

29 October 2013

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

## **QUARTERLY REPORT OF ACTIVITIES FOR PERIOD ENDING 30 SEPTEMBER 2013**

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### **HIGHLIGHTS**

#### ***Touquoy Gold Development Project, Nova Scotia***

- The Nova Scotia Court of Appeal has dismissed a second appeal and a subsequent stay motion filed by a former landowner against the vesting order issued by the Minister of Natural Resources in relation to the last private property (of 63) required for project development. The Company regards the former landowner's claims as having been definitively quashed by the highest level of Court in Nova Scotia and believes that any further challenge is baseless and futile.
- Merit Engineers has been engaged to assist in the tendering and award of an EPCM (Engineering Procurement and Construction Management) Contract for the Project.
- Capital and operating costs are being updated from the 2010 Definitive Feasibility Study by Ausenco Ltd and Australian Mine Design and Development Pty Ltd as the basis for project financing.
- Application for Industrial Approval remains under active review by Nova Scotia Environment.
- Financing structures for development funding of Touquoy continue to be refined in consultation with major banks and other financiers.

#### ***Exploration***

- A 900m program of shallow reverse circulation drilling, and interface drilling, has commenced at East Rawdon, Fifteen Mile Brook and East Goldboro (Nova Scotia).

#### ***Corporate***

- A placement of 75 million fully paid ordinary shares was issued to private investment company Avalon Ventures Corporation to raise \$1.875 million.
- Atlantic Gold's nominal interest in the Touquoy Gold Project has increased to 63.5% through the purchase of an 8.7% interest in the private company, Moose River Resources Inc (MRRI), which holds a 40% carried interest in the Project.



## **TOUQUOY GOLD PROJECT**

### ***CURRENT ACTIVITY***

#### **Acquisition of sole remaining surface title**

As previously announced, on September 13, 2013, a three-judge panel of the Nova Scotia Court of Appeal unanimously dismissed the appeal brought by former landholder, Mr Forrest C Higgins. Mr. Higgins was challenging a prior decision of the Nova Scotia Supreme Court dismissing Mr. Higgins' objection to the vesting order issued on 12 June 2012 by the Nova Scotia Minister of Natural Resources in relation to the one remaining private property required to develop the Touquoy Gold Project.

Mr Higgins appealed to the Nova Scotia Court of Appeal on the basis that the Nova Scotia Supreme Court erred in law. The Nova Scotia Court of Appeal rejected his arguments.

Mr Higgins has no further opportunity of appeal as of right. The only possible avenue is for him to seek leave to appeal from the Supreme Court of Canada. However, it is considered to be extremely unlikely that such leave would be granted. Among other things this is not a matter of national importance and the former landholder's claims have twice been forcefully dismissed.

Nevertheless Mr Higgins has filed a Notice of Application seeking leave to appeal from the Supreme Court of Canada. The Notice of Application is not yet complete as specific requisite supporting documents are not yet filed. Mr Higgins has until 25 November 2013 to complete his Application.

In addition to that Application for Leave, Mr Higgins filed a notice of motion for an order staying the 12 June 2012 vesting order issued by the Nova Scotia Minister of Natural Resources in relation to the property. Mr. Higgins brought this motion in an effort to halt any development pending his application to seek leave from the Supreme Court of Canada. The motion was heard by the Nova Scotia Court of Appeal on 4 October 2013, and was dismissed at the conclusion of the hearing.

The Court of Appeal concluded, among other things, that Mr. Higgins failed to establish even an arguable case, let alone an arguable case of sufficient importance to justify consideration by the Supreme Court of Canada. The Court of Appeal concluded that Mr. Higgins' claims fell far short of what would be required for the remedy he requested. Mr Higgins now has until 3 November 2013 to remove all personal goods and chattels from the property.

Notwithstanding these clear pronouncements, Mr Higgins says that he still intends to complete his application for leave to the Supreme Court of Canada.

The dismissal of this motion vindicates the Minister's considered decision as empowered by his office under the *Mineral Resources Act*, and forcefully confirms the Company's legal right of access to and possession of this last of the 63 private properties required to advance financing efforts to conclusion and move ahead with the development of the Project. The Company intends to now do so.

## Industrial Approval

The Company's application for Industrial Approval to the Minister of Environment for the development, operation and reclamation of the Touquoy Gold Project pursuant to Part V of the *Environment Act* of Nova Scotia remains under active review and the application is advancing.

Industrial Approval is the requisite adjunct to the Environmental Assessment Approval, the primary environmental permit already in place, which completes the essential licensing to develop the Project.

## Project Financing

Financing structures to fund development of the Touquoy Gold Project continue to be refined in consultation with a range of major financiers. At prevailing gold prices, albeit considering recent declines, conventional debt is still available to form the significant component of the project funding requirements. Various forms of supplementary financing to provide the least dilutive outcomes are being actively considered.

## Project Development

Perth-based Merit Engineers, the independent firm which compiled the Touquoy Definitive Feasibility Study (DFS), has been engaged to assist in the tendering and award of an EPCM (Engineering Procurement and Construction Management) Contract for the Project. In conjunction with Merit's brief, Ausenco Ltd and Australian Mine Design and Development Pty Ltd have been commissioned to update and revalidate capital and operating costs (processing and mining respectively) from the 2010 DFS to  $\pm 15\%$  accuracy primarily as a basis for project financing. These estimates are expected in early December.

## GENERAL

The Touquoy Gold Project is located in central Nova Scotia, Canada about 70 minutes drive by sealed road from Halifax, the Provincial capital. Halifax is a modern city with a population of about 400,000. 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 by road from Touquoy.

The Touquoy Gold Project is well advanced. The major permitting – Environmental Assessment Approval – is in place, the Mineral Lease has been granted and the Definitive Feasibility Study (DFS) completed in July 2010 and updated Q4/2011. The DFS established the following open pit Ore Reserves based on resource estimation undertaken by resource estimation specialists Hellman & Schofield:

	TONNES millions	GRADE g/t Au	CONTAINED GOLD ounces
Proved Ore Reserves	2.49	1.48	118,000
Probable Ore Reserves	7.10	1.47	336,000
<b>Total</b>	<b>9.59</b>	<b>1.48</b>	<b>454,000</b>

These Reserves are defined within an open pit with a 2.5:1 strip ratio and having a minimum 5-year mine life at a planned throughput rate of 2.0mtpa through an on-site conventional gravity/CIL plant. C1 cash operating costs (at Q4 2011) are estimated at US\$560/oz with an initial capital cost of C\$140 million (C\$=US\$; includes \$10 million reclamation bond and \$10 million working capital). Subject to project financing, first gold is expected in late 2015.

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 in total recovered gold from two 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.

In addition, in the region of the Touquoy and Cochrane Hill deposits, other established gold resources owned by other companies encourage the concept of regional consolidation.

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 23 February 2012 announcement to the ASX:

([http://www.atlanticgold.com.au/pdf/announcements/2012/120223\\_ATV\\_Touquoy\\_DFS\\_update.pdf](http://www.atlanticgold.com.au/pdf/announcements/2012/120223_ATV_Touquoy_DFS_update.pdf)).



## COCHRANE HILL GOLD PROJECT

### GENERAL

Cochrane Hill is an advanced gold exploration property located 80 km east of Atlantic Gold's Touquoy Gold Project and where Atlantic Gold has established the following Mineral Resources (as reported to ASX on 18 September 2009, and on 8 March 2011 as Canadian NI43-101 compliant resources refer:

[http://www.atlanticgold.com.au/pdf/announcements/2009/090918\\_ATV\\_Cochrane\\_Hill\\_resource\\_estimate.pdf](http://www.atlanticgold.com.au/pdf/announcements/2009/090918_ATV_Cochrane_Hill_resource_estimate.pdf)

[http://www.atlanticgold.com.au/pdf/announcements/2011/110308\\_ATV\\_Cochrane\\_Hill%20NI43-101\\_report.pdf](http://www.atlanticgold.com.au/pdf/announcements/2011/110308_ATV_Cochrane_Hill%20NI43-101_report.pdf)):

	TONNES millions	GRADE g/t Au	CONTAINED GOLD ounces
Indicated Resource	4.46	1.76	251,000
Inferred Resource	5.65	1.64	298,000
<b>Total</b>	<b>10.11</b>	<b>1.69</b>	<b>549,000</b>

Based on this resource inventory and the assumption – to be confirmed by infill drilling yet to be undertaken – that all Inferred Resources can be converted to Measured and Indicated Resources, a conceptual open-pit has been optimised using similar costs and operating plan – 2 Mtpa gravity/CIL – to those presently applicable to the Touquoy Gold Project. For a gold price of US\$875/oz production of 8.9 million tonnes grading 1.7 g/t gold to recover 450,000 ounces gold (as reported to ASX on 18 September 2009 – refer: [http://www.atlanticgold.com.au/pdf/announcements/2009/090918\\_ATV\\_Nova\\_Scotia\\_open\\_pit\\_potential.pdf](http://www.atlanticgold.com.au/pdf/announcements/2009/090918_ATV_Nova_Scotia_open_pit_potential.pdf)) is indicatively projected:

GOLD PRICE	TONNES millions	GRADE g/t	OUNCES GOLD RECOVERED	STRIP RATIO
<b>US\$875/oz</b>	<b>8.9</b>	<b>1.7</b>	<b>450,000</b>	<b>5.8:1</b>

The acquisition of 100% interest in the Cochrane Hill Gold Project in August 2012 was a major step forward in Atlantic Gold's plan for a minimum one million ounces of gold production from Touquoy, Cochrane Hill, and its other Nova Scotia properties.

No site-based work was undertaken at Cochrane Hill during the June quarter.



## EXPLORATION

### GENERAL

Atlantic Gold's regional land package in Nova Scotia presently comprises approximately 320 km<sup>2</sup> of claims specifically selected to explore for Touquoy/Cochrane Hill style disseminated gold mineralisation. At this time such mineralisation has been identified at six sites – West Caledonia, Caduesky Lake, Moses Lake, East Rawdon, Fifteen Mile Brook and Kemptville (refer to regional map for locations).

A program of shallow reverse circulation drilling – 40 holes for 900m along 6 fences at East Rawdon and Fifteen Mile Brook – and reconnaissance interface drilling at the new East Goldboro property, has recently commenced. The drilling is expected to take about three weeks to complete.



## **CORPORATE**

### ***FUNDS RAISED***

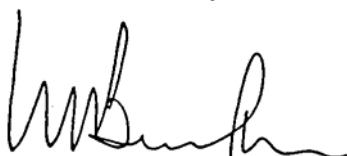
A placement of 75,000,000 ordinary fully paid shares was made on 2 October 2013 to private investment company Avalon Ventures Corporation to raise \$1,875,000.

### ***INVESTMENT IN MOOSE RIVER RESOURCES INC***

Atlantic Gold has acquired an 8.7% interest in the private company, Moose River Resources Inc (MRRI), which holds a 40% carried interest in Atlantic Gold's Touquoy Gold Project in Nova Scotia. This 8.7% interest, represented by 645,000 shares, was purchased for C\$248,077 upon offer from two existing MRRI shareholders. As a result Atlantic Gold's nominal interest in the Touquoy Gold Project has increased to 63.5%.

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Yours sincerely,



W Bucknell  
Managing Director

This report and accompanying plans will be posted on the Company's website, [www.atlanticgold.com.au](http://www.atlanticgold.com.au) following its release to the Australian Stock Exchange.

For further information please contact:

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#### **About Atlantic Gold NL**

Atlantic Gold is an ASX listed company (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, Canada have never before been systematically assessed in this way. The Company's skills are derived from 15 highly successful years of such work in Western Australia, and the Company principals have considerable previous experience in exploration in Atlantic Canada.

## ENDNOTES:

### A. Touquoy 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 will share the pre-tax profit on a 60:40 basis with the vendor of the Touquoy tenements. A royalty of 3% is also payable, two-thirds of which can be purchased for C\$ 2.5 million.

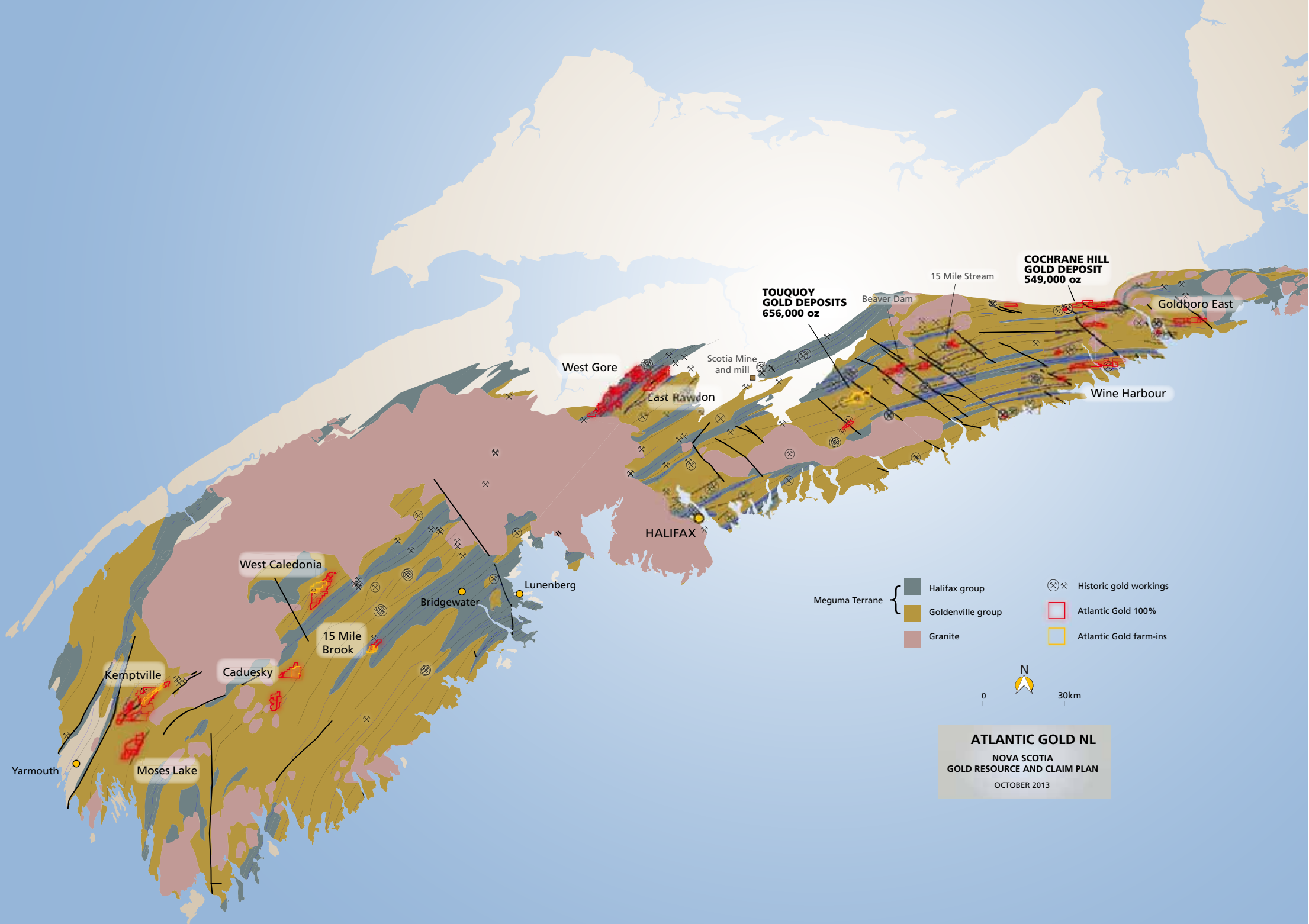
### B. Cochrane Hill property ownership details

Wholly-owned, and subject to an underlying 3% production royalty to a prospector, two-thirds of which can be purchased for C\$1.5 million.

### C. Attribution

The geological information in this report relating to mineral exploration, Mineral Resources and Ore Reserves 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).







# 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, 17/12/10.

Name of entity

**ATLANTIC GOLD NL**

ABN

**82 062 091 909**

Quarter ended ("current quarter")

**30 September 2013**

## Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:		
(a) exploration & evaluation	(166)	(577)
(b) development	(334)	(1,083)
(c) production		
(d) administration	(220)	(742)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14	41
1.5 Interest and other costs of finance paid	(34)	(108)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(740)</b>	<b>(2,469)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments	(258)	(258)
(c) other fixed assets		(18)
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 – Refundable security deposits		520
<b>Net investing cash flows</b>	<b>(258)</b>	<b>244</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(998)</b>	<b>(2,225)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(998)	(2,225)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		2,590
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 issue		(18)
	<b>Net financing cash flows</b>	0	2,572
	<b>Net increase (decrease) in cash held</b>	(998)	348
1.20	Cash at beginning of quarter/year to date	2,378	1,029
1.21	Exchange rate adjustments to item 1.20	15	19
1.22	<b>Cash at end of quarter</b>	1,395	1,395

**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	113
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	38
	Salaries	75

**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

## 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	1,000	1,000
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	500
4.3 Production	0
4.4 Administration	250
<b>Total</b>	<b>950</b>

## 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	103	102
5.2 Deposits at call	1,291	2,278
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,395</b>	<b>2,378</b>

## 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	EL9860 (14 claims 2.2 sq km)	Wholly owned	100%	0%
	EL10405 (9 claims 1.4 sq km)	Wholly owned	100%	0%
	EL10431 (12 claims 1.9 sq km)	Wholly owned	100%	0%
	Kemptonville Ayarco option (3 ELs, 89 claims, 13.9 sq km)	Optioned	0%	0%
6.2 Interests in mining tenements acquired or increased	4 ELs (83 claims, 12.9 sq km)	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 <b>Preference +securities</b> (description)				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>				
Fully paid ATV	743,445,494	743,445,494		
Partly paid 9c ATVCD	30,286,342	30,286,342	20 cents	9 cents
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital				
7.5 <b>+Convertible debt securities</b> (description)				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			Exercise price	Expiry date
– ATVAI	17,500,000	0	2.7 cents	28-Aug-2017
7.8 Issued during quarter	17,500,000	0	2.7 cents	28-Aug-2017
7.9 Exercised during quarter				
7.10 Expired during quarter –				
7.11 <b>Debentures</b> (totals only)				
7.12 <b>Unsecured notes</b> (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 Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



.....  
(~~Director~~/Company secretary)

Date: 29 October 2013

Print name: JULIE FIDLER, Company Secretary

## 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.