

31 October 2005

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

## **QUARTERLY REPORT FOR PERIOD ENDING 30 SEPTEMBER 2005**

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### **HIGHLIGHTS**

#### ***TOUQUOY GOLD PROJECT – Nova Scotia Canada***

##### **FEASIBILITY STUDY**

The Feasibility Study continues with positive, encouraging and timely results:

- Remaining assay results from the Stage 1 resource delineation diamond drilling program (70 NQ diamond holes for 5477 m) were returned with results – including 11 m @ 7.0 g/t from 16 m, 14 m @ 5.1 g/t from 26 m and 15 m @ 3.3 g/t (cut to 30 g/t) from 40 m – well in line with expectations.
- Other Feasibility Study testwork for mine and plant design – metallurgical, grindability, geotechnical and geohydrological – continues to advance.
- Project permitting continues to receive top priority and 12 months of environmental studies results in the commencement of the key Environmental Assessment Report

##### **REGIONAL EXPLORATION**

- Commencement of follow up RAB drilling of 15 km-long trend of gold/arsenic-anomalous argillites (Touquoy host rocks) identified 9 km north of Touquoy by regional reconnaissance RAB drilling with 13 km now secured under 50:50 joint venture with Acadian Gold Corporation.

#### ***ELLENDALE JOINT VENTURE – (Diamonds) Western Australia***

- High resolution aeromagnetic survey flown over entire property with new features of interest identified.

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## GOLD

### ***TOUQUOY GOLD PROJECT Nova Scotia Canada***

*(ATV may earn up to 75%)*

#### **TOUQUOY GOLD DEPOSIT – FEASIBILITY STUDY**

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. This target implies a further increase in the existing resource inventory, to which the ongoing drilling and wider exploration is being applied. 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.

The Feasibility Study on the Touquoy Gold Deposit is being progressed:

#### **Resource delineation drilling**

As previously announced all remaining assay results from the 70-hole Stage 1 infill diamond drilling program (holes MR-05-060 to MR-05-129 for 5477 m) completed in August have been received. This program represents the first half of a staged resource delineation drilling program to complete infill of the existing drilling of the Touquoy Deposit on 20m x 25m centres. The best of these remaining assay results (previously announced), including 11 m @ 7.0 g/t from 16 m, 14 m @ 5.1 g/t from 26 m and 15 m @ 3.3 g/t (cut to 30 g/t) from 40 m, are given in the following table and hole locations are shown on the accompanying plan.

| HOLE      | EASTING | NORTHING | DIP | GRID AZ. | DEPTH | BEST ASSAYS |        |           |                |
|-----------|---------|----------|-----|----------|-------|-------------|--------|-----------|----------------|
|           |         |          |     |          |       | FROM (M)    | TO (M) | WIDTH (M) | GRADE (G/T AU) |
| MR-05-062 | 21825   | 10246    | -42 | 180      | 101.0 | 77          | 89     | 12        | 1.42           |
| MR-05-064 | 21825   | 10203    | -40 | 180      | 82.3  | 52          | 64     | 12        | 3.8*           |
|           |         |          |     |          |       | (or uncut:  |        | 12        | 10.9)          |
| MR-05-065 | 21825   | 10203    | -60 | 180      | 74.5  | 51          | 60     | 9         | 2.36           |
| MR-05-066 | 21825   | 10143    | -60 | 360      | 50.2  | 42          | 49     | 7         | 7.0*           |
|           |         |          |     |          |       | (or uncut:  |        | 7         | 7.6)           |
| MR-05-067 | 21825   | 10141    | -60 | 180      | 49.8  | 41          | 43     | 2         | 16.1*          |
|           |         |          |     |          |       | (or uncut:  |        | 2         | 76.6)          |
| MR-05-072 | 21725   | 10260    | -60 | 180      | 140.5 | 107         | 112    | 5         | 3.1            |
| MR-05-074 | 21725   | 10250    | -56 | 180      | 121.6 | 64          | 68.9   | 4.9       | 6.3*           |
|           |         |          |     |          |       | (or uncut:  |        | 4.9       | 8.3)           |
|           |         |          |     |          |       | 90          | 109    | 19        | 2.7*           |
|           |         |          |     |          |       | (or uncut:  |        | 19        | 4.8)           |
| MR-05-075 | 21700   | 10200    | -60 | 180      | 80.5  | 47          | 54     | 7         | 4.6            |

| HOLE      | EASTING | NORTHING | DIP | GRID AZ. | DEPTH | BEST ASSAYS |        |           |                |
|-----------|---------|----------|-----|----------|-------|-------------|--------|-----------|----------------|
|           |         |          |     |          |       | FROM (M)    | TO (M) | WIDTH (M) | GRADE (G/T AU) |
| MR-05-076 | 21675   | 10160    | -60 | 180      | 70.0  | 36          | 44     | 8         | 1.19           |
| MR-05-077 | 21700   | 10160    | -60 | 180      | 60.0  | 37          | 52     | 15        | 1.10           |
| MR-05-081 | 21700   | 10120    | -60 | 180      | 61.5  | 22          | 30     | 8         | 4.6            |
|           |         |          |     |          |       | 35          | 48     | 13        | 1.32           |
| MR-05-082 | 21725   | 10110    | -60 | 180      | 50.0  | 26          | 40     | 14        | 5.1            |
| MR-05-083 | 21675   | 10250    | -75 | 180      | 161.5 | 54          | 62     | 8         | 8.0*           |
|           |         |          |     |          |       | (or uncut:  |        | 8         | 16.6)          |
|           |         |          |     |          |       | 110         | 159    | 49        | 2.94*          |
|           |         |          |     |          |       | (or uncut:  |        | 49        | 2.98)          |
| MR-05-084 | 21650   | 10243    | -63 | 180      | 150.0 | 54          | 62     | 8         | 6.9            |
|           |         |          |     |          |       | 105         | 126    | 21        | 3.7            |
| MR-05-085 | 21650   | 10243    | -75 | 180      | 161.4 | 43          | 50     | 7         | 3.14           |
|           |         |          |     |          |       | 146         | 148    | 2         | 12.1           |
| MR-05-087 | 21725   | 9987     | -63 | 360      | 86.8  | 38          | 42     | 4         | 2.84           |
|           |         |          |     |          |       | 51          | 61     | 10        | 1.74           |
| MR-05-088 | 21700   | 9960     | -45 | 360      | 100.5 | 65          | 73     | 8         | 2.49           |
| MR-05-089 | 21700   | 10000    | -45 | 360      | 80.0  | 25          | 32     | 7         | 1.79           |
|           |         |          |     |          |       | 41          | 52     | 11        | 2.65           |
| MR-05-093 | 21902   | 10097    | -60 | 360      | 43.1  | 2.9         | 6      | 3.1       | 5.4            |
| MR-05-094 | 21625   | 10017    | -42 | 360      | 115.0 | 105         | 112    | 7         | 2.03           |
| MR-05-098 | 22025   | 10020    | -60 | 360      | 113.1 | 31          | 40     | 9         | 2.23           |
| MR-05-100 | 21900   | 10235    | -40 | 180      | 80.0  | 48          | 57     | 9         | 2.9            |
| MR-05-101 | 21900   | 10235    | -55 | 180      | 80.0  | 47          | 58     | 11        | 2.5            |
| MR-05-112 | 22025   | 10200    | -60 | 180      | 49.5  | 24          | 32     | 8         | 2.09           |
| MR-05-113 | 22025   | 10220    | -60 | 180      | 55.5  | 15          | 36     | 21        | 3.5            |
| MR-05-114 | 21975   | 10230    | -60 | 180      | 60.0  | 37          | 50     | 13        | 3.4            |
| MR-05-115 | 21975   | 10160    | -60 | 360      | 50.0  | 23          | 27     | 4         | 6.0            |
| MR-05-118 | 22150   | 10180    | -45 | 360      | 40.4  | 25          | 33     | 8         | 2.7            |
| MR-05-120 | 22075   | 10255    | -45 | 180      | 70.0  | 40          | 55     | 15        | 3.3*           |
|           |         |          |     |          |       | (or uncut:  |        | 15        | 6.5)           |
| MR-05-121 | 22075   | 10216    | -45 | 180      | 85.5  | 16          | 27     | 11        | 7.0            |
|           |         |          |     |          |       | 31          | 40     | 9         | 3.0            |
| MR-05-126 | 21750   | 10260    | -60 | 180      | 140.0 | 74          | 76     | 2         | 14.9           |
|           |         |          |     |          |       | 99          | 105    | 6         | 5.9            |
| MR-05-128 | 21975   | 10280    | -60 | 180      | 90.0  | 62          | 69     | 7         | 2.88           |

\*High assays cut to 30g/t

Individual samples comprise ½ NQ core of nominal 1m length

All assays are fire assays of whole-sample pulverised (106 µm) material.

Quoted intervals calculated to 1.0 g/t cut-off with maximum 3 m internal dilution.

These results confirm our expectations about the good continuity of the major mineralised zones. The accompanying cross section, Section 22075E at the eastern end of the deposit (see plan for location), outlines a strong, shallow, gently dipping zone of mineralisation over 100m across strike by the three infill holes MR-05-120, 121 and 125. This wide, continuous, shallow, gently dipping mineralisation, also evident on sections further west, reflects the low waste:ore ratio which contributes to the favourable economics of this project.

The final Stage 2 of the resource delineation diamond drilling program to upgrade all resources to Measured and Indicated Resources will involve

approximately 95 holes for 6000 m drilling. The average hole depth for the entire resource delineation drilling program (165 angled holes for 11,500 m) will therefore be only 70 m, which reflects the favourable near-surface disposition of the orebody. With the results of the Stage 1 resource delineation drilling program coming in at least as expected, project permitting is now the next immediate priority for the Company's focus.

As previously reported the resource estimate for the Touquoy Deposit presently stands at 6.91 million tonnes @ 2.1 g/t for 472,000 ounces gold. This resource comprises Indicated Resources of 4.44 million tonnes @ 2.1 g/t for 300,000 ounces and Inferred Resources of 2.47 million tonnes @ 2.2 g/t for 172,000 ounces. These estimates are based on results from 187 previous drillholes and are yet to be updated with positive results from the most recent drilling.

### **Testwork**

Concurrent with the resource delineation drilling, testwork for mine and processing plant design is being undertaken under the guidance of specialist consultants.

#### *i) Metallurgical testwork*

A comprehensive sampling regime based on the recent drill results has been devised by Peter Lewis and Associates to complete the final metallurgical testwork. Samples will be delivered to Metcon Laboratories Ltd in Sydney in the next few weeks.

#### *ii) Grindability testwork*

Grindability testwork is currently in progress on large diameter (PQ) diamond core samples drilled in August. Testwork is being undertaken by SGS Lakefield Research Limited with direction from Perth-based, Orway Mineral Consultants (WA) Pty Ltd. Initial results received from Lakefield confirm the extremely low Bond ball mill work indices (average 8.3 kWh/t) for the argillite host rock, which will comprise about 85% of the mill feed. This result implies low power consumption for the grinding circuit.

#### *(iii) Geotechnical testwork*

Review of detailed and specific geotechnical investigations undertaken on eleven of the resource delineation drillholes under the guidance of Perth-based consultant, Peter O'Bryan and Associates, to refine parameters of pit design is in progress.

#### *(iv) Geohydrological testwork*

Based on results of detailed geological interpretation of the resource delineation drilling completed to date and on airlift tests and other groundwater monitoring, a program of groundwater testwork is being developed. Testwork

will involve the drilling and pump testing of several dedicated bores to enable pit dewatering design and to assess potential impact on surface water flow characteristics.

## **TOUQUOY GOLD DEPOSIT – PERMITTING**

Although technical aspects of the Feasibility Study are progressing concurrently, project permitting is now the immediate priority. With more than twelve months of environmental baseline monitoring having now been completed, preparation of the key Environmental Assessment Report has commenced. Other components for the EAR including site layout, mine and plant design, water balance and acid rock drainage (low potential) are being developed.

Activities relating to community and government departmental liaison, and land acquisition continue.

Diamond Ventures is earning a 60% interest in the Touquoy Gold Project by spending C\$2.2 million by 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.

## **REGIONAL EXPLORATION**

### *RAB Drilling*

A first-pass regional reconnaissance RAB drilling program seeking Touquoy-style open-pittable ore on a portion of ATV's 100% owned property in the Touquoy district was completed with 714 holes for 7163 m drilled along 27 traverses. The program was highly successful with the identification of a 15 km strike length of gold-arsenic anomalous rocks flanking the Caribou Mine Property (held by other interests) located 9 km north of Touquoy. Geochemical levels encountered by this drilling along the Caribou trend (up to 0.15 ppm gold and 615 ppm arsenic in bedrock, and 0.91 ppm gold in overburden) are commensurate with those immediately along strike from the Touquoy Gold Deposit. Host rocks are folded pyrrhotite-bearing argillites up to several hundred metres thick and these are quite similar to the host rocks of the Touquoy Gold Deposit. The Caribou trend therefore presents an excellent exploration target for ore reserves strategically located near the Touquoy Gold Project.

Further to this positive advance agreement was reached with Acadian Gold Corporation (a company listed on the TSX Ventures Exchange) to amalgamate Acadian's tenements immediately adjoining the historic Caribou Mine Property (held by other interests) with ATV's tenements further along the Caribou trend under a 50:50 exploration joint venture to be managed by ATV.

Acadian's tenements cover a 4 km strike length of the Caribou trend immediately adjoining the Caribou Mine Property and include historic workings known as the Lake Lode, one of the two principal historic underground mines at Caribou. A quartz stockwork breccia averaging 6 m wide by 35 m high was mined at the

Lake Lode Mine for 400 m down-plunge at a recovered grade of 7.2 g/t (Acadian Gold's 2004 Annual Report) prior to its closure in 1909 as a result of a fire in the mill. It was one of the deepest gold mines in Nova Scotia. The mines at Caribou (held in part by other interests) are reported to have produced over 90,000 oz gold between 1869 and 1947. Several extensive soil geochemical anomalies were identified on the Acadian claims by previous explorers in the 1980's, but are otherwise untested. The strike length of the Caribou trend within this joint venture property is approximately 13 km.

RAB drilling has now re-commenced as planned on the Caribou Joint Venture property to follow up these highly anomalous gold geochemical results. A total of 29 drill traverses comprising about 400 drillholes for about 4000 m drilling is planned. This drilling is anticipated to provide specific bedrock targets for follow-up diamond drill testing and together with additional RAB drilling planned elsewhere on ATV's wholly-owned ground, is expected to be completed by mid-December.

## **DIAMONDS**

### ***ELLENDALE, Western Australia*** ***(ATV 53%)***

A high resolution airborne magnetic survey was conducted over the entire Ellendale Joint Venture property. The purpose of this survey was to identify additional lamproite pipes or fissure fillings, and palaeo-alluvial drainage channels, not already apparent from existing lower resolution airborne magnetic data from earlier surveys.

A total of 2862 line kilometres was surveyed with elevation, total field and three component vector magnetic data, and multi-channel radiometric data being recorded. Flight line spacing was 25 m along N-S lines at a survey height of 20 m. The airborne survey was undertaken by UTS Geophysics.

Detailed interpretation of the results has not yet been conducted, although several hitherto unrecognised features of interest are readily apparent.

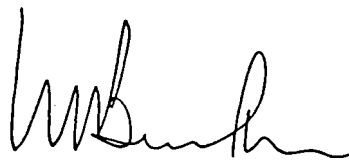
## **OTHER PROJECTS**

No fieldwork was undertaken during the quarter on the Kookynie (WA) or Beaconsfield (Tas) gold projects. The Mt Drysdale (NSW) gold project tenement was dropped.

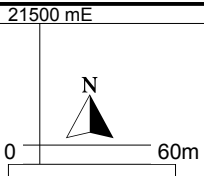
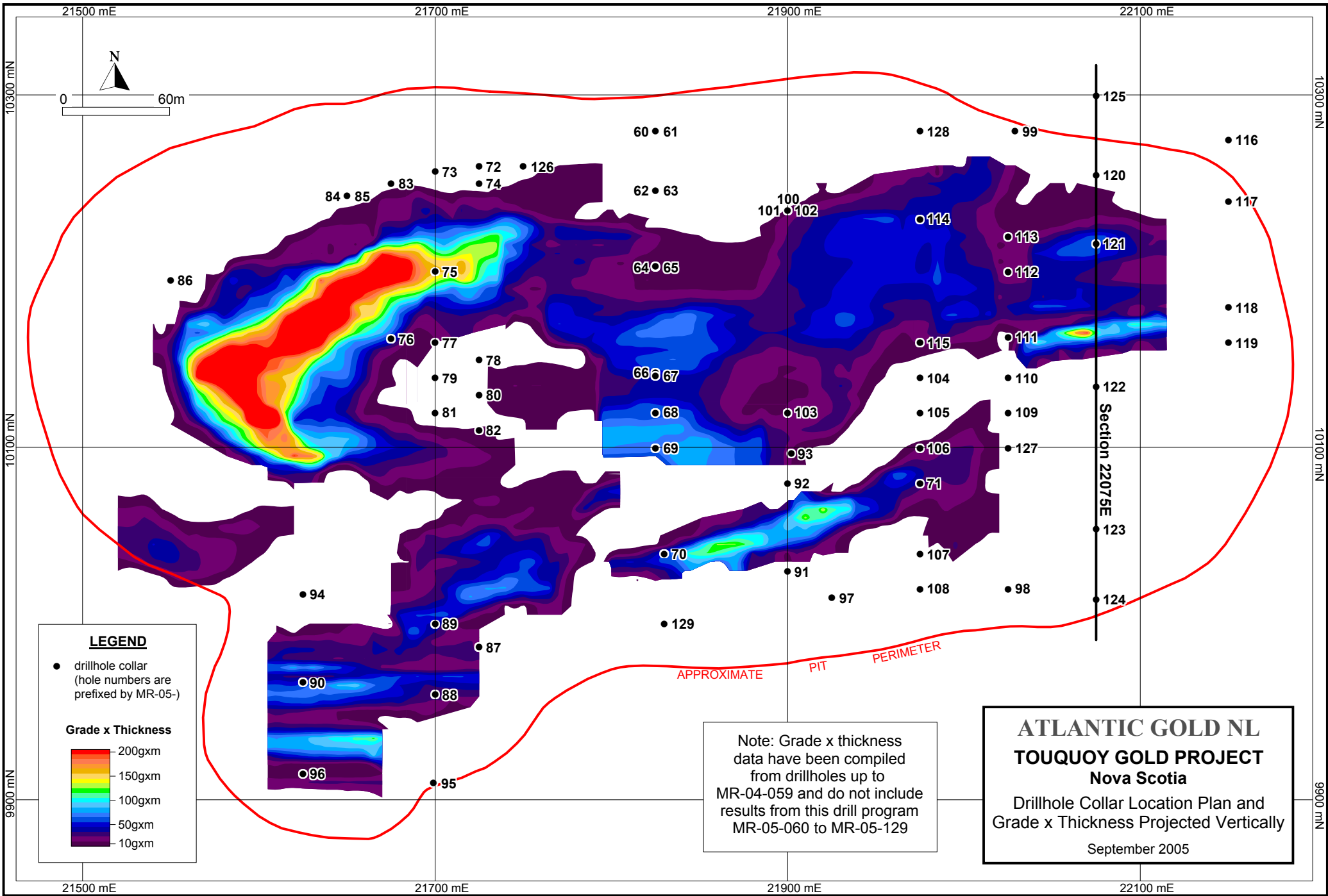
This report was compiled by W R Bucknell who is a Corporate Member of the Australasian Institute of Mining and Metallurgy.

This report and accompanying plans will be posted on the Company's website, [www.atlanticgold.com.au](http://www.atlanticgold.com.au) following its release to the Australian Stock Exchange.

Yours faithfully



**W R Bucknell**  
Director



**LEGEND**

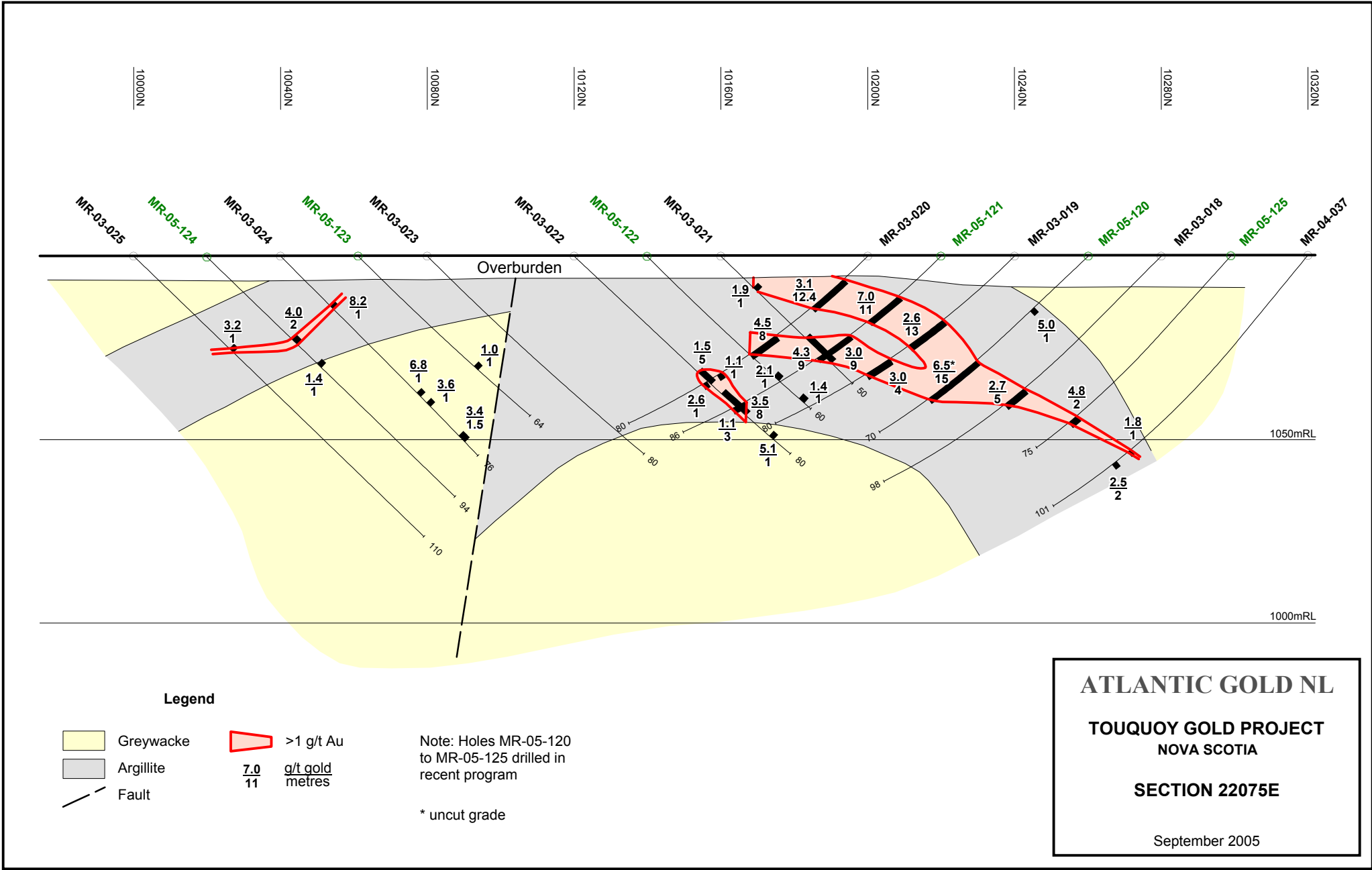
- drillhole collar (hole numbers are prefixed by MR-05-)

**Grade x Thickness**

|        |        |
|--------|--------|
| Red    | 200gxm |
| Orange | 150gxm |
| Yellow | 100gxm |
| Green  | 50gxm  |
| Blue   | 10gxm  |

Note: Grade x thickness data have been compiled from drillholes up to MR-04-059 and do not include results from this drill program MR-05-060 to MR-05-129

**ATLANTIC GOLD NL**  
**TOUQUOY GOLD PROJECT**  
 Nova Scotia  
 Drillhole Collar Location Plan and  
 Grade x Thickness Projected Vertically  
 September 2005



10000N

10040N

10080N

10120N

10160N

10200N

10240N

10280N

10320N

MR-03-025

MR-05-124

MR-03-024

MR-05-123

MR-03-023

MR-03-022

MR-05-122

MR-03-021

MR-03-020

MR-05-121

MR-03-019

MR-05-120

MR-03-018

MR-05-125

MR-04-037

Overburden

1050mRL

1000mRL

Legend

- Greywacke
- Argillite
- Fault
- >1 g/t Au
- $\frac{7.0}{11}$  g/t gold metres

Note: Holes MR-05-120 to MR-05-125 drilled in recent program

\* uncut grade

ATLANTIC GOLD NL

TOUQUOY GOLD PROJECT  
NOVA SCOTIA

SECTION 22075E

September 2005

