

31 October 2006

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

QUARTERLY REPORT FOR PERIOD ENDING 30 SEPTEMBER 2006

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

PERMITTING AND FEASIBILITY STUDY

- Mr Peter Carter appointed General Manager Operations to complete Feasibility Study and build and operate the Touquoy Gold Mine.
- Engagement with Feasibility Study engineers, Ausenco Limited, concurrently stepped up to advance Feasibility Study progress.
- Third community information session held with broad support evident.

NEAR MINE EXPLORATION

- New zone of gold mineralisation, located 500m west along strike from Touquoy, defined by shallow interface drilling over 600m strike length with best result 2.6g/t gold over 8m. Initial diamond drilling returns 17.3 g/t over 1m.
- Shallow interface drilling outlines 500m-long gold anomaly in altered argillites coincident with fold hinge at western end of the Caribou Dome on the Caribou Joint Venture, 9 km from Touquoy. Further definition required prior to deeper drilling.
- Also at Caribou West, best result of 3.82g/t over 4m from 18m in shallow RC drilling to test cross-cutting quartz breccia. Further drilling along strike planned.

REGIONAL EXPLORATION

- Regional reconnaissance interface drilling program concluded as planned with review of results to follow.

CORPORATE

- Bonus issue of 12 cent options expiring 1 November 2007 on a one for ten basis.

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GOLD

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

PROJECT MANAGEMENT

Mr Peter Carter has been appointed General Manager Operations to direct completion of the Feasibility Study, mine construction and operation of the Touquoy Gold Mine. Mr Carter, a Canadian mining engineer, brings to the Project his extensive experience in managing the feasibility studies, development and production of similar successful operations in east Asia over the past decade and his appointment represents a critical step forward in bringing the Project into production and ongoing operation.

PROJECT PERMITTING

Project permitting remains an immediate focus of activity. Owing to the identification of fish habitat in quite modest drainage within the area of the proposed tailings dam and waste dump, an observation not previously made because of past dry conditions, re-location of these facilities up to 1km further east has been required. The revised site layout and operating plan, amended to avoid fish habitat, is now expected to preclude federal project review. Acquisition agreements to secure the requisite additional property titles over the amended site are being finalised. Although the requisite flora, fauna, archaeological and ethnographic surveys covering this new site have now been undertaken the process has nevertheless delayed completion of the permitting documentation by about 3-4 months. Activities continue with the objective of submitting documents for Environmental Assessment Registration by year end.

A third public information session has been held in accordance with regulatory provisions and strong broad community support for the project is evident, as previously.

FEASIBILITY STUDY

With the General Manager Operations having been appointed productive engagement with Ausenco Limited, project engineers for the Feasibility Study, has now been substantially stepped up. This association brings to bear specific Australian technical expertise in the eastern Canadian context.

The Implementation Plan now put forward by Ausenco foresees completion of the Feasibility Study during the second quarter 2007. Apart from many and various specific plant, infrastructure and mining design details now being addressed the following are the main issues presently being determined:

- Trade-off studies underway to determine optimum comminution, gravity concentration and thickening flow sheet.

- Trade-off study engineering will define major elements of process flow sheet and enable ATV to intensify search for suitable used equipment which may substantially accelerate the project schedule.
- Ausenco undertaking review of project capital and operating costs in November to guide subsequent engineering activities.
- Site layout details under review to determine optimum location for particular facilities with respect to environmental protection, project economics and operating efficiency.
- Geotechnical drilling and soil testing in progress to confirm assumed pit slope parameters and determine subsurface conditions at the plant site and tailings management facility.
- Preliminary tailings dam design and effluent treatment scheme will be established, in consultation with Golder Associates (Toronto), in November.
- Mine operating plan and mining costs under review.

EXPLORATION

Using the small percussion drill rig, upgraded to reverse circulation since reconnaissance drilling was last undertaken in the Touquoy West area in 2004, a series of 35 40 m-spaced vertical holes was drilled here along logging tracks to test bedrock geochemistry in an area where the previous drilling in 2004 had failed to penetrate the overlying overburden, up to 20 m in thickness. These “interface” holes were extended for a nominal 8 m into bedrock. Assay results returned highly anomalous gold – up to 2.6 g/t over 8 m – over a strike length of 600 m in an area south of, and untested by, previous (late 1980s) diamond drilling and about 500 m almost directly along strike westwards from the Touquoy deposit itself (refer to accompanying plan). Compared to interface drilling results achieved to date elsewhere on the Touquoy property, and regionally, these results are outstanding and would imply a strong probability of substantial mineralisation beneath.

An initial test of this zone was undertaken in two angled diamond drillholes. MR-06-130 intersected somewhat isolated zones of strong to anomalous gold mineralisation, with best result 17.3 g/t over 1.25 m (refer to accompanying section), while MR-06-131 cut only modest results (best: 1.30 g/t over 1 m). These results do not appear to reflect the mineralisation expected from the widespread results apparent in the interface drilling.

Additional diamond drilling of this zone is therefore planned, though to be prefaced by broader based, grid-controlled interface drilling to fully scope the extent of gold mineralisation in this general locale west along strike from Touquoy.

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 a central, elliptically shaped dome of greywackes (Goldenville Formation) flanked by overlying shales (Halifax Formation).

Investigations have been directed towards the western end of the Dome in the McLeod Lake area where the overlying shales are strongly sulphidic, carbonate altered and variously gold-anomalous over at least 3 km strike length. These shales are similar to those immediately along strike from the Touquoy Gold Deposit.

In this McLeod Lake area 49 interface holes were drilled along logging roads across the western end of the dome to better define areas of gold anomalism, the most evident being that anomaly more or less coincident with the anticlinal axis over a length of about 500 m and with peak response of 0.27 ppm (see accompanying plan). In a regional context these results clearly highlight the McLeod Lake area as notably prospective. Infill interface drilling to better resolve this anomaly is planned, with follow-up shallow RC or diamond drilling. Other responses are noted at the southern end of that NW-trending cross-cutting quartz breccia zone further to the east.

Nine shallow angled RC holes for 351 m were drilled on two fences to investigate this cross-cutting quartz breccia. Historic drilling (1988) had returned a best intersection of 1.51 g/t over 21.3 m with no follow-up. Best current result was 3.82 g/t over 4 m composite from 18 m depth. Further drilling is planned to test this zone along strike.

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

REGIONAL EXPLORATION

The present campaign of regional reconnaissance interface drilling, with some shallow RC drilling, on wholly-owned and optioned lands within the Meguma Terrain has been concluded as planned, with receipt of assays pending and a review of all results to follow. Areas of interest are noted particularly on the Wine Harbour property (2.68 g/t over 4 m in a shallow RC drillhole), at Renfrew (two zones of anomalous interface drilling results) and at several locales where isolated gold anomalies have been identified in interesting geological settings (refer to accompanying regional plan).

OTHER PROJECTS

KOOKYNIE JOINT VENTURE, Western Australia (ATV 50%)

No activity.

CORPORATE

An issue of bonus options, exercisable prior to 1 November 2007 at a strike price of 12 cents, was made for the benefit of the Company's shareholders. If fully exercised the options will raise approximately \$2 million.

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

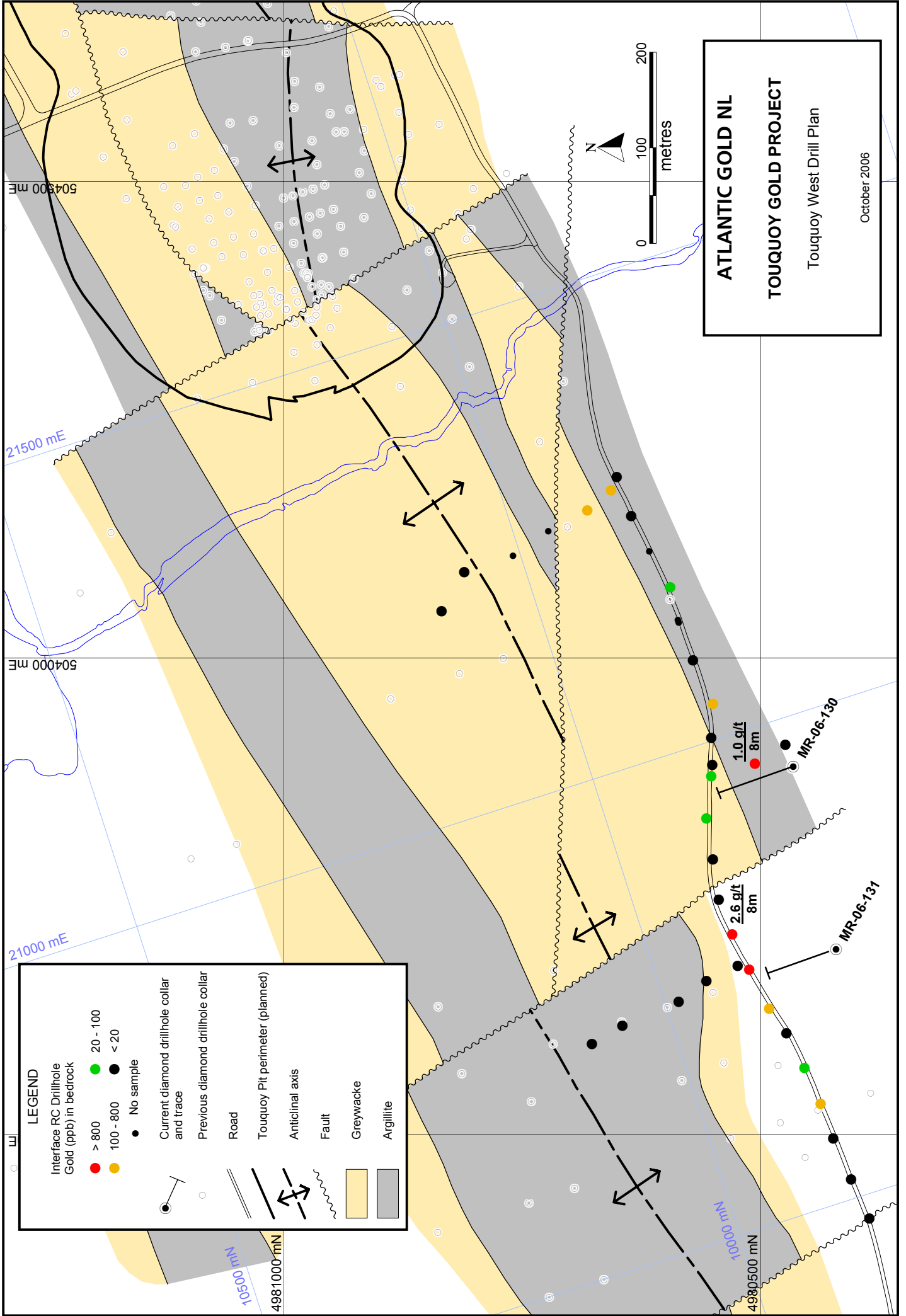
Atlantic Gold is applying its skills in identifying, developing and eventually responsibly mining open pit gold deposits in Nova Scotia, the Touquoy Gold Project being the starting point. The extensive goldfields of Nova Scotia have never before been systematically approached in this way. ATV's skills 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.

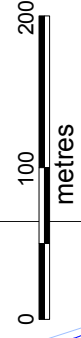
Atlantic Gold has earned a 60% interest in the Touquoy Gold Project. An additional 15% interest can be acquired in the property outside the general area of the known resource by securing project financing.



ATLANTIC GOLD NL
TOUQUOY GOLD PROJECT
 Touquoy West Drill Plan
 October 2006

LEGEND

Interface RC Drillhole	●	20 - 100
Gold (ppb) in bedrock	●	< 20
	●	> 800
	●	100 - 800
	●	No sample
Current diamond drillhole collar and trace	○	
Previous diamond drillhole collar	○	
Road	—	
Touquoy Pit perimeter (planned)	—	
Anticlinal axis	↔	
Fault	—	
Greywacke	■	
Argillite	■	



504300 mE

21500 mE

504000 mE

21000 mE

105000 mN

4981000 mN

10000 mN

4980500 mN

1.0 g/t
8m

MR-06-130

2.6 g/t
8m

MR-06-131

ATLANTIC GOLD NL
TOUQUOY GOLD PROJECT
 Touquoy West Drill Section
 20950E

October 2006

9900N

9800N

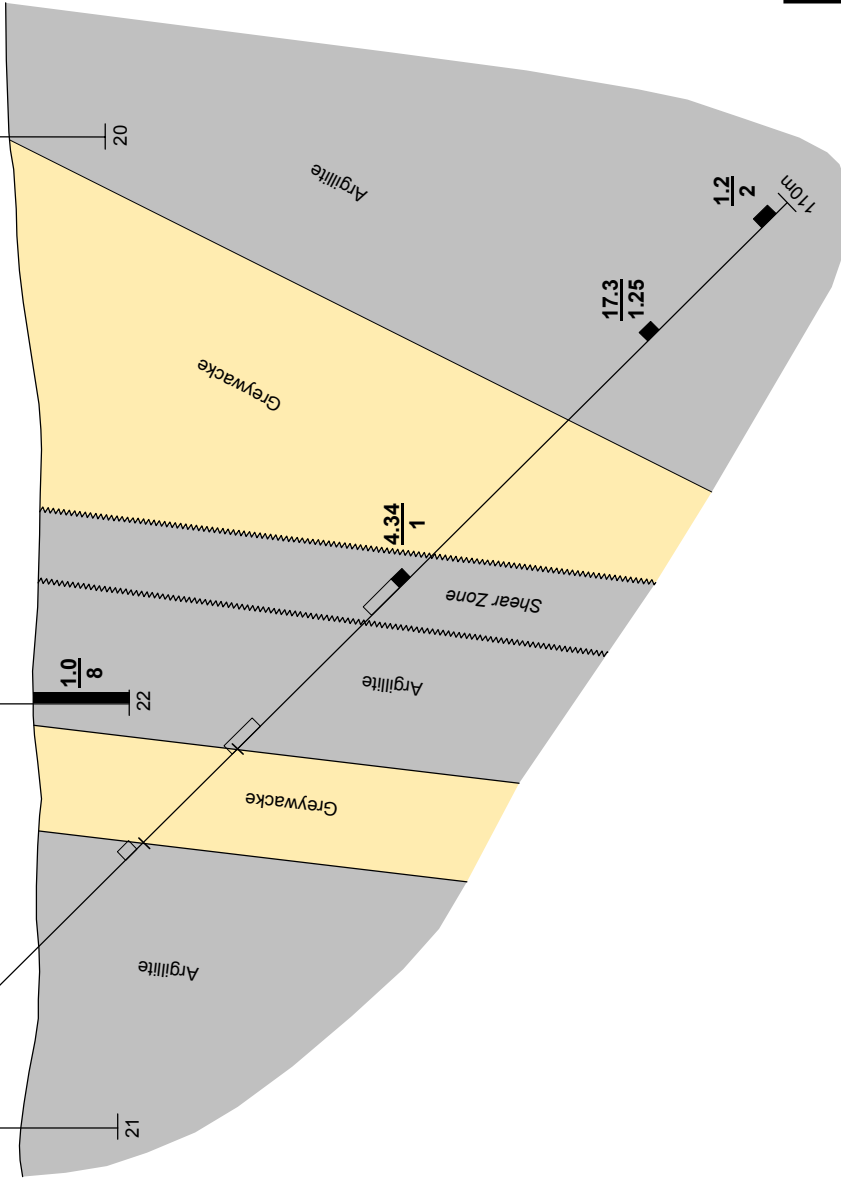
MRG1835

MRG1854

MRG1855

MR-06-130

OVERBURDEN



Anomalous
gold
g/t gold
m

ATLANTIC GOLD NL
CARIBOU JOINT VENTURE
MCLEOD LAKE
DRILLING
 October 2006

LEGEND

Historic gold workings and occurrences

Interface RAB/RC Drilling

Au (ppb) in bedrock

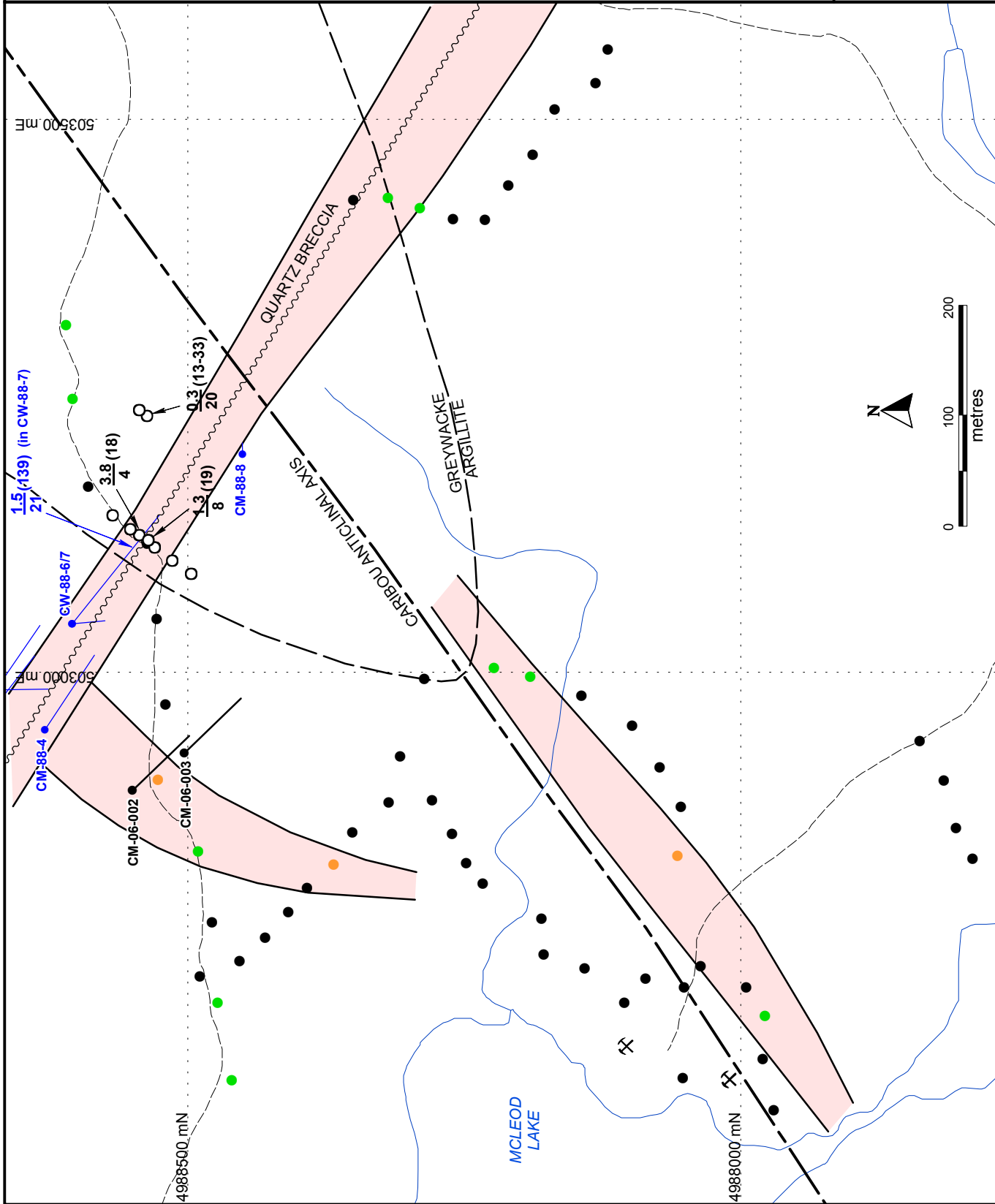
- > 100
- 20 - 100
- < 20

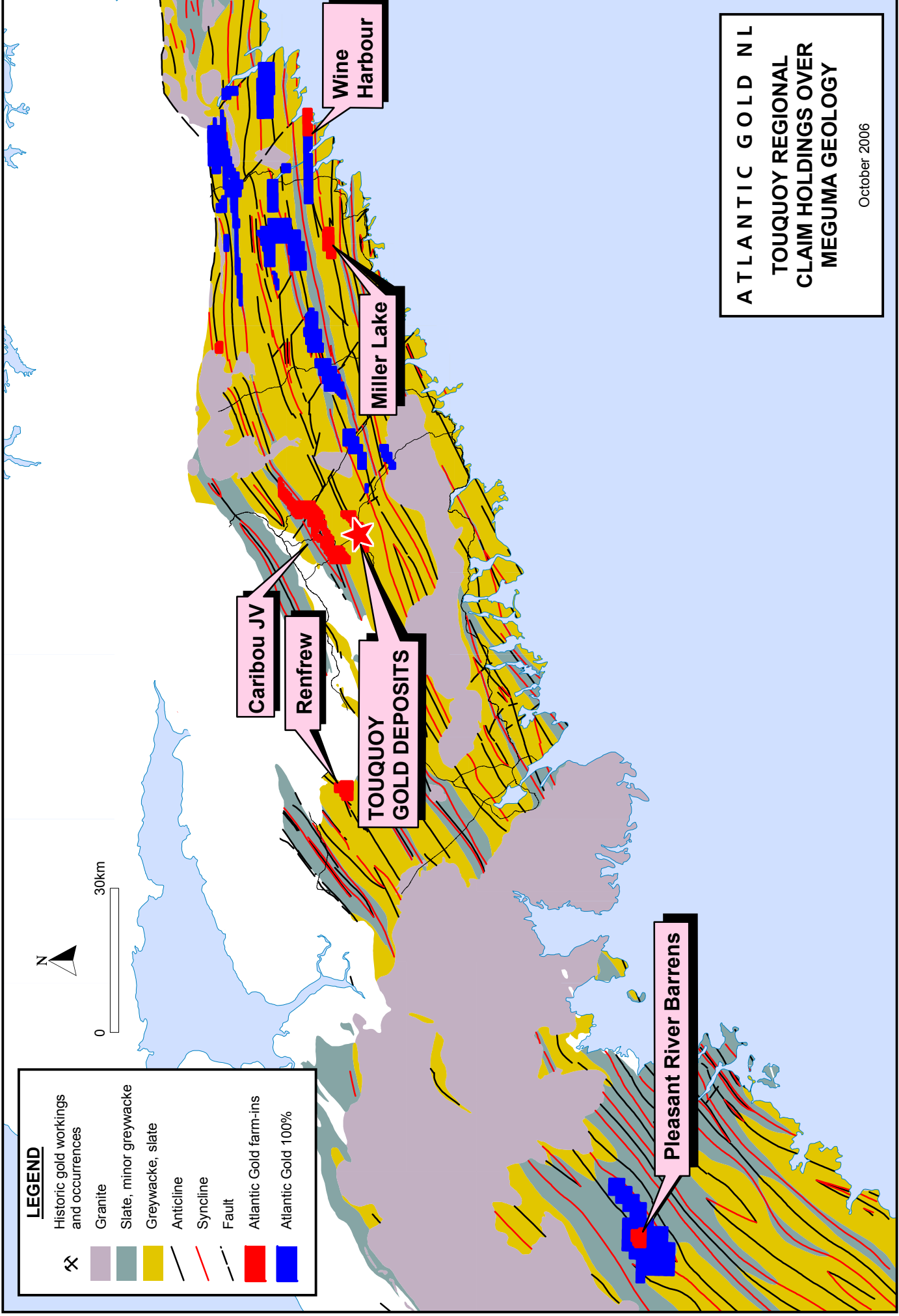
$\frac{3.8}{4}$ (18) Small diameter RC hole collar showing g/t over metres (from depth in m)

Diamond drill hole by ATV

Diamond drill hole by other explorers

Target zones





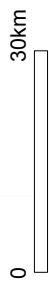
**ATLANTIC GOLD NL
TOUQUOY REGIONAL
CLAIM HOLDINGS OVER
MEGUMA GEOLOGY**

October 2006

LEGEND

Historic gold workings and occurrences

	Granite
	Slate, minor greywacke
	Greywacke, slate
	Anticline
	Syncline
	Fault
	Atlantic Gold farm-Ins
	Atlantic Gold 100%



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 September 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(297)	(919)
(b) development	(347)	(891)
(c) production		
(d) administration	(145)	(376)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	28	43
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	(761)	(2143)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	(22)	(25)
1.9 Proceeds from sale of:		
(a)prospects		
(b)equity investments		256
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Security deposits		
Net investing cash flows	(22)	231
1.13 Total operating and investing cash flows (carried forward)	(783)	(1912)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(783)	(1912)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2	2974
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		(36)
	Net financing cash flows	2	2938
	Net increase (decrease) in cash held	(781)	1026
1.20	Cash at beginning of quarter/year to date	2484	677
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1703	1703

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	67
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	45

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	150
4.2 Development	300
Total	450

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	294	1970
5.2 Deposits at call	1409	514
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1703	2484

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	Caribou ELs 6407 and 6408 (160 claims, 25 km ²)	Caribou Joint Venture	50%	0%
6.2 Interests in mining tenements acquired or increased	Lower Seal Harbour option – ELS 6160 and 6298, 1.5km ²	Option to earn 100%	0%	0%
	Little Liscomb Lake option – EL 6237, 2km ²	Option to earn 100%	0%	0%
	Pleasant River Barrens option – ELS 6324, 6325, 6326	Option to earn 100%	0%	0%
	Pleasant River Barrens ELs 6924 to 6937 (824 claims, 128 km ²)	Wholly owned	0%	100%
	Touquoy EL 6951 (4 claims, 0.6 km ²)	Wholly owned	0%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

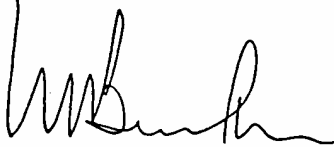
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	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 <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 Fully paid ATV Partly paid 7c ATVCC	161,617,210 30,286,342	161,617,210 30,286,342	20 cents	7 cents
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
– ATVAI	2,200,000		\$0.20	31.12.08
– ATVAK	5,450,000		\$0.15	22.08.10
7.8 Issued during quarter – ATVAK	5,450,000		\$0.15	22.08.10
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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 October 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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