

31 July 2006

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

QUARTERLY REPORT FOR PERIOD ENDING 30 JUNE 2006

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

PERMITTING AND FEASIBILITY STUDY

- Progress made on recruitment of General Manager Operations to complete Feasibility Study with Ausenco Limited, and to build and operate the Mine.
- Metallurgical testwork essentially completed with excellent outcomes for tailings thickening and settling properties, and treatment and management of tailings water.
- Placement and design of mine waste management facilities (tailings and waste rock) and water balance modelling advanced by Golder Associates (Toronto). Process and site water can be re-cycled with little or no requirement from external sources.
- Positive feedback about the Project received from senior political figures.
- Details clarified and cost estimates refined on key mining and power issues

NEAR MINE EXPLORATION

- Diamond drillhole returns 25m of anomalous gold at western end of the Caribou Dome on the Caribou Joint Venture, 9 km from Touquoy. Follow-up drilling here, and elsewhere at Caribou, in progress.

REGIONAL EXPLORATION

- Regional reconnaissance RAB drilling program ongoing with several isolated gold anomalies identified for follow-up as the program proceeds.

CORPORATE

- Exercise of 30 June 2006 10 cent options raise \$2.37 million.

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GOLD

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

TOUQUOY GOLD DEPOSIT – PERMITTING

Permitting remains the immediate and pressing priority for the Project. With the mining and processing functions now well understood, and with baseline environmental, archaeological and ethnographic studies completed, attention remains focussed on detailed design and placement of the tailings storage and waste rock management facilities. Completion of the metallurgical testwork during the Quarter, specifically relating to tailings thickening and settling properties and tailings water re-cycling and quality – all positive, has enabled meaningful progress on tailings storage facility placement and design, and on site water balance modelling.

This design work is being undertaken by Golders Associates (Toronto), representatives having made a definitive site inspection in June. At this time comprehensive sampling for final confirmatory testwork on acid generation potential of waste rock (negligible) and characterisation of tailings and runoff water was conducted, with analytical work now in progress at SGS Lakefield Laboratory (Ontario). No difficulty is foreseen at this time in compliance with the Federal Metal Mining Effluent Regulations.

With various input data now in hand Golders is also modelling the site water balance, which as expected is positive, with net outflow from site and little or no external process water requirement after start-up. Process water requirements can be more than satisfied from re-cycling and precipitation.

The placement and design of the waste management facilities, once finalised, will be incorporated into the environmental assessment documentation, as presently prepared, for submission to both the Federal and Provincial authorities for approval. This regulatory review, streamlined under the One Window process, will take at least several months.

Government and community liaison is ongoing. Productive meetings were had with the Premier of Nova Scotia and senior Ministers, with the Federal MP for the local electorate, and with the local Councillor. General support from all three levels of government has been expressed. Two of ATV's directors were generously introduced to Members of the Nova Scotia legislature in early July by Hon Brooke Taylor, Minister for Agriculture and MLA for the riding in which the Touquoy Project is situated, the following being recorded in Hansard:

HON. BROOKE TAYLOR: Thank you very much, Mr. Speaker. Atlantic Gold is working hard with the exploration, assessment and development of the old historic Moose River Gold Mines. They're also working with area communities through consultation and

supporting community initiatives like the continuance of the Upper Musquodoboit Consolidated Elementary School.

In your gallery, Mr. Speaker, we have two very important members of Atlantic Gold: the CEO from Australia, Mr. Wally Bucknell, and the chairman, Ronald Hawkes. I would ask the individuals to please stand and receive the warm welcome from members of the House. (Applause).

If I might, I would encourage members on all sides of the House to say hello to these very fine, committed Nova Scotian gentlemen. Thank you very much.

Cordial engagement with the local community is afforded with establishment at the outset of field operations on site at the settlement of Moose River Gold Mines and a visible presence in the area. Further community awareness meetings are to be held in the coming months. General feedback from the community remains positive and supportive.

TOUQUOY GOLD DEPOSIT – FEASIBILITY STUDY

The Feasibility Study on the Touquoy Gold Deposit was advanced on a number of fronts during the Quarter:

Management: As previously noted ATV is pleased to have retained Ausenco Limited to compile and document the various study data now completed and to design the processing plant. Of particular importance is the progress recently made in recruitment of a General Manager-Operations to manage completion of the Feasibility Study and operate the Touquoy Gold Mine.

Metallurgy: Testwork has now been essentially completed with tailings properties and tailings solution chemistry characterised. Treatment of tailings water to comply with stringent statutory regulations requiring controlled and benign discharge of tailings water and runoff is expected to be simple and straightforward.

Power: Details relating to installation and supply of power to the site by Nova Scotia Power have been clarified. Only 5 km of new 25kV line are required to connect to an existing line, with supply upgrade along the final 6 km of this existing line into site.

Mining: Mine scheduling, fleet configuration and maintenance options have been refined, in consultation with Gemell Mining Engineers. A major Caterpillar facility is located an hour from site, on the outskirts of Halifax. Contract drill-and-blast and grade control costs have also been refined.

Geohydrology: Final pump tests to assess groundwater seepage in till (overburden) in critical areas adjacent to the pit have been completed. Results indicate water ingress to the pit from these sources will be modest and readily manageable.

Geotechnical Assessment: A detailed report on investigations relating principally to pit wall slope stability has now been received from Peter O'Bryan & Associates, with confirmation that minimum 45° pit wall slope design, as expected, is appropriate.

Mine Waste Management: As mentioned previously representatives of Golder Associates (Toronto office) have made a site inspection and are presently engaged in placement and design of the tailings storage and waste rock management facility. Site water balance evaluation and confirmatory mine waste characterisation testwork is being completed.

NEAR MINE EXPLORATION

Caribou Joint Venture

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

The Caribou Joint Venture Property is located about 9 km north of the Touquoy Gold Project and covers the northeast trending Caribou Anticline along which over 90,000 oz gold was produced during 1869–1947 from high grade quartz veins. The Caribou Dome is apparent along the anticline as that central, elliptically shaped dome of greywackes (Goldenville Formation) flanked by overlying shales (Halifax Formation) – see plan.

At the eastern end of the Dome, where investigations have presently been directed, these overlying shales are strongly sulphidic, carbonate altered and gold mineralised over at least 3 km strike length. These shales are similar to those immediately along strike from the Touquoy Gold Deposit.

Three diamond holes were drilled as an initial investigation of this extensive zone of anomalous gold, following up indications from previous reconnaissance RAB drilling and historic diamond drilling (see plan for location). Best result was 0.2 g/t gold over 25 m at the base of hole CM-06-001, which together with historic drilling in this area, and comparison with the Touquoy geological environment, further confirms the potential around the Dome.

Gold mineralisation is now evidenced here over more than 3 km strike length from current work, with (as previously reported) partially sampled core from widely spaced holes drilled in the 1980s having returned assays including 1.5 g/t over 21.3 m and 0.5 g/t over 15.3 m.

Further drilling here at the eastern end of the Caribou Dome, and also at the western end of the Dome to investigate a strong bedrock gold anomaly identified in previous RAB drilling, is to commence imminently.

Reconnaissance RAB drilling along several traverses in the central part of the Dome not previously drilled, have now been completed with assays awaited.

The Caribou Anticline trend presents an excellent exploration target for ore reserves strategically located within 9 km of the Touquoy Gold Project.

REGIONAL EXPLORATION

Elsewhere, regional reconnaissance RAB drilling remains ongoing with investigation of specific targets developed on wholly-owned and optioned lands through studies of known mineralisation and other indications. Design modifications to the drilling rig have greatly improved sample integrity and overburden penetration. Since the commencement of the present program in early May, 360 holes along 25 traverses for 3240 m drilling have so far been completed (MRG 1441–1804). Assays from approximately half of this drilling have been returned with several isolated gold anomalies warranting follow-up as the program proceeds, having been identified. This program continues.

OTHER PROJECTS

KOOKYNIE JOINT VENTURE, Western Australia (ATV 50%)

Plaints lodged by a third party in November 2004 over a suite of tenements in the Kookynie area, including the four Kookynie JV Mining Leases were dismissed at the Perth Warden's Court in June. Plans to resume exploration on these Leases are now being considered.

CORPORATE

Over 98% of ATV's 23.3 million 10 cent options expiring 30 June 2006 were exercised, the remainder having been taken up pursuant to the underwriting agreement with Martin Place Securities. A total of \$2.37 million was raised, the funds to be applied to completion of the permitting and Feasibility Study on the Touquoy Gold Project, and for ongoing near-mine and regional exploration.

The Company acknowledges and greatly appreciates the support of its option holders.

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

About Atlantic Gold NL

Atlantic Gold is applying its skills in identifying, developing and eventually responsibly mining 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. ATV's skills are derived from 15 years of such work in Western Australia, where the Company principals, as executives and directors of the highly successful Plutonic Resource Limited, discovered over 11m oz of gold, operated up to five gold mines (three of which are still in production, and now owned by Canada's Barrick Gold Corporation) and annually drilled up to 500,000m in exploration and resource development. The Company principals have considerable previous experience in exploration in Atlantic Canada.

The target at Touquoy is a production scenario incorporating an on-site gold treatment plant 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. Results from the in-progress Feasibility Study confirm that the Touquoy deposit has a low stripping ratio (3.5:1), excellent ore metallurgy (free milling with ~95% recovery) and favourable ore grindability characteristics. The property is located in an old gold mining area about 110 km by sealed roads from Halifax, the capital of Nova Scotia. A Feasibility Study is in progress.

In addition to developing the Touquoy Gold Project ATV 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 has earned 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.

LEGEND

Historic gold workings and occurrences

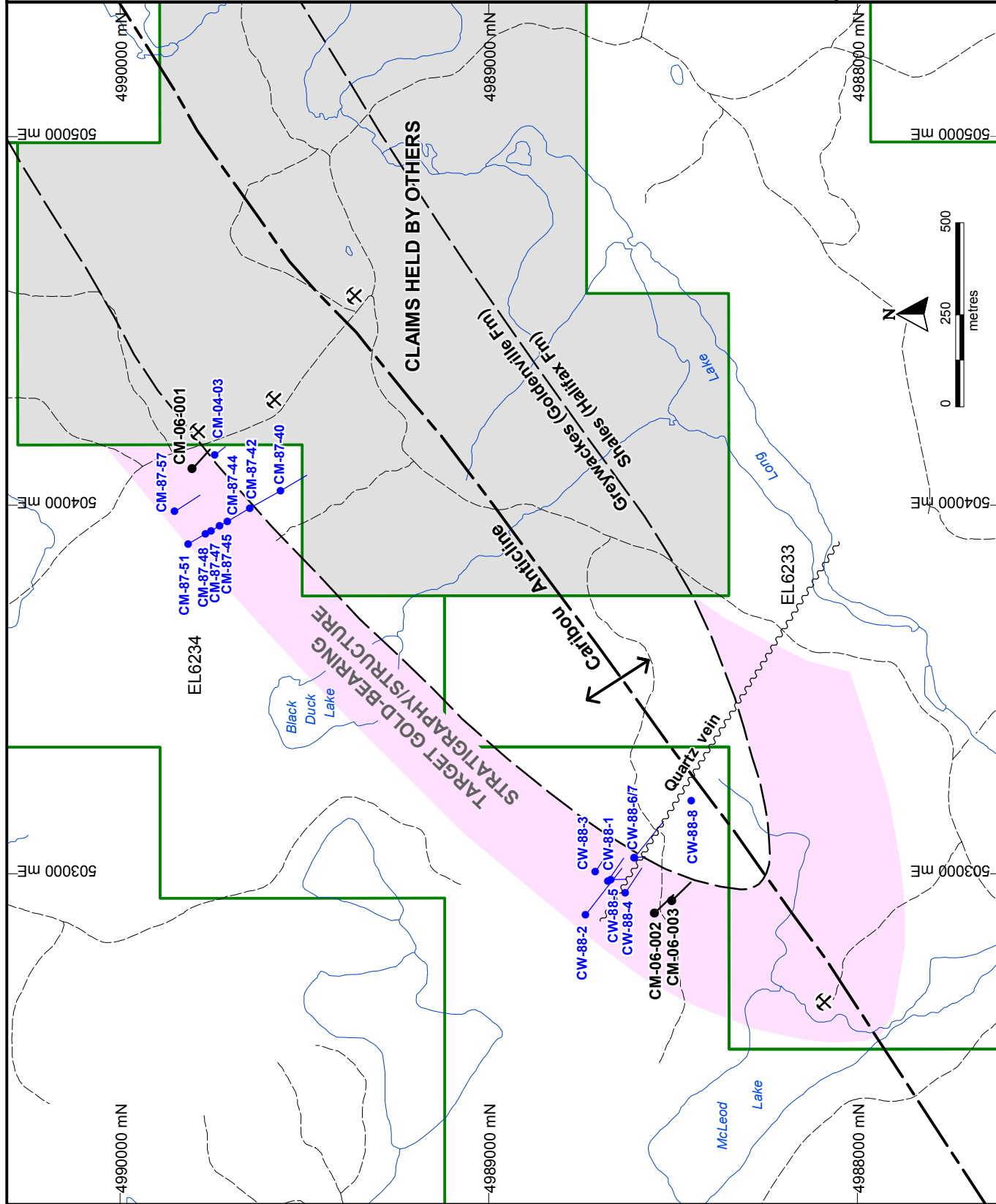


CM-06-001 to 003: ATV drillholes

All other holes drilled by previous explorers

ATLANTIC GOLD NL
CARIBOU JOINT VENTURE
DIAMOND DRILLING

June 2006



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")

30 JUNE 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(415)	(622)
(b) development	(434)	(544)
(c) production		
(d) administration	(146)	(229)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	10	15
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	(985)	(1,380)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	0	(3)
1.9 Proceeds from sale of:		
(a)prospects		
(b)equity investments	256	256
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Security deposits	0	(2)
Net investing cash flows	256	251
1.13 Total operating and investing cash flows (carried forward)	(729)	(1,129)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(729)	(1,129)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,392	2,972
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	(34)	(36)
	Net financing cash flows	2,358	2,936
	Net increase (decrease) in cash held	1,629	1,807
1.20	Cash at beginning of quarter/year to date	855	677
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,484	2,484

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	89
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	67

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	1,970	616
5.2 Deposits at call	514	239
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,484	855

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	ELs 6045-6052, 6055, 6058-6065, 6071-6072, 6074-6112	Wholly owned	100%	0%
6.2 Interests in mining tenements acquired or increased	Renfrew options – ELs 5880, 5881, 6138, 6495 (64 claims, 10 km ²)	Option to earn 100%	0%	0%
	ELs 6720-6730 (729 claims, 113 km ²)	Wholly owned	0%	100%
	ELs 6854-6858 (258 claims, 40 km ²)	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 Partly paid 7c DDVCC	161,617,210 0 30,286,342	161,617,210 0 30,286,342	 20 cents 20 cents	 5 cents 7 cents
7.4 Changes during quarter (a) Increases through issues – Fully paid DDV – Exercise of options – Pay up DDVCB (b) Decreases through returns of capital, buy-backs – Partly pd DDVCB	23,615,931 10,000 (10,000)	23,615,931 10,000 (10,000)		
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) – DDVOA – DDVAI	0 2,200,000	0 0	Exercise price \$0.10 \$0.20	Expiry date 30.06.06 31.12.08
7.8 Issued during quarter				
7.9 Exercised during quarter – DDVOA	23,615,931	23,615,931		
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 July 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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