

31 January 2007

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

QUARTERLY REPORT FOR PERIOD ENDING 31 DECEMBER 2006

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

PERMITTING

- Environmental Assessment Registration document in draft form submitted to provincial and federal regulators for review. Helpful detailed responses from various government departments received promptly.
- Final Environmental Assessment Registration document being readied for submission in February 2007.

FEASIBILITY STUDY

- Feasibility Study on budget and on schedule with completion expected in May 2007.
- Study Manager Ausenco Limited, visits site and advances process design.
- Used equipment sourced with inspections to follow.
- Mining fleet sized and equipment selection from local Nova Scotian vendors/lessors underway.
- Initial trial grade control drilling program completed with assays awaited.
- Golder Associates advances tailings management design.
- Geotechnical drilling undertaken successfully at proposed plant site, tailings facility, and pit environs.

EXPLORATION

- Exploration drilling to resume in current quarter to test exciting gold targets at:
 - *Touquoy West*: 2.6 g/t over 8 m from 8 m depth in early stage RC reconnaissance drilling – 500 m west of Touquoy Deposit,
 - *Caribou JV*: gold-anomalous Touquoy-style shales, and 3.8 g/t over 4 m in quartz breccia from early-stage shallow RC drilling, and
 - *Wine Harbour*: 2.7 g/t over 4 m from early-stage shallow RC drilling.

CORPORATE

- Unsecured term loan of \$2.0 million obtained from a private investment group for advancement of the Touquoy Gold Project.

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TOUQUOY GOLD PROJECT Nova Scotia Canada

(Atlantic Gold 60%, may earn up to 75% outside known resources)

Activities undertaken on the Touquoy Gold Project in the past quarter have been directed almost exclusively, in terms of expenditure and manpower, towards progression to completion of project permitting and the feasibility study. In these respects ATV is fortunate to be able to rely on the depth of experience brought to the Project by the recently appointed Project Manager, Mr Peter Carter.

PROJECT PERMITTING

A draft of the Environmental Assessment Registration document (EARD) was submitted to the various relevant provincial and federal regulatory authorities in December for review. This draft review process is normal practice for regulatory assessment of such development projects. Responses have now been received from the Nova Scotia Departments of Natural Resources, Environment and Labour, and Agriculture and from the federal Department of Fisheries and Oceans, the Environmental Assessment Agency and Transport Canada. Responses relate mostly to details in relation to environmental impact, rehabilitation, reagent handling and use, and tailings management. ATV, in collaboration with its environmental consultants, Conestoga Rovers and Associates, is currently assembling the final EARD which is expected to be submitted in February. The EARD is the first and most comprehensive, of three phases of permitting which are intended to be completed concurrent with the feasibility study. The other two phases of permitting are the Industrial Approval and the Mining Lease.

FEASIBILITY STUDY

The feasibility study remains on schedule and on budget and is expected to be concluded in May 2007. Representatives of the study manager, Australian consulting engineering firm Ausenco Limited, visited Nova Scotia to assess the project site, review local operating and construction practices, and gather information on pricing and contractor capabilities. Ausenco is working very closely together with ATV's Project Manager, Peter Carter, to ensure an efficient, cost effective and sustainable outcome.

Processing

A process flow sheet based on three-stage crushing and ball milling has been adopted on the advice of Ausenco. This design approach offers the best compromise between capital and operating costs while managing process risk and creating the opportunity to "fast-track" the project through the use of used equipment. Certain used equipment has been sourced with inspection to follow. Ausenco has developed process flow diagrams, completed mass balance calculations, and provided ATV with a mechanical equipment list for review. Work is continuing with the development of preliminary plant layouts and contractor and vendor pricing enquiries.

Mine Design

Mine design activities have focused on finalizing the pit design and production schedule.

With regard to pit design seven dedicated geotechnical diamond core holes for 796 m were drilled to support geotechnical design of the open pit. Cores from these holes were geotechnically logged using guidelines provided by specialist consultant Peter O'Bryan & Associates and a review of these data, the geotechnical cores and the site were undertaken by Peter O'Bryan. Findings to date suggest no significant difference in fundamental ground conditions to those inferred from the initial assessment undertaken earlier in 2006. This work, to include laboratory-based physical properties testing, is ongoing.

Packer testing was conducted on five of these boreholes to further refine the geohydrological model for the pit. These tests, directed to specific potential aquifers represented by shear zones, provided additional data that will be used to predict the dewatering requirements of the open pit. An initial review of these data by specialist consultant Peter Clifton & Associates confirms earlier assessments that the expected rates of pit dewatering will be relatively small and that pit dewatering is not expected to be a difficult issue for the project.

As to the production schedule, the mining fleet has been sized and equipment selection is underway. Discussions are presently in progress with Nova Scotian vendors/lessors to determine the most attractive approach to sourcing the fleet. Impressions gained from these discussions are that sourcing of equipment will not delay project development.

An initial trial grade control drilling program comprising 25 vertical RC holes for 880m was completed to pattern a selected mining position within the resource model. Final assay results are awaited.

Tailings and Waste Management

Investigations as to optimum management of tailings and waste rock are being conducted in consultation with Golder Associates, the principal engineer for tailings management design. Geochemical testwork continues to determine cost-effective means of pH control and support design of the tailings management facility's effluent treatment systems. Humidity cell testing of tailings and waste rock samples confirm the results of static testing which indicated that the deposit has negligible potential for acid generation.

Field investigations involved completion of eleven auger/diamond core geotechnical holes to support the foundation design for the plant and tailings facility. In addition a sterilisation drilling program of 18 percussion holes has been completed to ensure that no ore is present within the plant and tailings facility sites.

EXPLORATION

With available manpower and funds deployed to tasks directly related to completion of the feasibility study and permitting no field exploration activities were undertaken during the quarter.

Of critical interest however is the Touquoy West prospect located about 500 m along strike westwards from the Touquoy deposit and where shallow interface RC drilling identified highly anomalous gold – up to 2.6 g/t over 8 m from 8 m depth – over a strike length of 600m in an area south of, and untested by, previous (late 1980s) diamond drilling. These results are outstanding in relation to interface drilling results achieved to date elsewhere on the Touquoy property, and regionally, and would imply a strong probability of substantial mineralisation beneath. Further testing of this zone and environs, beyond the two diamond holes drilled last quarter, was postponed last quarter to concentrate on feasibility study and permitting activities. Follow-up drilling is planned for the current quarter.

NEAR MINE EXPLORATION

Caribou Joint Venture

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

The Caribou Joint Venture Property, located about 9 km north of the Touquoy Gold Project, 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).

A program of diamond drilling is planned to investigate two specific targets identified at the western end of the Dome in the previous quarter. The first of these is a +500 m-long zone along the anticlinal axis and within the overlying shales where shallow reconnaissance RC drilling has shown these shales to be strongly sulphidic, carbonate altered and variously gold-anomalous – similar to those immediately along strike from the Touquoy Gold Deposit. The second target is a +500m-long mineralised quartz breccia which cross-cuts both the shales and greywacke and from which an intersection of 3.82 g/t gold over 4 m from 18 m depth was cut in shallow RC drilling during the previous quarter.

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

REGIONAL EXPLORATION

No field activities were undertaken in the present quarter, though a review of current results and historic data is in progress. As previously reported 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
(Atlantic Gold 50%)

No activity.

CORPORATE

An unsecured term loan of \$2.0 million was obtained from a private investment group. The proceeds of the loan will be used to advance the Touquoy Gold Project and conclude the Feasibility Study.

The period of the loan is two years unless the loan is repaid earlier. At the end of two years any loan amount outstanding will be repaid in cash or ATV shares at ATV's election. Under the terms of the loan ATV pays a facility fee (payable in cash or ATV shares) and issues five million options to the lender. Each option converts into an ATV share on payment of 15 cents. The options expire on the earlier of repayment of all loans outstanding or two years.

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 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 500,000 m in exploration and resource development. The Company principals have considerable previous experience in exploration in Atlantic Canada.

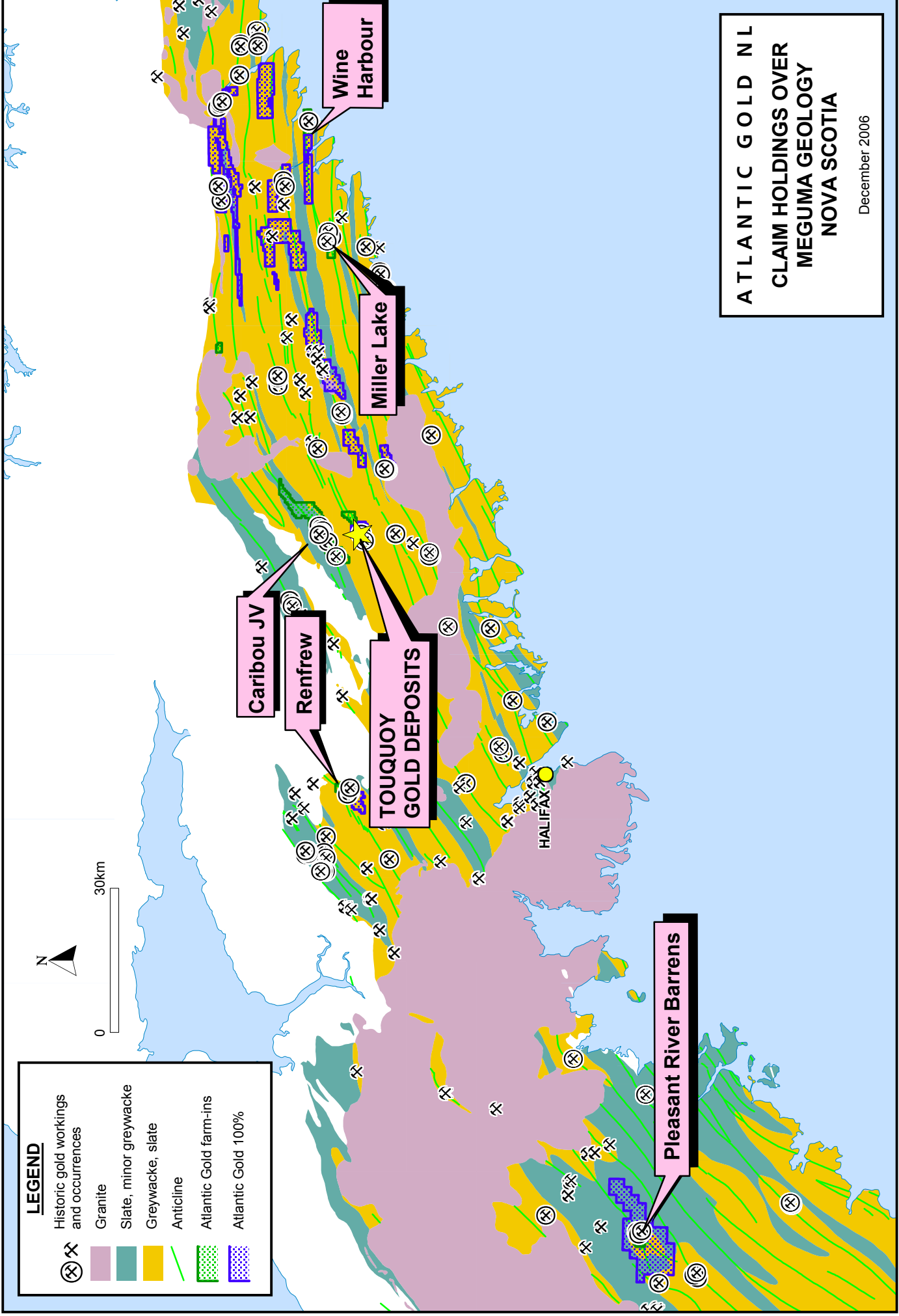
The target at Touquoy is a production scenario incorporating an on-site gold treatment plant with a minimum 1.5 million tonne per annum throughput and a 7 year minimum mine life to produce approximately 90,000 ounces gold per year. Results from the in-progress Feasibility Study confirm that the Touquoy deposit has a low stripping ratio excellent ore metallurgy 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
CLAIM HOLDINGS OVER
MEGUMA GEOLOGY
NOVA SCOTIA**

December 2006



LEGEND

Historic gold workings and occurrences

Granite

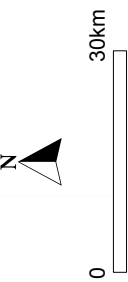
Slate, minor greywacke

Greywacke, slate

Anticline

Atlantic Gold farm-ins

Atlantic Gold 100%



Caribou JV

Renfrew

**TOUQUOY
GOLD DEPOSITS**

Miller Lake

**Wine
Harbour**

Pleasant River Barrens

HALIFAX

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 2006

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	(330)	(1,250)
(b) development	(688)	(1,494)
(c) production		
(d) administration	(140)	(601)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	15	59
1.5 Interest and other costs of finance paid	(215)	(215)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(1,358)	(3,501)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects		
(b)equity investments		
(c) other fixed assets	(23)	(50)
1.9 Proceeds from sale of:		
(a)prospects		
(b)equity investments	103	360
(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	80	310
1.13 Total operating and investing cash flows (carried forward)	(1,278)	(3,191)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,278)	(3,191)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	0	2,974
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	2,000	2,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other	(2)	(38)
	Net financing cash flows	1,998	4,936
	Net increase (decrease) in cash held	720	1,745
1.20	Cash at beginning of quarter/year to date	1,703	676
1.21	Exchange rate adjustments to item 1.20	(10)	(8)
1.22	Cash at end of quarter	2,413	2,413

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	2,000	2,000
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	600
Total	800

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	314	294
5.2 Deposits at call	2,099	1,409
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,413	1,703

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	EL6451-6459	Wholly owned	100%	0%
	Green's Beach EL46/2002 (Tasmania)	Wholly owned	100%	0%
6.2 Interests in mining tenements acquired or increased	EL6400 (4 claims, 1 km ²)	North Brookfield option	0%	0%
	EL6376, 6765, 6816 and 6133 (44 claims)	Pleasant River Barrens option	0%	0%
	EL7045 Renfrew, Nova Scotia (12 km ²)	Wholly owned	0%	100%
	EL6403, 6951, 6983 Moose River, Nova Scotia (2.5 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 ATV Partly paid 7c ATVCC	161,716,670 30,286,342	161,716,670 30,286,342	20 cents	7 cents
7.4 Changes during quarter (a) Increases through issues: <i>Exercise ATVO options</i> <i>Exercise ATKAK options</i> (b) Decreases through returns of capital, buy-backs	19,460 80,000		12 cents 15 cents	
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>
– ATVO	16,454,837		\$0.12	01.11.07
– ATVAI	2,200,000		\$0.20	31.12.08
– ATVAK	5,370,000		\$0.15	22.08.10
– ATVAM	3,000,000		\$0.15	14.10.10
7.8 Issued during quarter – ATVO – ATVAM	16,474,297 3,000,000		\$0.12 \$0.15	01.11.07 14.10.10
7.9 Exercised during quarter – ATVO – ATVAK	19,460 80,000		\$0.12 \$0.15	
7.10 Expired during quarter				
7.11 Debentures				
7.12 Unsecured notes				

+ 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 2007
(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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