

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Atlantic Gold Corporation

ARBN

600 024 397

Quarter ended ("current quarter")

September 30, 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter Canadian \$'000	Year to date (9 months) Canadian \$'000
1.1	Net loss for the period	(505)	(1,284)
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration		
1.3	Dividends received	Nil	Nil
1.4	Interest and other items of a similar nature received	Nil	Nil
1.5	Interest and other costs of finance paid	Nil	Nil
1.6	Income taxes paid	Nil	Nil
1.7	Adjustments for non-cash items in the statement of loss	(121)	(209)
	Net changes in non-cash working capital	(115)	(146)
	Net Operating Cash Flows	(740)	(1,639)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	Nil	Nil
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	Nil 5 2	Nil 5 2
1.10	Loans to other entities	Nil	Nil
1.11	Loans repaid by other entities	Nil	Nil
1.12	Cash acquisition costs	(4,815)	(5,157)
	Cash inherited on acquisitions	313	313
	Mineral Property Expenditures	(448)	(448)
	Interest received	70	332
	Net investing cash flows	(4,873)	(4,953)

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1.13	Total operating and investing cash flows (brought forward)	(5,613)	(6,592)
	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	Loan issued	(1,400)	(1,400)
	Interest/Financing Income on Loan	103	103
	Net financing cash flows	(1,297)	(1,297)
	Net increase (decrease) in cash held	(6,910)	(7,889)
1.20	Cash at beginning of quarter/year to date	27,944	28,923
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	21,034	21,034

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

		Current quarter Canadian \$'000
1.23	Aggregate amount of payments to the parties included in item 1.7	141
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	
	Director Fees - 19 Consulting Fees - 71 Salaries to officers - 51	

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

+ See chapter 19 for defined terms.

Acquisition of Atlantic Gold NL

On August 20, 2014 (the "Implementation Date"), the Company completed the acquisition of all the fully paid and partly paid ordinary shares on issue of Atlantic Gold NL ("Atlantic NL") by way of a scheme of arrangement under Part 5.1 of the Australian Corporations Act 2001 (Cth) between Atlantic NL and its shareholders (the "Transaction").

Under the terms of the Transaction, Atlantic NL shareholders holding fully paid ordinary shares received 0.05564 of a common share of the Company (each whole share, a "Common Share") and 0.02782 of a share purchase warrant (each whole warrant a "Warrant") for each fully paid ordinary share of Atlantic NL held. Each Warrant is exercisable to acquire one Common Share for a period of four years following the Implementation Date at a price of \$0.60 per Common Share. Atlantic NL shareholders holding partly paid ordinary shares received 10% of the consideration otherwise payable to a holder of fully paid ordinary shares for each fully paid share held. As a result, a total of 46,275,272 Common Shares valued at \$13.0 million and 23,137,361 Warrants valued at \$1.5 million were issued to Atlantic NL shareholders. The Common Shares issued and issuable in conjunction with the Transaction were issued, or are issuable, from treasury.

Furthermore, in consideration for the cancellation of each outstanding option to purchase an ordinary share of Atlantic NL (each, an "Atlantic NL Option") the Company granted 0.05564 of an option to purchase a Common Share, with an exercise price of \$0.50 per full Common Share and an expiry date of August 28, 2017. Options to purchase up to 973,700 Common Shares valued at \$57,000 were granted to former holders of Atlantic NL Options as at the Implementation Date.

The net assets acquired in the Transaction amounted to \$16.2 million.

Acquisition of Acadian Mining Corporation

On September 19, 2014, the Company completed the acquisition of all of the issued share capital in Acadian Mining Corporation ("Acadian") for 8,876,542 common shares (the "Consideration Shares") of the Company valued at \$1.9 million and net \$3,610,740 million in cash pursuant to the share purchase agreement (the "Agreement") among Acadian, LionGold Mining Canada Inc. (the "Vendor"), and LionGold Corp Ltd as guarantor.

Under the terms of the Agreement, a total of 2,000,000 Consideration Shares valued at \$540,000 were held back from issuance to the Vendor pending the completion of certain post-closing deliverables. These additional Consideration Shares have yet to be issued to the Vendor.

The net assets acquired in the Transaction amounted to \$6.2 million.

- 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.

- 3.1 Loan facilities

Amount available Canadian \$'ooo	Amount used Canadian \$'ooo
Nil	N/A

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3.2	Credit standby arrangements	Nil	N/A
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Estimated cash outflows for next quarter

		Canadian \$'000
4.1	Exploration and evaluation	2,000
4.2	Development	Nil
4.3	Production	Nil
4.4	Administration	1,000
Total		3,000

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 Canadian \$'000	Previous quarter Canadian \$'000
5.1	Cash on hand and at bank	21,034	8,426
5.2	Deposits at call		19,518
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		21,034	27,944

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Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased	As discussed in section 2.1, the Company acquired a number of exploration licenses and a special licence in Nova Scotia, Canada in conjunction with the acquisitions of Atlantic Gold NL and Acadian Mining Corporation. The Tenements acquired are disclosed in the appended Quarterly Activities report.	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			
	<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	113,559,001	113,559,001	

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7.4	Changes during quarter (a) Increases through issues – Atlantic Gold NL acquisition and Acadian Mining Acquisition respectively (b) Decreases through returns of capital, buy-backs	46,275,272 6,876,542		N/A N/A	N/A N/A
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options Share Purchase Warrants	23,137,361	23,137,361	Exercise price C\$0.60	Expiry date August 20, 2018
	Options	973,700		C\$0.50	August 28, 2017
7.8	Issued during quarter			Exercise price	Expiry date
	Share Purchase Warrants	23,137,361	23,137,361	C\$0.60	August 20, 2018
	Options	973,700		C\$0.50	August 28, 2017
		2,050,000		C\$0.32	June 13, 2019
		50,000		C\$0.40	July 26, 2018
		1,250,000		Co.40	November 1, 2017
		100,000		Co.37	May 10, 2017
		1,000,000		C\$0.40	April 10, 2017
		1,950,000		C\$0.37	August 12, 2016
7.9	Exercised during quarter				

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7.10	Expired during quarter				
	<i>Options</i>	300,000		C\$0.28	July 28, 2014
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: *"Irfan Shariff"* October 31, 2014

 (Company secretary) Date:

Print name: Irfan Shariff

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 and petroleum 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 or petroleum 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.

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- 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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