

6 October 2006

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

Bonus Share Option Issue

The Company is pleased to announce that it intends to issue approximately 17.2 million bonus share options to ordinary shareholders. The share options will be issued **free** on a 1 for 10 basis for fully paid shares held and on a 1 for 28.6 (approx.) basis for partly paid shares held on the record date (31 October 2006). Each share option allows the holder to subscribe for one fully paid share upon payment of 12 cents not later than 1 November 2007. The Company will apply for official quotation by the ASX of the options.

The purpose of the issue is to reward the Company's existing shareholders for their continued support of the Company.

Details of the Bonus Share Option Issue

Issue ratio: one share option for every 10 fully paid shares held and one share option for every 28.6 (approx) partly paid shares held at the record date 31 October 2006. Each option may be exercised into one fully paid ordinary share. Exercise price: 12 cents

Exercise date: any time up to 1 November 2007

A copy of the Prospectus required in respect of the bonus share option issue will be despatched to shareholders by 18 October 2006.

About Atlantic Gold NL

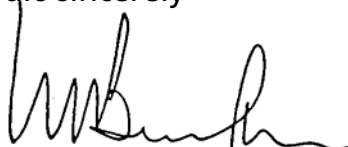
Atlantic Gold is about identifying, developing and responsibly mining open pit gold deposits in Nova Scotia, the Touquoy Gold Project being the starting point. The extensive goldfields of Nova Scotia have never before been systematically approached in this way. Atlantic Gold's skills are derived from 15 years of such work in Western Australia, where the Company's principals, as executives and directors of the highly successful Plutonic Resources Limited, discovered over 11 million ounces 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's principals also 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 of gold per year. Results from the in-progress Feasibility Study confirm that the Touquoy Gold Deposit has a low stripping ratio (3.5:1), excellent ore metallurgy (free milling with ~98% recovery) and favourable ore grindability characteristics which contribute to attractive project economics. The current JORC-compliant resource estimate for Touquoy Gold Project is 11.28 million tonnes @ 1.8 g/t giving 653,500 contained ounces of which 522,000 ounces are in Measured and Indicated categories.

The property is located in an old mining area about 110km by sealed road from Halifax, the capital of Nova Scotia. Halifax is a major port and has excellent infrastructure.

In addition to developing the Touquoy Gold Project, Atlantic Gold 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.

Yours sincerely



Wally Bucknell
Executive Director