

27 June 2006

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

Dear Sir,

UPDATE ON TOUQUOY GOLD PROJECT AND REGIONAL EXPLORATION, NOVA SCOTIA

Atlantic Gold (ATV) is pleased to report on progress with development of the Touquoy Gold Project and exploration on surrounding properties.

Progress at Touquoy is as follows:

- **Metallurgy:** Testwork now almost completed with results of tailings characteristics and solution chemistry in hand, and positive.
- **Power:** Mains power industrial connection and supply costs detailed with Nova Scotia Power, with only 5 km of new line now required.
- **Mining:** Mine scheduling and fleet configuration refined. Drill-and-blast and grade control costs detailed with local drilling contractor.
- **Geohydrology:** Pump tests on overburden completed in critical areas with low water flow providing expectation of readily manageable water ingress to the pit.
- **Mine waste management:** Following site visit Golder Associates presently reviewing planned tailings management facility. Comprehensive waste rock characterisation sampling completed for confirmation of expected negligible acid generation potential.

With metallurgical testwork now essentially completed formal documentation of the Feasibility Study, for which Ausenco Limited has been retained, will now advance. Project permitting is progressing concurrently with the Feasibility Study.

Progress on exploration

Assay results from three short diamond holes drilled on the Caribou Joint Venture property, located about 10 km north of Touquoy, have been received. These holes were drilled as an initial investigation of an extensive zone of anomalous gold developed within Touquoy-style shales around the Caribou Dome (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 Caribou Dome. Follow-up diamond drilling here and at the eastern end of the Caribou Dome will now be undertaken, along with further infill RAB drilling and re-sampling of recently located historic drillcore in the vicinity of hole CM-06-001.

Elsewhere, regional reconnaissance RAB drilling remains ongoing, with investigation of specific targets developed from previous outcomes. Since the commencement of the present program in early May, 300 holes along 21 traverses for 2700 m drilling have so far been completed. With assay labs stretched, assays for almost all of this drilling are pending. This program continues.

About Atlantic Gold NL

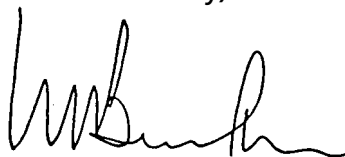
Atlantic Gold is applying its skills in identifying, developing and eventually responsibly mining open pit gold deposits in Nova Scotia, the Touquoy Gold Project being the starting point. The extensive goldfields of Nova Scotia have never before been systematically approached in this way. ATV's skills 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 Moz 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 ~98% 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.

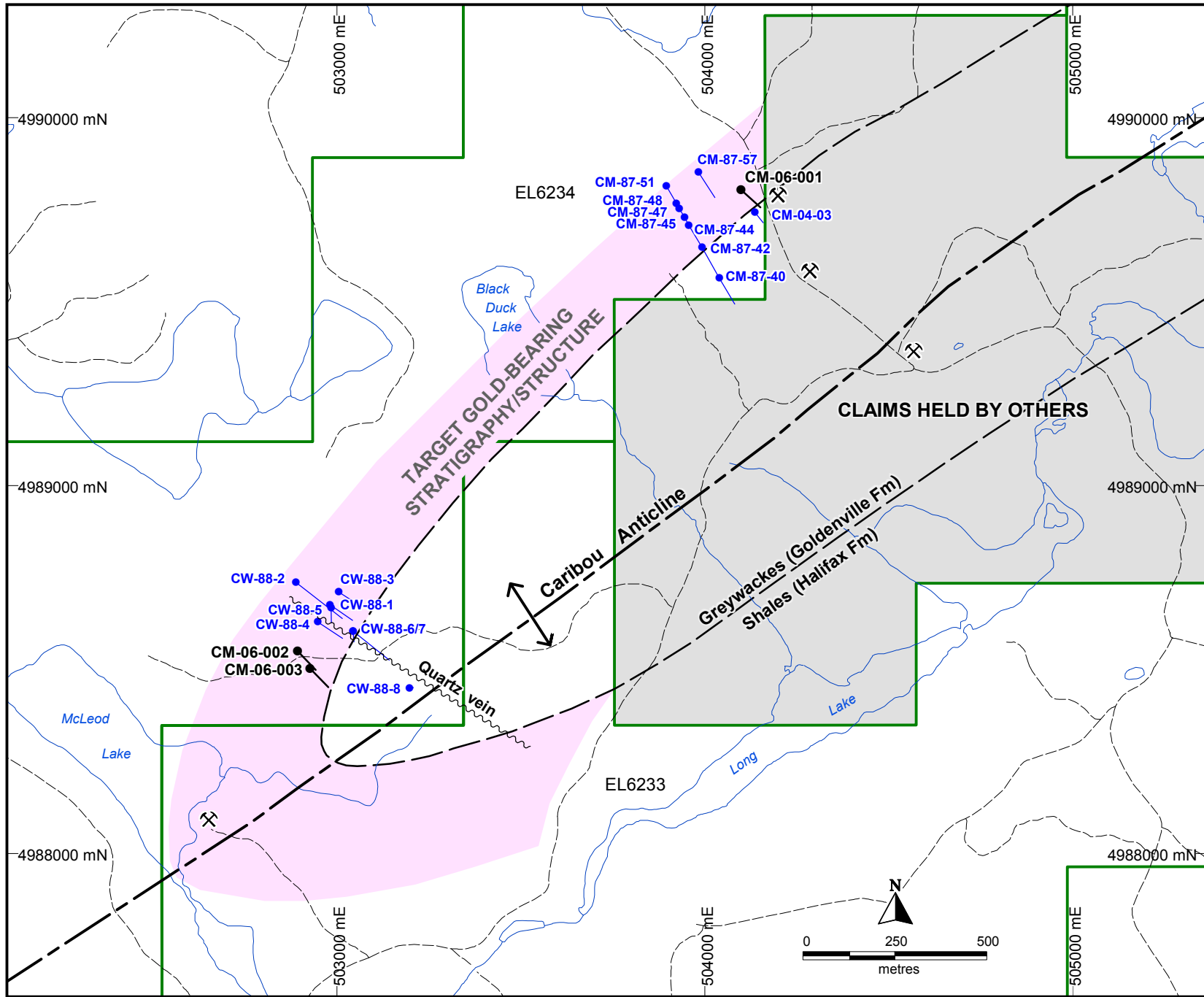
Yours sincerely,



Wally Bucknell
Executive Director

This report was compiled by WR 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.



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