



PROSPECTUS

NON-RENOUNCEABLE ISSUE OF FREE BONUS SHARE OPTIONS

Prospectus for a pro rata non-renounceable issue of approximately 17.2 million bonus share options on the following basis:

- one free bonus share option for every 10 fully paid ordinary shares held; and
- one free bonus share option for every 28.6 (approx) partly paid ordinary shares held.

Each New Option allows the holder to subscribe for one fully paid share upon payment of 12 cents no later than 1 November 2007.

Providing all the bonus share options issued are exercised, the Offer will raise approximately \$2,066,609 (before costs and expenses).

AS A SHAREHOLDER YOU DO NOT NEED TO TAKE ANY ACTION IN RELATION TO THIS OFFER


The New Options will be automatically issued to you based on your entitlements on the Record Date (31 October 2006).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If you do not understand its contents, you should consult your stockbroker or professional adviser.

The securities offered by this Prospectus should be considered as speculative.

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder,

I am pleased to report that the Touquoy Gold Project situated in Nova Scotia Canada continues to provide positive encouragement. In February this year following completion of an infill drilling program the Company announced the addition of a further 80,000 ounces to the Touquoy resource estimate as well as a substantial increase in the confidence level of the resource. Currently the total project resource is estimated at 653,500 contained gold ounces of which 84% is in the measured and indicated category.

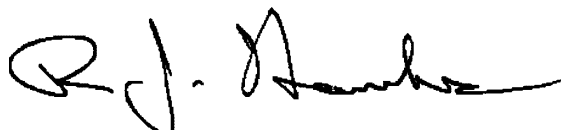
The Feasibility Study work has further confirmed and enhanced the outstanding metallurgical properties of the deposit. In particular the very high gravity recoveries and the very high total gold recoveries have allowed consideration of alternative processing options which may enhance overall project economics. The low waste to ore ratio and the softness of the ore further underpin the economics. Current resources support a minimum mine life of 6 years and we remain optimistic that the mine life will be extended beyond 7 years.

On behalf of the Board, I am pleased to announce that the Company intends to make a free issue of bonus share options to ordinary shareholders. The purpose of the issue is to reward the Company's existing shareholders for their continued support of the Company.

The share options will be issued free on a 1 for 10 basis for fully paid shares 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 no later than 1 November 2007.

The bonus share options will be issued **free to shareholders and you do not need to do anything to receive the bonus share options.**

The following prospectus contains details of the bonus share option issue. I encourage you to read the document carefully and if necessary obtain independent professional advice.



Ron Hawkes,
Chairman

17 October 2006

1 IMPORTANT INFORMATION

IMPORTANT NOTICE

This Prospectus is dated 17 October 2006.

A copy of this Prospectus was lodged with ASIC on 17 October 2006.

ASIC and the ASX do not take any responsibility for the contents of this Prospectus.

No New Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of the Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The Company is admitted to the Official List of the ASX and its Shares are continuously quoted securities of the Company in the terms of section 713 of the *Corporations Act 2001*.

Application has been made for the New Options to be granted Official Quotation by the ASX. The fact that ASX may grant Official Quotation of the New Options is not to be taken in any way as an indication of the merits of the Company or the New Options.

In the event of exercise of the New Options, the Company will apply for Official Quotation of the Shares issued within 3 Business Days of allotment of the Shares.

In preparing this Prospectus the Company has taken such precautions and made such enquires as are reasonable in order for it to have complied with the provisions of the *Corporations Act 2001* and the Listing Rules in force at the date of this Prospectus.

No person is authorised to give any information or to make any representation concerning the Offer. Any information or representation concerning the Offer which is not contained in this Prospectus should not be relied upon as having been authorised by the Company or its Directors. Neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Prospectus, except as required by law and then only to the extent so required.

Words and phrases used in the Prospectus and defined in section 8 (Glossary of defined terms) of this Prospectus have the meanings ascribed to them in that section.

THIS IS AN IMPORTANT DOCUMENT

It is important that you carefully read this Prospectus in its entirety and, in particular, that you consider the risk factors that could affect the financial performance of the Company. In addition to the general risks applicable to all investments in listed companies, there are specific risks associated with an investment in the Company. These risks are discussed in section 4 of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

ELIGIBLE SHAREHOLDERS

This Prospectus contains an Offer only to persons (including individuals and corporate entities) who are Shareholders on the Record Date with registered addresses in Australia or New Zealand.

This Offer is not extended to, and no New Options are offered or will be issued to, Shareholders with registered addresses outside of Australia or New Zealand. The Company considers it unreasonable to extend the Offer to Shareholders with registered addresses in jurisdictions outside Australia and New Zealand having regard to the small number and value of the New Options that would be offered in such jurisdictions and the cost of complying with the legal and regulatory requirements in those jurisdictions.

The New Options being offered under this Prospectus are offered in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

IMPORTANT DATES

The following dates are indicative only and the Company reserves the right to make any changes without notice (in consultation with the ASX if necessary). In particular, the Company reserves the right, subject to the *Corporations Act 2001* and the ASX Listing Rules to withdraw the Offer without prior notice.

Announcement of bonus issue and application for quotation (Appendix 3B)	6 October 2006
Advise existing Options holders of the Offer	6 October 2006
Lodgement of Prospectus with ASIC and ASX	17 October 2006
Despatch of Prospectus	18 October 2006
Shares quoted on an "ex" basis by the ASX	25 October 2006
Record Date for determining entitlements	31 October 2006
Despatch of holding statements for New Options	10 November 2006

APPLICATION FOR NEW SHARES

You do not need to take any action in relation to the Offer. The New Options will be automatically issued to you based on your entitlements on the Record Date.

PRIVACY DISCLOSURE

Unless otherwise notified to the Company, each qualifying Shareholder agrees that the Company may use the information provided previously by that qualifying Shareholder for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Company's share registry, related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

The *Corporations Act 2001* requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. The information contained in the Company's public registers must remain there even if that person ceases to be a security holder of the Company. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

A qualifying Shareholder has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2 DETAILS OF THE OFFER

THE OFFER

The Company is to make a pro-rata non-renounceable free issue of approximately 17,221,743 bonus share options to Eligible Shareholders on a 1 for 10 basis for fully paid ordinary shares and on a 1 for 28.6 basis (approx) for partly paid ordinary shares held on the Record Date (31 October 2006). Each bonus share option issued allows the holder to subscribe for a fully paid share upon payment of 12 cents no later than 1 November 2007.

PURPOSE OF THE OFFER

The purpose of the free issue is to reward the Company's existing shareholders for their continued support of the Company. Subject to the exercise of the New Options, funds raised will be directed to the Company's gold exploration and development activities particularly in Nova Scotia Canada and on-going working capital of the Company.

ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

You do not need to take any action to receive the New Options.

This Prospectus is issued without the requirement for an application form under an exemption provided under Class Order CO00/1092.

The New Options will be issued to you based on your entitlement as at the Record Date. The number of New Options issued to you will be set out in a holding statement that will be dispatched no later than on 10 November 2006. Fractional entitlements will be rounded up to the next whole number.

The issue is non-renounceable which means that you may not sell or transfer any part of your entitlement on the ASX or otherwise.

TOTAL NUMBER OF NEW OPTIONS TO BE ISSUED

The total number of New Options to be issued pursuant to this Offer will be approximately 17,221,743. Providing all New Options are exercised, the Offer will raise approximately \$2,066,609 (before costs and expenses). The costs and expenses of the Offer are expected to be approximately \$18,400.

RIGHTS ATTACHING TO NEW OPTIONS

The rights, privileges and restrictions attaching to New Options are set forth in section 6 of this Prospectus.

OFFICIAL QUOTATION BY THE ASX

Application for Official Quotation by the ASX of New Options has been made. If the ASX does not grant Official Quotation of the New Options within 3 months after the date of this Prospectus, the Company will not issue any New Options.

The fact that the ASX may grant Official Quotation of the New Options pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company and the New Options.

OFFER NON-RENOUNCEABLE

This Offer is non-renounceable which means that you may not sell or transfer any part of your entitlement on the ASX or otherwise.

ELIGIBLE SHAREHOLDERS

This Prospectus contains an Offer to Shareholders with a registered address in Australia or New Zealand.

Shareholders with a registered address in Australia or New Zealand who hold Shares on behalf of persons who are not resident in Australia or New Zealand are responsible for ensuring that taking up the New Options under the Offer does not breach securities law in the relevant overseas jurisdictions.



TAXATION

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of the Offer under this Prospectus. Neither the Company nor any of its officers accepts any liability or responsibility arising from this Offer. Shareholders should therefore consult their own tax adviser in connection with the taxation implications of the Offer.

CHESS

The Company participates in the Clearing House Electronic Sub-register System known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules. Under CHESS, Eligible Shareholders will not receive a certificate but will receive a holding statement for the New Options.

ALLOTMENT

New Options will be issued and holding statements will be despatched no later than 10 November 2006 to allottees at the address appearing in the Register or such other address as may be advised by the allottee.

ENQUIRIES

Enquiries concerning this Prospectus should be directed to Mr Brian Bolton or Ms Julie Fidler, telephone 02 9929 6633.

3 EFFECT OF THE OFFER ON THE COMPANY

CAPITAL STRUCTURE

The capital structure of the Company as at the date of this Prospectus is as follows:

Ordinary shares	Number
Fully paid ordinary shares	161,617,210
Partly paid ordinary shares	30,286,342
Total shares	191,903,552
Share options	
Unlisted Options:	
Exercisable at 20 cents per share no later than 31 December 2008	2,200,000
Exercisable at 15 cents per share no later than 22 August 2010	5,450,000
Total Options	7,650,000

CALCULATION OF NEW OPTIONS GRANTED UNDER THIS ISSUE

Shares on issue	Number	Conversion Ratio	New Options
Fully paid ordinary shares	161,617,210	1 for 10	16,161,721
Partly paid ordinary shares			
Paid to 7 cents with 13 cents payable	30,286,342	1 for 28.57142	1,060,022
Total New Options granted			17,221,743

If all of the New Options shown above are exercised, the Company will receive approximately **\$2.067 million (before costs and expenses)**. The ability of the Company to raise this additional capital through the exercise of the New Options is dependent on the Company's Share price prior to the expiry date of the New Options. Moneys raised from the exercise of New Options will be directed to the Company's gold exploration and development activities particularly in Nova Scotia Canada.

4 RISK FACTORS

Shareholders should read this section carefully to understand the material risk factors which the Directors consider could impact on Shareholders' investments.

GENERAL RISK FACTORS

ECONOMIC CONDITIONS

The performance of the Company may be significantly affected by changes in economic conditions, and particularly conditions which affect the mining and resources industry. Profitability of the business may be affected by factors such as market conditions, interest rates, inflation and consumer demand.

GEO-POLITICAL FACTORS

The Company may be affected by the impact that geo-political factors have on the various world economies or the Australian economy or on financial markets and investments generally or specifically.

AUSTRALIAN AND FOREIGN GOVERNMENT POLICIES AND LEGISLATION

The Company may be affected by changes to government policies and legislation, including those relating to the mining and resources industry, property, the environment, taxation and the regulation of trade practices and competition, government grants and incentive schemes.

MARKET RISK

As the Company's shares are listed on the ASX its share price is subject to unforeseen and unpredictable circumstances including numerous influences which may reflect broad trends in the share market and in turn, affect the share prices of individual companies.

MARKET CONDITIONS

The ability of the Company to benefit from the production of minerals, the acquisition or divestment of mineral properties, and investments in or mergers with resource companies will depend, to some extent, on market factors. World market prices for gold and metals are subject to many variables and may fluctuate substantially.


OTHER RISKS

Other risk factors include those normally found in conducting business, including litigation resulting from the breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

SPECIFIC RISK FACTORS

EXPLORATION AND MINING RISKS

Mineral exploration is a highly speculative activity. There are also risks involved in the development of orebodies and the production of minerals. Factors such as sample representivity, continuity of mineralisation, evaluation techniques utilised for the estimation of mineral resources and ore reserves will necessarily impact on the accuracy of the estimation and on production forecasts and costs. Production levels and costs can also be adversely affected by factors beyond the control of management.



Whilst two of the Directors have considerable experience planning and executing mineral exploration programs in Canada, the Company has no Canadian mining experience. However it will use its extensive Australian mining experience and its usual consultants and contacts, together with Canadian professional expertise to assist in making commercial judgements in respect of its Canadian activities.

NATIVE TITLE

It is possible that there may exist on tenements in which the Company has an interest or may acquire an interest a form of native title which could result in exploration/mining restrictions and/or claims for compensation.

FINANCIAL RISKS

The ability of the Company to implement its business strategy may depend in part on its ability to continue to raise additional funds and/or to secure appropriate partnering or out-licensing arrangements. No assurances can be given that such funding will be available, or that it will be available on terms attractive to the Company.

KEY EMPLOYEE RISKS

The future success of the Company may depend in part on its continued access to highly qualified scientific, technical and managerial personnel. Competition for such staff is intense. Further, much of the intellectual property and developed know-how resides in the Company's staff or those under contract. The loss of key staff could have a material adverse effect on the Company. While the Company seeks to ensure that the services of key personnel are retained, no assurances can be given that the Company will continue to retain and attract key staff as required by the business.

5 CONTINUOUSLY QUOTED SECURITIES DISCLOSURE

DISCLOSING ENTITY

The Company is a disclosing entity for the purposes of the *Corporations Act 2001* and, as such, is subject to regular reporting and disclosure obligations. These obligations include compliance with the requirements of the ASX Listing Rules and the *Corporations Act 2001* concerning notification of information to the ASX. Copies of documents lodged at the ASIC in relation to the Company may be obtained from, or inspected at, an office of the ASIC. Copies of announcements made to the ASX may be viewed at the ASX's website at www.asx.com.au

CONTINUOUS DISCLOSURE PROSPECTUS

This Prospectus adopts the special prospectus content rules for continuously quoted securities as set out in section 713 of the *Corporations Act 2001*. This section enables disclosing entities to issue a special prospectus in relation to securities (and options for those securities) in a class of securities that have been quoted by the ASX at all times in the 12 months before the issue of the Prospectus.

Apart from formal matters, a 'continuous disclosure' prospectus need only contain information relating to the terms and conditions of the offer, the effect of the offer on the Company, and the rights and liabilities attaching to the New Options. Other general information is not required to be included by a disclosing entity as the periodic reporting and continuous disclosure requirements applicable to disclosing entities mean that all this information should have previously been released to the market.

AVAILABILITY OF DOCUMENTS

The Company will provide free of charge a copy of each document described below to a person who asks for it prior to 31 October 2006.

- i. the Company's half yearly financial report for the six months ended 30 June 2006
- ii. the Company's annual financial report most recently lodged with ASIC, being its report for the year ended 31 December 2005.
- iii. any continuous disclosure notices given by the Company after the lodgement of the Company's annual financial report for the year ended 31 December 2005 and before lodgement of this Prospectus with ASIC.

Set out opposite is a description of all continuous disclosures notices lodged by the Company with ASIC and/or the ASX and used to notify ASIC and/or the ASX of information relating to the Company as referred above.

List of ASX Announcements – 31 March 2006 to 17 October 2006

4 April 2006	Results of 2 cent call on partly paid shares
10 April 2006	Updated results of call on partly paid shares
21 April 2006	Notice of Annual General Meeting
21 April 2006	Annual Report 2005
26 April 2006	Unconditional underwriting of 30/06/06 10c options
26 April 2006	Terms of sale – auction of forfeited partly paid shares
28 April 2006	Proceeds from auction of forfeited shares
28 April 2006	First quarter activities and cash flow report
8 May 2006	Appendix 3B
9 May 2006	Change in substantial holding
9 May 2006	Change in directors interest notice
15 May 2006	Appendix 3B
26 May 2006	Chairman's address to shareholders at AGM
26 May 2006	Results of meeting
2 June 2006	Appendix 3B
5 June 2006	Becoming a substantial shareholder
27 June 2006	Update on Touquoy Gold Project and Nova Scotia exploration
6 July 2006	Exercise of 30 June 2006 10 cent options
6 July 2006	Appendix 3B
6 July 2006	Change of directors interest notice
7 July 2006	Change in substantial holding
31 July 2006	Second quarter activities and cash flow report
23 August 2006	Appendix 3B
23 August 2006	Change of directors interest notice x 3
1 September 2006	Half year accounts

6 ADDITIONAL STATUTORY AND OTHER INFORMATION

RIGHTS AND LIABILITIES ATTACHING TO NEW OPTIONS

The New Options will expire on 1 November 2007.

There is no obligation to exercise the New Options.

The exercise price or number of New Options issued may be changed in accordance with Listing Rule 6.22 or any amendment of that Rule from time to time.

In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the New Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

A New Option has no right to participate in a new issue of shares unless that option has been exercised.

To exercise a New Option, the holder must complete and execute a Notice of Exercise of Option in the form that will be forwarded to all New Option holders following allotment, and must lodge the completed notice and payment of the exercise price with the Company Secretary at the Company's registered office at any time prior to the expiry date.

The exercise price of each New Option will be 12 cents.

Shares issued on exercise of the New Options will rank equally in all respect with all other Shares on issue. The rights and liabilities attaching to the Shares issued upon exercise of the New Options are set out in below.

The Company will apply for Official Quotation by the ASX of the Shares issued upon exercise of the New Options within 3 Business Days of allotment of the Shares.

RIGHTS AND LIABILITIES ATTACHING TO SHARES

Full details of the rights attaching to the shares are set out in the constitution of the Company, a copy of which can be inspected at the Company's office during business hours. A summary of these rights is set out below:

VOTING

Subject to any special rights or restrictions for the time being attached to any class or classes of shares in the Company (at present there are none) and provided all calls due to the Company in respect of any share has been paid, at a general meeting every shareholder present in person or by proxy, representative or attorney will have one vote on a show of hands and on a poll, one vote for each fully paid share held. A person who holds a share which is not fully paid, is entitled on a poll to such number of votes as results from applying the ratio of the amount of the issue price of share paid to the total issue price, to the number of those partly paid shares registered in the shareholder's name.

GENERAL MEETING

Each shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the constitution of the Company, the *Corporations Act 2001* and the Listing Rules.

DIVIDENDS

Dividends shall be declared and paid on all shares held in proportion to the number of shares held irrespective of the amounts paid or credited as paid on the shares. Power to declare dividends is vested in the Directors and they may fix the time for payment thereof.

TRANSFER OF SHARES

Generally shares in the Company are freely transferable subject to formal requirements providing that the registration of the transfer will not result in a contravention or a failure to observe the provisions of the law of Australia and the transfer is not in breach of the Listing Rules.

ISSUE OF SHARES

The Board may (subject to the restrictions on the issue of the Shares imposed by the Constitution of the Company, the ASX Listing Rules or the *Corporations Act 2001*) issue, grant options in respect of, or otherwise dispose of further the Shares as they see fit.

WINDING UP

Subject to any special or preferential rights attaching to any class or classes of the ordinary shares, on a winding up of the Company a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders in kind the whole or any part of the property of the Company in proportion to the shares held by them respectively. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of the Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

ALTERATION TO CONSTITUTION

The Constitution of the Company can only be amended by a special resolution passed by at least three quarters of the votes of Shareholders present and voting at a general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

INTEREST OF DIRECTORS

Other than set out below, no Director of the Company nor any firm in which such a Director is a partner, has or has had during the 2 years before the lodgement of this Prospectus with the ASIC any interest in:

- a. the formation or promotion of the Company;
- b. any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer, or
- c. the Offer.

Except as disclosed in this Prospectus, no amounts have been paid or agreed to be paid, in cash or Shares or otherwise, to any Director or to any firm in which any such Director is a partner, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of the Company or the Offer.

Mr RHN Symons, a director of the Company, is a partner in the law firm Deacons. In the preparation of this Prospectus, Deacons have provided legal services on normal commercial terms.

DIRECTORS' FEES

The total amount that may be paid to non-executive Directors for their services is determined by ordinary resolution of Shareholders. Moneys paid to the Executive Director are in accordance with his service agreement.

The fees paid to Directors for the years ended 31 December 2004 and 2005 are detailed below:

		Salary	Directors' fees	Superannuation	Total
R J Hawkes ¹	2005	–	60,000	5,400	65,400
	2004	–	60,000	11,880	71,880
W R Bucknell	2005	140,000	–	15,300	155,300
Executive Director	2004	96,000	–	8,640	104,640
D L Cooper	2005	–	30,000	2,700	32,700
<i>resigned 31 December 2005</i>	2004	–	30,000	2,700	32,700
R H N Symons	2005	–	–	–	–
<i>appointed 31 December 2005</i>					

Note 1: Mr Hawkes received consulting fees of \$72,000 in 2004.

DIRECTOR'S INTERESTS IN SECURITIES

As at the date of this Prospectus, the Directors have an interest in the following ordinary shares and Options in the Company:

	Ordinary shares	Options
RJ Hawkes	27,867,095	2,000,000
WR Bucknell	6,003,100	3,000,000
RHN Symons	–	–

LITIGATION

The Company is not currently involved in any litigation or arbitration considered to be material in the context of this Prospectus and is not aware of any threatened litigation or pending arbitration against it considered to be material in the context of this Prospectus.

EXPENSES OF THE OFFER

The Company has paid or agreed to pay the following amounts to the following persons in connection with the Offer:

Deacons: Fees for professional services undertaken as Australian legal advisers to the Company in connection with the Offer of approximately \$5,500 as at the date of this Prospectus.

Various suppliers: Fees for other services provided namely ASX fees, printing and mailing, share registry, and ASIC fees, of approximately \$12,900 in total.

CONSENTS AND DISCLAIMERS

The following persons have given and not withdrawn their written consents to be named in the Prospectus in the form and context in which they are named:

§ Deacons as the Australian legal advisers to the Company in relation to the Offer.

Deacons has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus or on which a statement in this Prospectus is said to be based, except to the extent set out in Deacons' consent above, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus except to the extent set out in Deacons' consent above.

GOVERNING LAW

This Prospectus is governed by the law applicable in the State of New South Wales, Australia and each applicant submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia.

CONSENTS TO LODGEMENT

Each Director of the Company has given, and has not withdrawn, his consent to the lodgement of this Prospectus with the ASIC.

DIRECTORS' CONSENT

This Prospectus is signed on 17 October 2006 by WR Bucknell on behalf of the Directors, each of whom has consented to the signature, lodgement and issue of this Prospectus.

Signed in accordance with a resolution of the Board of Directors



WR Bucknell
Executive Director

Sydney 17 October 2006

8 GLOSSARY OF DEFINED TERMS

In this Prospectus the following terms and abbreviations have the following meanings, unless the context otherwise require:

ASIC means the Australian Securities and Investments Commission.

ASX means Australian Stock Exchange Limited.

Bonus Share Option Issue means the free issue of bonus share options to Eligible Shareholders of one New Option for every 10 fully paid ordinary shares held and one New Option for every 28.57142 partly paid ordinary shares held.

Business Day means a day on which the ASX is open for the transaction of business in NSW.

Company means Atlantic Gold NL ABN 82 062 091 909.

Directors means the directors of the Company at the date of this Prospectus.

Eligible Shareholders means a person registered in the Company's share register as the holder of fully paid ordinary shares and/or partly paid ordinary shares on the Record Date and who has a registered address in Australia or New Zealand.

Listing Rules means the official listing rules of the ASX.

New Options means free share options issued pursuant to this Prospectus and which may be exercised on a one for one basis into fully paid ordinary shares on payment of 12 cents no later than 1 November 2007.

Offer means the offer of free bonus share options to Eligible Shareholders pursuant to this Prospectus.

Official List means the Official List of the ASX.

Official Quotation means official quotation of shares and options by the ASX in accordance with the Listing Rules.

Option means an option to acquire one Share.

Prospectus means the Prospectus of which this section forms a part.

Record Date means, subject to section 2 of this Prospectus, 31 October 2006.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of fully paid ordinary shares and/or partly paid ordinary shares in the capital of the Company.

References in this Prospectus to currency are, unless stated otherwise, to the currency of Australia.

9 CORPORATE DIRECTORY

DIRECTORS

Ronald J Hawkes
Non-Executive Chairman

Walter R Bucknell
Executive Director

Robert H N Symons
Non-Executive Director

COMPANY SECRETARIES

Julie Fidler
Grahame Clegg

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 701
220 Pacific Highway
Crows Nest NSW 2065 Australia
ph: +612-9929 6633
fax: +612-9929 9366
www.atlanticgold.com.au

SHARE REGISTRY*

Computershare Investor Services Pty Ltd
Level 3 60 Carrington Street
Sydney NSW 2000

AUDITOR*

KPMG
10 Shelley Street
Sydney NSW 2000

* The names of these parties are included for information purposes only.



