

20 March 2006

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

Dear Sir,

Sale of 53% Interest in Ellendale Diamond Tenement

Atlantic Gold (ATV) is pleased to announce that it has sold its 53% controlling interest in the Ellendale Diamond Tenement (E04/813), situated in the Kimberley region of Western Australia, to Blina Diamonds NL (BDI) its co-venturer in the tenement. Consideration for the sale is 1.5 million fully paid ordinary BDI shares. The closing price for BDI shares on 17 March 2006 was 70 cents.

The sale of its Ellendale interest completes the Company's withdrawal from diamond exploration and consequently the Company will now be solely focussed on gold exploration and development, and particularly the Touquoy Gold Project in Nova Scotia Canada.

About Atlantic Gold NL

Atlantic Gold seeks to apply its skills 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. ATV'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, 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. Most recently ATV has identified four strong bedrock anomalies distributed over 8km strike length on the Caribou Joint Venture property (ATV 50% and manager) 9km north of Touquoy, and to which further drilling is to be applied.

Yours sincerely



Wally Bucknell
Executive Director