

31 January 2006

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

QUARTERLY REPORT FOR PERIOD ENDING 31 DECEMBER 2005

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

FEASIBILITY STUDY

- **Successful first stage of resource delineation drilling found to obviate the need for Stage 2 infill drilling to establish Measured and Indicated Resource position, with only some confirmatory drilling of historic results now required.**
- **Ausenco Limited retained for Feasibility Study documentation, and Golder Associates Pty Ltd for review of tailings storage options.**
- **Feasibility Study testwork for mine and plant design progressing positively: metallurgical testwork in progress; grindability, geotechnical and geohydrological testwork essentially completed with positive results.**
- **Project permitting continues to receive top priority with the key Environmental Assessment Report in preparation.**

NEAR MINE EXPLORATION

- **RAB drilling on Caribou JV property identifies four strong, persistent gold bedrock anomalies distributed over 8 km strike length.**
- **Diamond drilling program to test anomalies being planned.**

REGIONAL EXPLORATION

- **Two gold-mineralised properties east of Touquoy with favourable attributes for potential open pit ore optioned from local prospectors. ATV may earn 100%.**

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GOLD

TOUQUOY GOLD PROJECT Nova Scotia Canada (ATV may earn up to 75%)

TOUQUOY GOLD DEPOSIT – FEASIBILITY STUDY

The Feasibility Study on the Touquoy Gold Deposit is progressing with the main items of data collection pending to enable design of mine, plant and infrastructure siting being completion of the metallurgical testwork, conclusion of site photogrammetrical surveying and some confirmatory drilling to complete the resource delineation. Of these tasks the most time-critical is completion of the metallurgical testwork, which on present advice is scheduled for June.

Brisbane-based Ausenco Limited has now been retained to complete the requisite cost and engineering studies and the documentation of the Feasibility Study. Golder Associates Pty Ltd has been retained to review tailings storage options.

A firm schedule for completion of the Feasibility Study has yet to be submitted but given the expected June completion of the metallurgical testwork and industry-wide delays in sourcing relevant human resources a July/August completion date is anticipated at this time.

Resource estimation

As previously reported the JORC-compliant resource estimate for the Touquoy Deposit (excluding the satellite deposits at Touquoy West) presently stands at 6.91 million tonnes @ 2.1 g/t for 472,000 ounces gold:

	Tonnes (millions)	Grade (g/t Au)	Ounces
Indicated Resource	4.44	2.1	300,000
Inferred Resource	2.47	2.2	172,000
TOTAL	6.91	2.1	472,000

A substantial resource delineation diamond drilling program to infill the resource with drillholes on 20m x 25m centres, the first of two stages of which was undertaken during the September 2005 Quarter (70 holes for 5,477 m), had been designed to upgrade the bulk of these resources to the higher confidence JORC Code categories of Measured and Indicated Resource upon which an Ore Reserve estimate could be based. The final stage of this delineation drilling program, previously estimated to involve 95 holes for 6,000 m, remains to be undertaken. However detailed geostatistical modelling of all drill results to date, and a site visit, by Hellman & Schofield, ATV's resource consultant, indicates that sufficient infill drilling has already been completed to allow a substantial upgrade to Measured and Indicated Resource categories on the basis of existing hole density. We are currently planning a limited drilling program to evaluate a selection of the historic drill results, previously included in the NI 43-101

compliant resource estimate determined by Canadian consultants, Watts Griffis and McOuat Limited in 2003.

Given that results of the infill drilling have been well in line with expectations, the delineated resource (Measured, Indicated and some Inferred Resource), when formally estimated, is expected to be similar in terms of tonnes and grade to the presently reported Resource Estimate.

Testwork

Concurrent with the resource delineation drilling, testwork for mine and processing plant design is being undertaken under the guidance of specialist consultants.

i) Metallurgical testwork

Final comprehensive metallurgical testwork is in progress at Metcon Laboratories Ltd in Sydney under the guidance of Peter Lewis and Associates. Initial results confirm the excellent metallurgical characteristics of the ore in relation to conventional CIL gold ore processing methodology:

- Very high total gold recoveries (~98%)
- Very high gravity gold recoveries (~80%)
- Coarse grind (180µm), hence reduced power consumption
- Low reagent consumption (0.4kg/t CN)
- Very short residence time (<8 hours)

These outstanding results are also providing the opportunity to consider alternative processing options targeting the excellent gravity recoveries, in parallel with the ongoing conventional CIL testwork to ensure the most cost-effective processing route. Completion of the metallurgical testwork is on the critical path for finalisation of the Feasibility Study. Current advice is that the testwork will not be concluded until June.

Results of acid-base accounting testwork conducted by Dalhousie University's Minerals Engineering Centre (Halifax) on representative waste and ore material indicates, as expected, that both ore and waste are unlikely to be acid generating. Both ore and waste are estimated to contain more than enough carbonate minerals to neutralise any possible acid generated by post-mining oxidation of contained sulphide minerals.

ii) Grindability testwork

Grindability testwork on large diameter (PQ) diamond core samples drilled in August has been concluded by SGS Lakefield Research Limited with direction from Perth-based, Orway Mineral Consultants (WA) Pty Ltd. Results confirm the extremely low Bond ball mill work index (average 8.3 kWh/t) for the argillite host rock, which will comprise 85-90% of the mill feed. This result implies low power

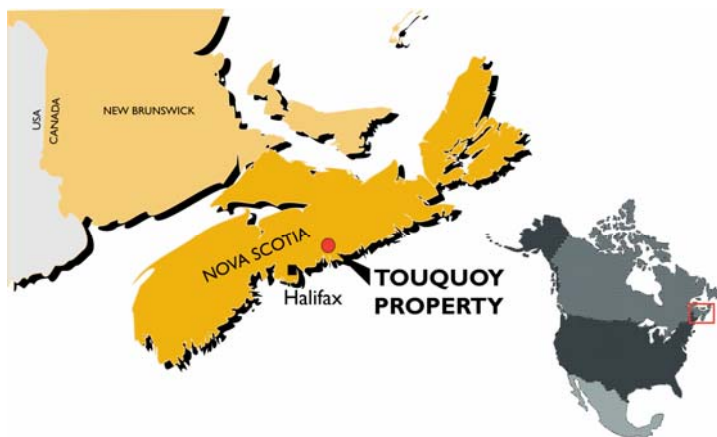
consumption for the grinding circuit. The preferred comminution circuit option arising from this testwork is a 3-stage crush/Ball mill configuration.

(iii) Geotechnical testwork

Base case pit wall design derived from detailed and specific geotechnical investigations undertaken on eleven drillholes under the guidance of Perth-based consultant, Peter O’Bryan and Associates, indicates overall pit wall slopes (allowing for intra-bench berms) averaging 45°. This confirms the assumption used in the Scoping Study. Some upside may be possible.

(iv) Geohydrological testwork

Eight water bores were drilled to depths below the base of the optimised pit to test specific structures as potential aquifers. Minimal groundwater flows were registered in all holes such that pit de-watering will be straightforward with minimal impact expected on existing surface water drainage.



The target at Touquoy is a production scenario incorporating an on-site gold treatment plant with a 1.5 million tonne per annum throughput and a 7 year minimum mine life to produce approximately 90,000 ounces gold per year. This target implies a further increase in the existing resource inventory, to which the ongoing drilling and

wider exploration is being applied. Scoping studies undertaken by ATV confirm that the Touquoy deposit has a low stripping ratio (3.5:1), excellent ore metallurgy (free milling with ~98% recovery) and favourable ore grindability characteristics conducive to a relatively low cost and profitable mining operation. The property is located in an old gold mining area about 110 km by sealed roads from Halifax, the capital of Nova Scotia.

TOUQUOY GOLD DEPOSIT – PERMITTING

Concurrent with advancement of the Feasibility Study project permitting continues to be an immediate priority. Formal and informal meetings, update sessions and information displays have been variously conducted with Provincial and Federal regulators from all relevant and interested government departments, and with local residents and property owners. In all respects feedback has been positive. Preparation of the key Environmental Assessment Report for the project is in progress.

Support for the project continues to be provided at key senior Provincial and Municipal government levels.

Atlantic Gold is earning a 60% interest in the Touquoy Gold Project by spending C\$2.2 million by 31 December 2005. An additional 15% interest can be acquired in the property outside the general area of the known resource upon securing project financing. The earning requirement of C\$2.2 million has now been comfortably met, the private co-venturer Moose River Resources Inc currently assessing expenditures prior to formal acknowledgement.

NEAR MINE EXPLORATION

Caribou Joint Venture

(Atlantic Gold NL 50%, Acadian Gold Corporation 50%)

It was previously reported that agreement had been reached with Acadian Gold Corporation (a company listed on the TSX Ventures Exchange) to amalgamate Acadian's tenements immediately adjoining the historic Caribou Mine Property (held by other interests – and referred to below simply as "Caribou") with ATV's tenements further along the Caribou trend, and from which ATV had received encouraging reconnaissance RAB drilling results, under a 50:50 exploration joint venture to be managed by ATV.

This Caribou Joint Venture Property is located about 9 km north of the Touquoy Gold Deposits (see location plan) and given past production of over 90,000 oz gold (1869–1947) from the Caribou area mines (including the Lake Lode¹ located on Joint Venture ground) the Caribou trend therefore presents an excellent exploration target for ore reserves strategically located near the Touquoy Gold Project.

A RAB drilling program comprising 279 holes along 17 traverses for 2,888 m, was therefore completed to evaluate and detail encouraging results obtained from the first-pass reconnaissance RAB drilling program completed last Quarter. (The purpose of this RAB drilling is to penetrate what is believed to be geochemically opaque till (mostly unconsolidated sand and gravel) to retrieve a bedrock sample for geological and geochemical characterisation. RAB holes are vertical and nominally spaced 80 m apart along traverses. Average till depth is 7 m with maximum >20 m).

Four areas of strong and consistent gold/arsenic anomalism in bedrock (peaking to 360 ppb gold and 2050 ppm arsenic, from different holes) are identified over a strike length of 8 km, all close to the anticlinal axis which passes through Caribou – please refer to accompanying plan for locations:

¹ The Lake Lode was one of the two principal historic underground mines at Caribou. A quartz stockwork breccia averaging 6 m wide by 35 m high was mined at the Lake Lode Mine for 400 m down-plunge at a recovered grade of 7.2 g/t (Acadian Gold's 2004 Annual Report) prior to its closure in 1909 as a result of a fire in the mill. It was one of the deepest gold mines in Nova Scotia. The mines at Caribou (held in part by other interests) are reported to have produced over 90,000 oz gold between 1869 and 1947.

1. just southwest of Caribou on EL 6234
2. just northeast of Caribou on EL 6233, near substantial historic workings known as the Lake Lode
3. northwest across strike from Caribou, and
4. near Sherlock Lake about 5 km northeast of Caribou, this zone appearing to have been offset by later faulting.

These geochemically anomalous host rocks are generally pyrrhotite-bearing argillites (Halifax Formation) geologically and geochemically similar to those argillites immediately along strike from the Touquoy Gold Deposit.

Although additional RAB drilling traverses are yet to be undertaken, given the encouragement received to date it is proposed to immediately proceed with an initial test of one or two of these anomalous zones with follow-up diamond drilling.

REGIONAL EXPLORATION

In addition to the reconnaissance RAB drilling undertaken on the Caribou Joint Venture Property an additional 89 holes along 9 traverses for 1119 m were similarly drilled to test various targets elsewhere on ATV's regionally located Licences. While isolated gold/arsenic anomalies were picked up, mostly in transported till, no extensive coherent zones of bedrock geochemical anomalism approaching that at Caribou have so far been defined.

Wine Harbour Option: Located about 90 km east of Touquoy (see attached plan) this modest past gold producer is notable for wide (20 m) historically payable workings evidenced in an open pit and positioned within an extensive zone of carbonate and sulphide alteration about 500 m across strike and 4 km along strike. Minimal exploration, effective for the style of gold mineralisation sought, has been undertaken. ATV has a three-year option to acquire 100% interest in this property by making increasing annual cash payments to the individual holder with the right to withdraw at any time. The 100% interest is subject to a 3% royalty, of which two-thirds may be purchased for cash at any time.

Miller Lake Options: Miller Lake is a modest past gold producer located about 65 km east of Touquoy with workings – mostly quartz-vein hosted within greywackes – developed continuously over at least 3 km strike length. ATV holds substantial ground along strike from Miller Lake. Again, minimal exploration, effective for the style of gold mineralisation sought, is evident. ATV has a three-year option to acquire 100% interest in this property by making increasing cash payments to the individual holders with the right to withdraw at any time. The 100% interest is subject to a 3% royalty, which may be purchased at any time.

New claims: A total of 775 new claims were pegged by ATV generally in the region east of Touquoy to secure various geological, geochemical or geophysical targets favourable for economic gold mineralisation. ATV presently controls about 820 km² of mineral claims in Nova Scotia.

OTHER PROJECTS

No fieldwork was undertaken during the quarter on the Kookynie (WA) or Beaconsfield (Tas) gold projects, or on the Ellendale Joint Venture (WA) diamond property.

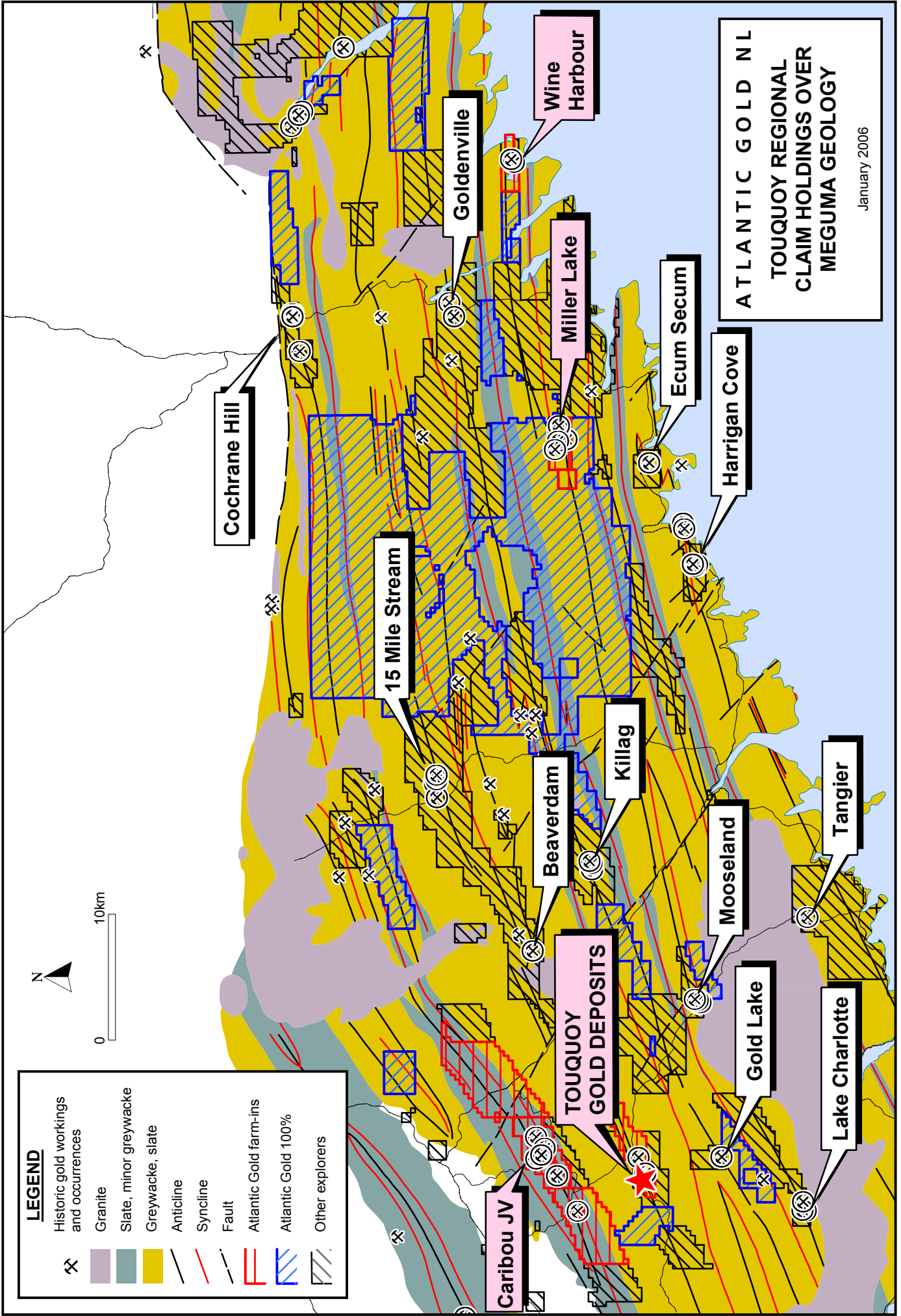
This report was compiled by W R Bucknell who is a Corporate Member of the Australasian Institute of Mining and Metallurgy.

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.

Yours faithfully



W R Bucknell
Director

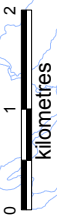


ATLANTIC GOLD NL
TOUQUOY REGIONAL
CLAIM HOLDINGS OVER
MEGUMA GEOLOGY

January 2006

ATLANTIC GOLD NL
CARIBOU JOINT VENTURE
RAB Drilling Results

January 2006



LEGEND

Bedrock Au (ppb)

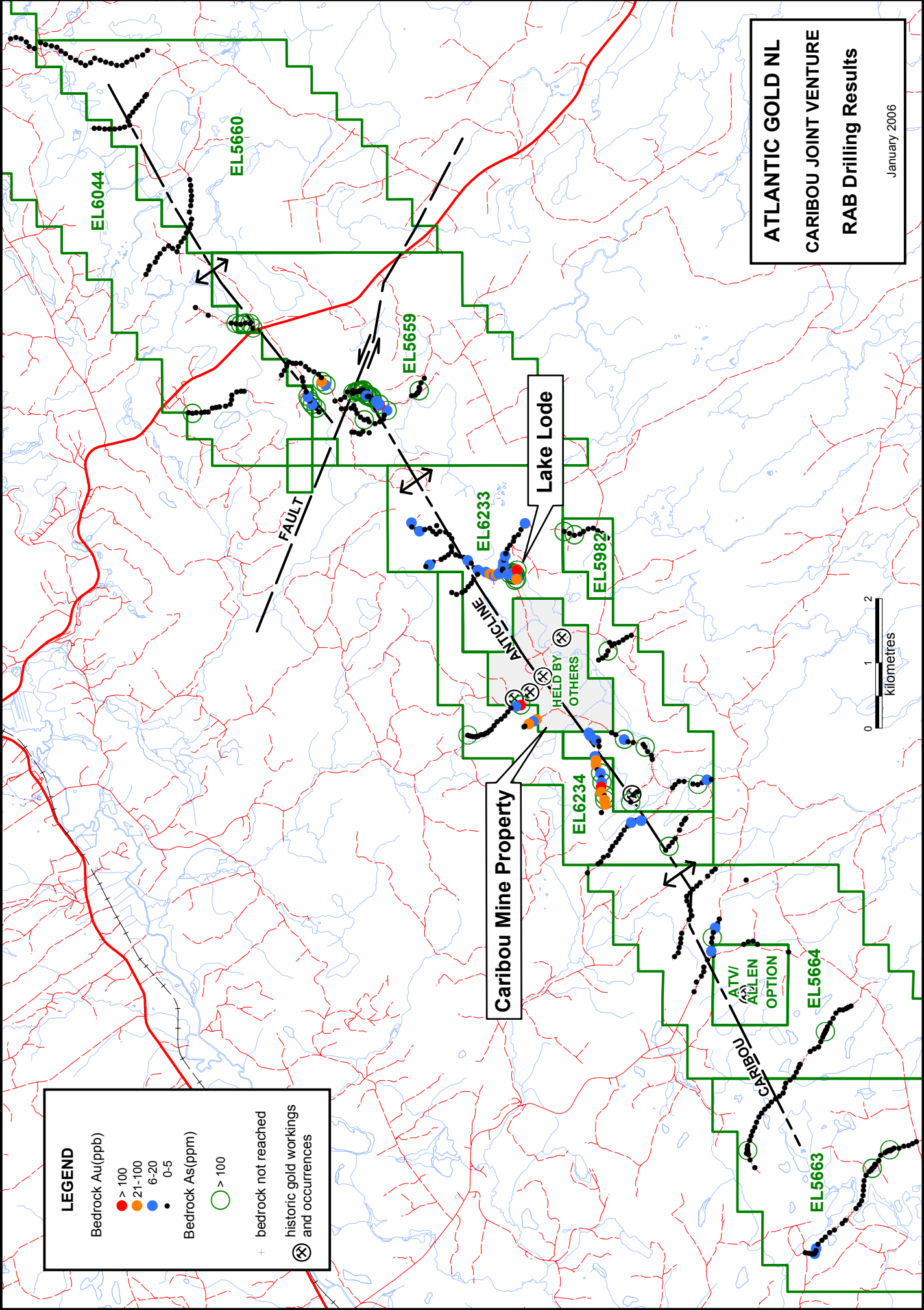
- > 100
- 21-100
- 6-20
- 0-5

Bedrock As (ppm)

- > 100

+ bedrock not reached

⊗ historic gold workings and occurrences



Caribou Mine Property

Lake Lode

CARIBOU
 ATW/
 ALLEN
 OPTION

Held by
 OTHERS

EL6044

EL5660

EL5659

EL6233

EL5982

EL6234

EL5664

EL5663

FAULT

ANTICLINE

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")

31 December 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(430)	(2,508)
(b) development		
(c) production		
(d) administration	(73)	(355)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	13	63
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	(490)	(2,800)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(16)	(98)
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 – Security deposits	2	22
Net investing cash flows	(14)	(76)
1.13 Total operating and investing cash flows (carried forward)	(504)	(2,876)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(504)	(2,876)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		3,152
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		(75)
	Net financing cash flows		3,077
	Net increase (decrease) in cash held	(504)	201
1.20	Cash at beginning of quarter/year to date	1,183	478
1.21	Exchange rate adjustments to item 1.20		(2)
1.22	Cash at end of quarter	677	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	57
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	35

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	200
4.2 Development	300
Total	500

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	118	49
5.2 Deposits at call	559	1,134
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	677	1,183

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	Nil			
6.2 Interests in mining tenements acquired or increased	3 exploration licences (49 claims), 7.6 sq km	Wine Harbour option – can earn 100%	0%	0%
	12 exploration licences (755 claims), 117.6 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 Preference ⁺ securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 ⁺ Ordinary securities Fully paid DDV Partly paid 5c DDVCB	137,991,279 30,296,342	137,991,279 30,296,342	20 cents	5 cents
7.4 Changes during quarter (a) Increases through issues – Fully paid DDV (b) Decreases through returns of capital, buy-backs				
7.5 ⁺ Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
– DDVOA	23,615,931	23,615,931	\$0.10	30.06.06
– DDVAI	2,200,000		\$0.20	31.12.08
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (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 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 January 2006
(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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+ See chapter 19 for defined terms.