

28 April 2006

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

QUARTERLY REPORT FOR PERIOD ENDING 31 MARCH 2006

HIGHLIGHTS

TOUQUOY GOLD PROJECT – Nova Scotia Canada

FEASIBILITY STUDY

- Resource estimate for the Touquoy Gold Deposit upgraded to 9.76 million tonnes @ 1.8 g/t for 554,500 contained ounces gold.
- Total Touquoy Project resources stand at 11.28 million tonnes @ 1.8 g/t for 653,500 contained ounces gold.
- Feasibility Study on track with Ausenco Limited retained for Feasibility Study documentation, and Golder Associates Pty Ltd for design of tailings storage facilities.

NEAR MINE EXPLORATION

- Extensive gold-mineralised target zone identified from historic drilling around the Caribou Dome on the Caribou Joint Venture, 9 km from Touquoy Three diamond holes drilled with assays pending.

REGIONAL EXPLORATION

- Exploration property over historic mining area at Renfrew (51,000 oz produced) located west of Touquoy optioned from local prospectors. ATV may earn 100%.
- Preparations in hand for commencement of substantial reconnaissance RAB drilling program, and focussed diamond drilling, to explore ATV's extensive land holdings.

CORPORATE

- Exercise of 30 June 2006 10 cent options underpinned by unconditional underwriting.
- 2 cent call on partly paid shares to raise \$605,926 successfully completed.

GOLD

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

TOUQUOY GOLD DEPOSIT – FEASIBILITY STUDY

The Feasibility Study on the Touquoy Gold Deposit is on track with the critical-path metallurgical testwork expected to be completed in early June. Site photogrammetrical surveying has now been undertaken and resource delineation is essentially complete.

As previously noted, Brisbane-based Ausenco Limited has been retained to undertake the requisite cost and engineering studies following completion of the metallurgical testwork and to undertake documentation of the Feasibility Study. Golder Associates Pty Ltd has been retained for design of tailings storage facilities.

Resource estimation

During the Quarter the resource estimate for the Touquoy Gold Deposit was upgraded following compilation and assessment of all ATV's infill diamond drilling (total of 129 holes for 10,480m) and pre-ATV (1987–1996) diamond drilling data by resource specialists Hellman & Schofield Pty Ltd ("H&S"). H&S also undertook a site visit. The estimated resource extends to a maximum depth of 152 metres and is open at depth. It is reported above a 0.7 g/t gold lower cut-off:

TOUQUOY GOLD DEPOSIT

	Tonnes (millions)	Grade (g/t Au)	Contained Ounces
Measured Resource	5.85	1.8	334,500
Indicated Resource	2.50	1.7	133,500
Inferred Resource	1.41	1.9	86,500
TOTAL	9.76	1.8	554,500

H&S's comprehensive geostatistical assessment and the quality of the underlying ATV drill results have enabled a substantial upgrade of the resource particularly in terms of confidence levels. Fully 84% of the resource is now categorised as Measured and Indicated Resources, with 60% alone at the highest confidence level of Measured Resource. Details of the resource estimation methodology are given at the back of this report.

Of considerable significance is the inference, from visual inspection of drill core, assay data, and geostatistical analysis of the drill data by H&S, of the widespread presence of coarse gold within the deposit. It is H&S's experience that gold orebodies such as these (having data populations with high coefficients of variation) are likely to produce more gold than can be reasonably estimated

from the drilling. However, the amount of such additional gold can not be quantified or guaranteed at this stage of the project.

It is further noted that the resource estimate above applies only to the single-pit Touquoy Gold Deposit and excludes the satellite Touquoy West Gold Deposits located 2km to the west, where the following resource estimate has previously been reported (ATV announcement to the Australian Stock Exchange 12 July 2004):

TOUQUOY WEST	Tonnes (millions)	Grade (g/t Au)	Contained Ounces
Indicated Resource	0.87	1.9	54,000
Inferred Resource	0.65	2.2	45,000
TOTAL	1.52	2.0	99,000

ATV has not yet undertaken any drilling on the Touquoy West deposits, which at this time remain open along strike and at depth. The Touquoy West resource estimates were completed by H&S in 2004.

The total resources estimated for the Touquoy Gold Project are therefore:

	Tonnes (millions)	Grade (g/t Au)	Contained Ounces
Touquoy Deposit	9.76	1.8	554,500
Touquoy West Deposits	1.52	2.0	99,000
TOTAL TOUQUOY	11.28	1.8	653,500

Pit optimisation

Input parameters used for previous pit optimisations, including resource estimates and modelling (above); labour and mining costs; reagent, power and other processing costs; pit wall slopes; and substantially increased gold price have been progressively updated. Iterative pit optimisations and financial modelling studies are in progress, along with an update of capital cost estimates.

Testwork

As previously reported testwork for mine and processing plant design continues under the guidance of specialist consultants. The following summarises the current status:

i) Metallurgical testwork

Final comprehensive metallurgical testwork is in progress at Metcon Laboratories Ltd in Sydney and AMMTEC Limited in Perth under the guidance of Peter Lewis and Associates and Aurifex Pty Ltd. Initial results confirm the excellent metallurgical characteristics of the ore in relation to conventional gravity, CIL and flotation gold ore processing methodology:

- Very high total gold recoveries (>95%)
- Very high gravity gold recoveries (~80%)
- Coarse grind (180µm), hence reduced power consumption
- Low reagent consumption (0.4kg/t CN)
- Very short residence or flotation time

These excellent results are also providing the opportunity to consider alternative processing options targeting the excellent gravity and flotation recoveries, in parallel with the ongoing conventional CIL testwork to ensure the most cost-effective processing route. Completion of the metallurgical testwork is on the critical path for finalisation of the Feasibility Study. Current advice is that the testwork will be concluded in June.

Results of acid-base accounting testwork conducted by Dalhousie University's Minerals Engineering Centre (Halifax) on representative waste and ore material indicates that both ore and waste are unlikely to be acid generating. Additional confirmatory analyses are to be undertaken by Golder Associates.

ii) Grindability testwork

The low Bond ball mill work index (average 8.3 kWh/t) for the argillite host rock, which will comprise 85-90% of the mill feed, was confirmed last Quarter by grindability testwork conducted on large diameter (PQ) diamond core samples by SGS Lakefield Research Limited with direction from Perth-based Orway Mineral Consultants (WA) Pty Ltd. This result implies low power consumption for the grinding circuit. The preferred comminution circuit option arising from this testwork is a 3-stage crush/Ball mill configuration.

(iii) Geotechnical testwork

Base case pit wall design derived from detailed and specific geotechnical investigations undertaken on eleven drillholes under the guidance of Perth-based consultant, Peter O'Bryan and Associates, indicated overall pit wall slopes (allowing for intra-bench berms) averaging 45°. This result is incorporated in the present pit optimisation studies. Some upside may be possible.

(iv) Geohydrological testwork

Groundwater flows have been confirmed by dedicated water-bore emplacement and monitoring to be minimal such that pit de-watering will be straightforward with minimal impact expected on existing surface water drainage. Pump tests on shallow pits are to be undertaken in the next three weeks to detail near-surface water flow characteristics.

TOUQUOY GOLD DEPOSIT – PERMITTING

Concurrent with advancement of the Feasibility Study and associated testwork project permitting continues to be an immediate priority. Formal and informal liaison, update sessions and information displays continue with Provincial and Federal regulators and officials, local residents, property owners and other stakeholders. In all respects feedback has been positive.

Support for the project continues to be provided at key senior Provincial and Municipal government levels and the community.

The target at Touquoy is a production scenario incorporating an on-site gold treatment plant with a 1.5 million tonne per annum throughput and a 7 year minimum mine life to produce approximately 90,000 ounces gold per year. Scoping studies undertaken by ATV 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 conducive to a relatively low cost and profitable mining operation. The property is located in an old gold mining area about 110 km by sealed roads from Halifax, the capital of Nova Scotia.

Atlantic Gold has earned a 60% interest in the Touquoy Gold Project by having spent C\$2.2 million prior to 31 December 2005. An additional 15% interest can be acquired in the property outside the general area of the known resource upon securing project financing.

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.

Shallow reconnaissance RAB drilling conducted during the December Quarter to penetrate the extensive transported overburden identified four areas of strong and consistent gold/arsenic anomalism in bedrock close to the anticlinal axis over a strike length of 8 km (see Figure 1).

Three diamond core holes were drilled as a preliminary test of two of these areas, located about 2 km apart on the northwest side of the Caribou Dome (refer to accompanying plan). The Caribou Dome is apparent as that central, elliptically shaped dome of greywackes (Goldenville Formation) flanked by overlying shales (Halifax Formation). Some drilling had been conducted in these areas during the 1980s, and with interesting results viewed in the context of bulk

mining potential. Drill logs indicate that core from these holes, none of which has yet been recovered, was selectively sampled such that only a fraction of the core was assayed, and that sections of potentially mineralised core were not assayed. Nevertheless tens of metres of intermittently sampled core are seen to be relatively uniformly gold-bearing, with a best continuously sampled intersection of 15.3 m grading 0.5 g/t from bedded sulphidic and carbonate-altered argillites from hole CW-88-2. These host rocks are geologically and geochemically similar to those argillites immediately along strike from the Touquoy Gold Deposit.

Another historic hole in this group (CW-88-7) cut 21.3 m @ 1.5 g/t, though this intersection likely represents a low-angle slice along a quartz vein. Average grade of the aggregate 275 m sampled and assayed was 0.4 g/t, this aggregate length representing one-third of the core drilled. In the cluster of historic drill holes near ATV's current hole CM-06-001 to the northeast where only 13% of the core was assayed, the average grade of the aggregate 119 m of samples assayed was 0.5 g/t.

Assays from ATV's three diamond drillholes are awaited. Present interpretation contemplates a 3 km-long zone of gold mineralised stratigraphy/structure within the basal argillites around this western part of the Caribou Anticline. Further drilling to test this zone for sites of grade enhancement is planned, along with a resumption of RAB drilling elsewhere along the Caribou Anticline trend to follow-up previous results.

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

REGIONAL EXPLORATION

During the winter months design improvements were made to the percussion drill-rig by the drilling contractor following his tour of inspection of the Western Australian drilling industry. A substantial program of reconnaissance RAB drilling, together with focussed follow-up diamond drilling to test ATV's extensive land holdings is planned from the end of April.

Since the end of the quarter an additional property, at Renfrew, located 55 km west of Touquoy, was optioned. About 51,600 oz are recorded as having been produced from anticlinally folded, concordant quartz leads over a strike length of almost 2 km and up to 500 m across strike. ATV has a three-year option to acquire 100% interest in this property by making increasing annual cash payments to the individual holders with the right to withdraw at any time. The 100% interest is subject to a 3% royalty, of which two-thirds may be purchased at any time.

OTHER PROJECTS

ELLENDALE JOINT VENTURE, Western Australia (ATV 53%)

ATV's controlling 53% interest in the Ellendale Joint Venture diamond property (E04/813), situated in the Kimberley Region of Western Australia, was sold to Blina Diamonds NL (BDI), its co-venturer in the project. Consideration for the sale was 1.5 million fully paid ordinary BDI shares. The closing price for BDI shares on the date of the sale, 17 March, was 70 cents.

No fieldwork was undertaken during the quarter on the Kookynie (WA) or Beaconsfield (Tas) gold projects.

CORPORATE

The Company has entered into an agreement with Martin Place Securities whereby MPS will unconditionally underwrite receipt of \$1.4 million from the exercise of 14 million 30 June 2006 10 cent options. This underwriting excludes 9.3 million options for which the Company has already received indications of exercise prior to 30 June 2006.

The Company has agreed to pay the underwriter Martin Place Securities a 2% commitment fee and a 5% fee on any take up of stock. The funds raised from the exercise of options will be used to further the Feasibility Study for the Touquoy Gold Project and for regional and near-mine exploration.

A 2 cent call on the Company's contributing shares, now partly paid to 7 cents, to raise \$605,926 was successfully completed after the end of the Quarter. The Company greatly appreciates the continued support of shareholders.

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
Director

Attribution: The geological information in this report relating to Mineral Resources has been compiled by W R Bucknell who is a director of ATV, a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person in respect of the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The resource estimates for Touquoy described in this report

were completed by Mr Neil Schofield, a principal of Hellman and Schofield Pty Ltd. Mr Schofield is a Member of the AusIMM and qualifies as a Competent Person in respect of the 2004 JORC Code by virtue of having sufficient experience which is relevant to the Touquoy style of mineralisation and deposit type. Mr Schofield has consented to the inclusion of this information in the form and context in which it appears in this report.

Notes

Estimation technique: Multiple Indicator Kriging with block variance adjustment applied. Ore selectivity is assumed to be 5 metres (north) by 2 metres (east) by 2.5 metres (elevation) via an open pit mining scenario.

Assay methodology (all based on ½ NQ core):

ATV: Fire assay of pulverised whole-sample (32% of database), with all samples $\geq 0.5\text{g/t}$ or within ore-grade intervals screen fire assayed (1825 samples or 6% of database).

Historic: Whole-sample fire assay of +100# gravity concentrate weight-averaged with fire assay of -100# fraction (28% of database), fire assay of pulverised split from crushed parent (28% of database) and screen fire assay (6% of database).

Bulk density: 2.80g/cm^3 . Based on 80 determinations.

Lower cut-off grade: 0.8g/t

Hole spacing: Variable, averages $30\text{m} \times 20\text{m}$.

ATLANTIC GOLD NL
CARIBOU JOINT VENTURE
Figure 1
RAB DRILLING RESULTS
from December Quarter
 April 2006

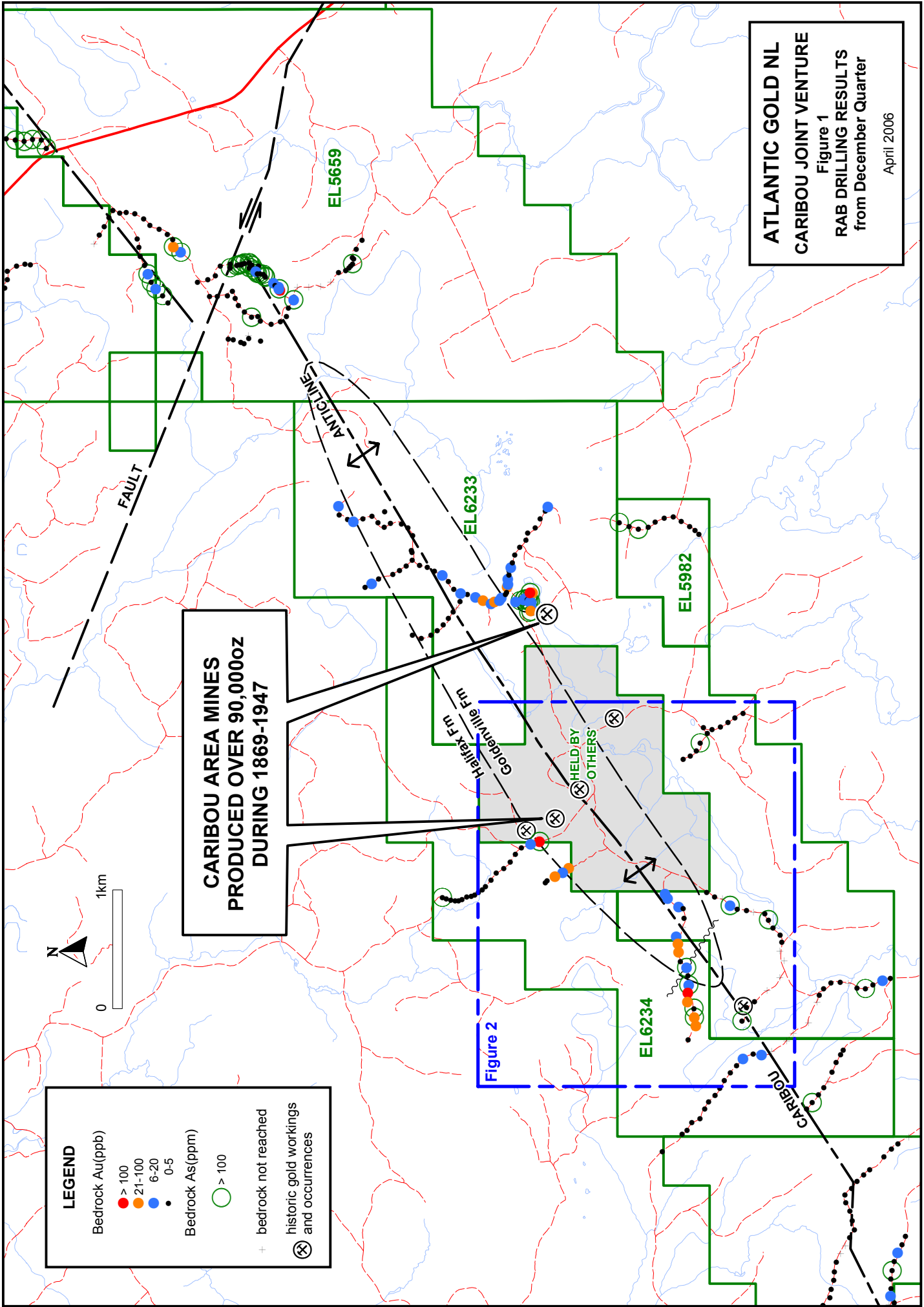


Figure 2

LEGEND

Historic gold workings and occurrences

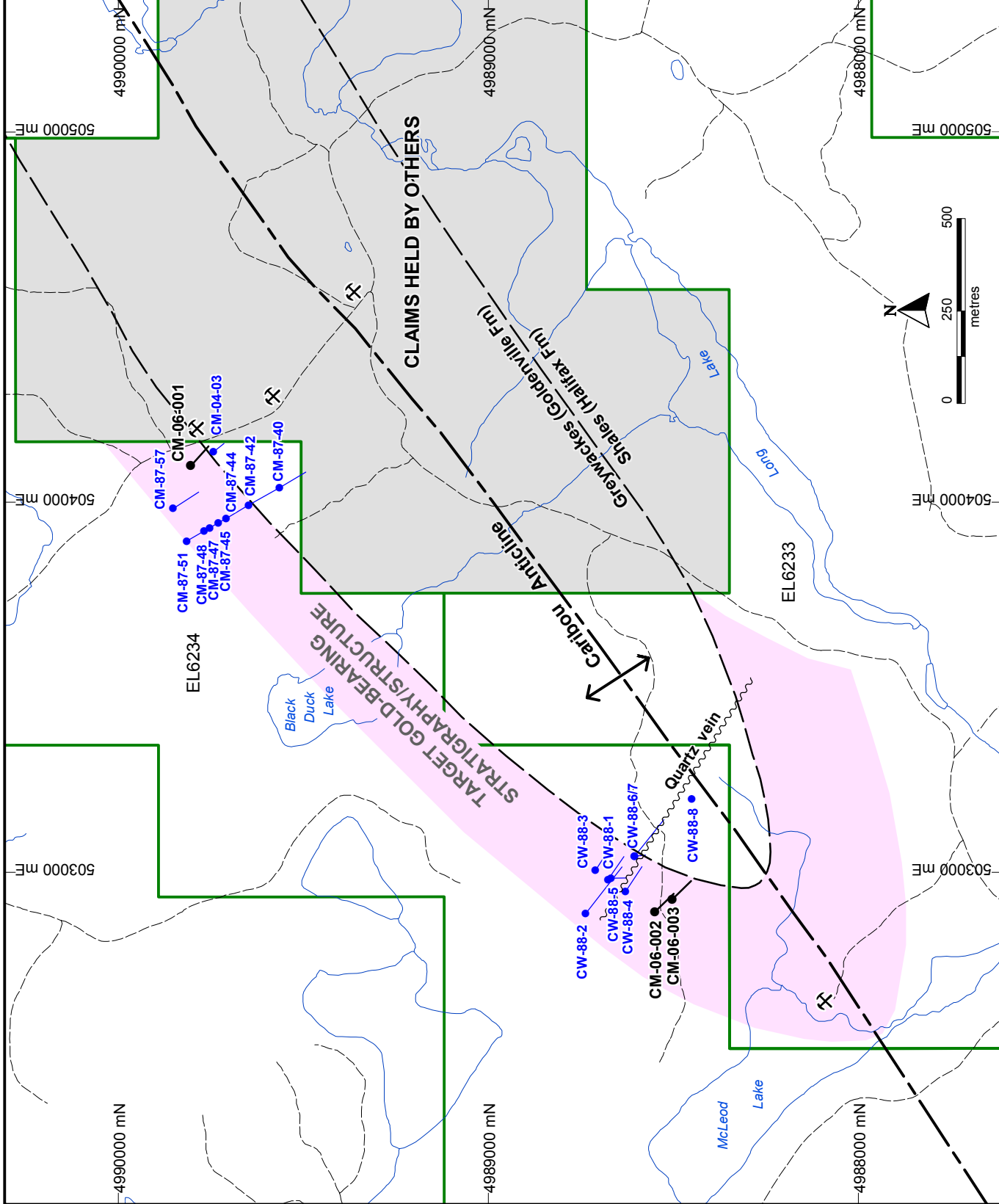


CM-06-001 to 003: ATV drillholes

All other holes drilled by previous explorers

ATLANTIC GOLD NL
CARIBOU JOINT VENTURE
Figure 2
DIAMOND DRILLING

April 2006



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 March 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(315)	(315)
(b) development		
(c) production		
(d) administration	(83)	(83)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	5
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	(395)	(395)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(3)	(3)
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other – Security deposits	(2)	(2)
Net investing cash flows	(5)	(5)
1.13 Total operating and investing cash flows (carried forward)	(400)	(400)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(400)	(400)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	580	580
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	(2)	(2)
	Net financing cash flows	578	578
	Net increase (decrease) in cash held	178	178
1.20	Cash at beginning of quarter/year to date	677	677
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	855	855

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	57
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	35

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	200
4.2 Development	300
Total	500

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	616	118
5.2 Deposits at call	239	559
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	855	677

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	ELs 5914-5917 (282 claims, 43.9 km ²)	Wholly owned	100%	0%
6.2 Interests in mining tenements acquired or increased	Miller Lake option - ELs 5765, 5860 and 5875	Option to earn 100%	0%	0%

+ 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	138,307,273	138,307,273		
Partly paid 5c ATVCB	0	0	20 cents	5 cents
Partly paid 7c ATVCB	30,296,342	30,296,342	20 cents	7 cents
7.4 Changes during quarter (a) Increases through issues – Fully paid DDV – Exercise of options Partly paid – 2c call (b) Decreases through returns of capital, buy-backs	315,994 30,296,342	315,994 30,296,342	20 cents	7 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>
– ATVOA	23,299,937	23,299,937	\$0.10	30.06.06
– ATVAI	2,200,000		\$0.20	31.12.08
7.8 Issued during quarter				
7.9 Exercised during quarter – ATVOA	315,994	315,994	\$0.10	30.06.06
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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: 28 April 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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