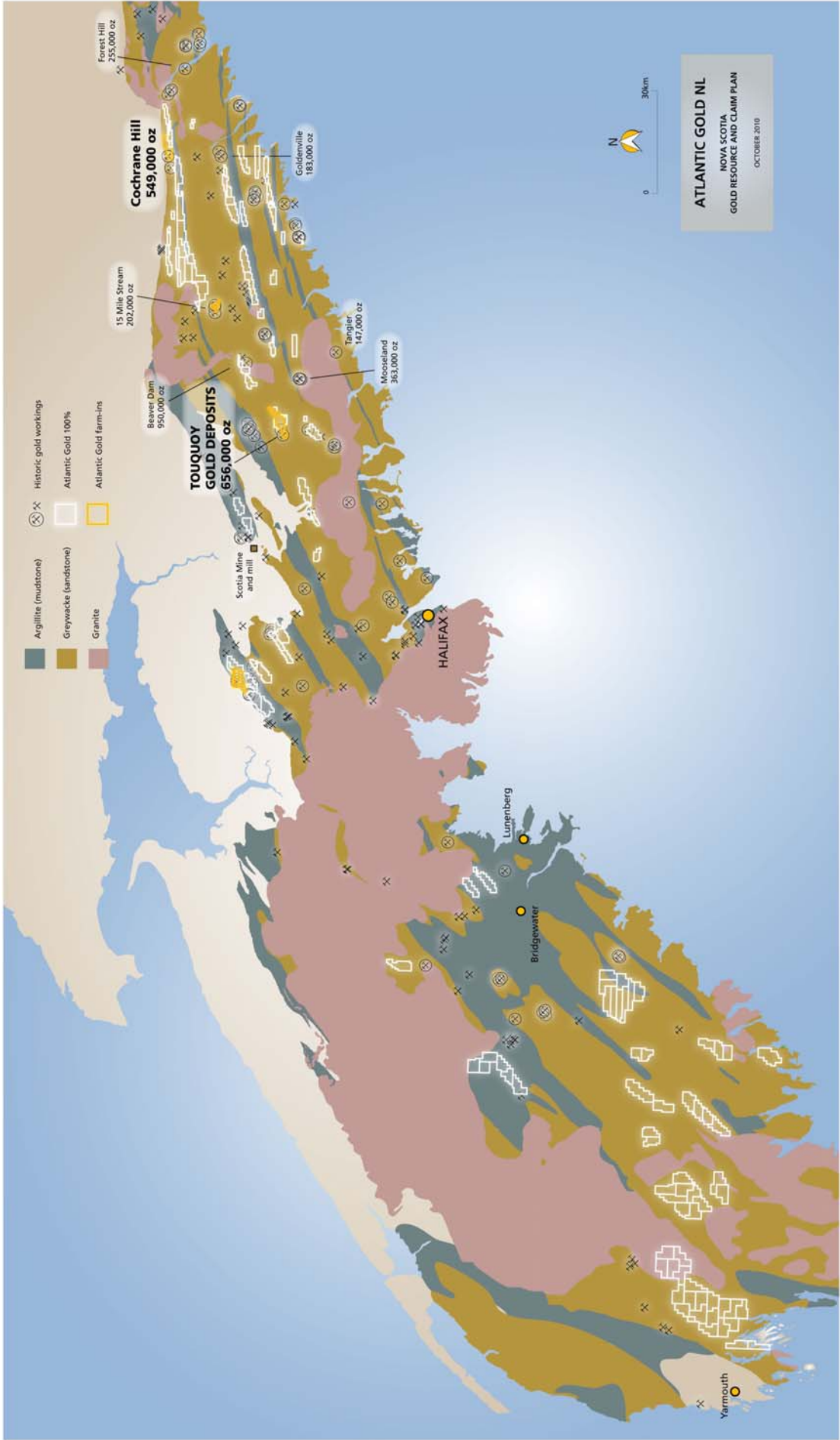
C. About Atlantic Gold NL

Atlantic Gold is an ASX listed company (Code ATV) which aims to develop open pit gold deposits in Nova Scotia, the Touquoy and Cochrane Hill Gold Projects 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 million ounces of gold and operated up to five gold mines, three of which are still in production, and now owned by Canada's Barrick Gold Corporation. The Company principals have considerable previous experience in exploration in Atlantic Canada.



ATLANTIC GOLD NL
TOUQUOY GOLD PROJECT
TOUQUOY WEST DIAMOND DRILLING
 October 2010

○	Historic diamond drill hole	■	Shaft	—	Anticlinal axis	■	Greywacke
●	2010 ATV diamond drill hole	—	Road	—	Fault	■	Argillite
●	Current ATV diamond drill hole	—	Resource outlines projected vertically to surface				



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

ATLANTIC GOLD NL

ABN

82 062 091 909

Quarter ended ("current quarter")

30 SEPTEMBER 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(266)	(773)
(b) development	(183)	(1,504)
(c) production		
(d) administration	(132)	(605)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	12	86
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(569)	(2,796)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	25	(682)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	9	9
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	33	(673)
1.13 Total operating and investing cash flows (carried forward)	(535)	(3,469)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(535)	(3,469)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – Costs of share issues		(16)
	Net financing cash flows	(535)	(3,485)
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	2,260	5,180
1.21	Exchange rate adjustments to item 1.20	(47)	(18)
1.22	Cash at end of quarter	1,677	1,677

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	83				
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					
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Directors fees</td> <td style="text-align: right;">22</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">61</td> </tr> </table>			Directors fees	22	Salaries	61
Directors fees	22					
Salaries	61					

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		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	700
4.3 Production	
4.4 Administration	200
Total	1100

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	84	27
5.2 Deposits at call	1,593	2,233
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,677	2,260

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	EL8636		100%	0%
6.2 Interests in mining tenements acquired or increased	10 ELs (606 claims, 94.4 sq km) Nova Scotia, Canada	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 9c ATVCD	394,832,569 30,286,342	394,832,569 30,286,342	20 cents	9 cents
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>
– ATVOA	24,144,138		\$0.08	31.01.11
– ATVAM	400,000		\$0.15	14.10.10
– ATVAQ	2,000,000		\$0.155	28.08.12
– ATVAI	400,000		\$0.15	14.10.12
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter – ATVAK	4,550,000		\$0.15	22.08.10
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 Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



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(Director/Company secretary)

Date: 29 October 2010

Print name: JULIE FIDLER

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.