Management Discussion and Analysis

This discussion and analysis of financial position and results of operations of Atlanta Gold Inc. (the "Company") and its subsidiaries for the nine months ended September 30, 2011 and 2010 has been prepared as of November 22, 2011.

The discussion below should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto for the nine months ended September 30, 2011 and 2010 and the audited consolidated financial statements of the Company for the year ended December 31, 2010. All amounts are expressed in U.S. dollars and all amounts in financial tables, except per share amounts, are expressed in thousands of U.S. dollars unless otherwise indicated.

Effective January 1, 2011, the Company commenced preparing its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). The Company's financial statements from incorporation to December 31, 2010 were prepared in accordance with Canadian generally accepted accounting principles ("CGAAP").

Additional information relating to the Company is filed with securities regulatory authorities in Canada and is available on SEDAR at www.sedar.com.

Cautionary Statement on Forward Looking Information

This document includes "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information"), within the meaning of applicable securities legislation, concerning the Company's business, operations, financial performance, condition and prospects, as well as management's objectives and strategies. Forward-looking information is based on assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors which the Company believes to be relevant and reasonable in the circumstances.

Forward-looking information is frequently identified by the use of words such as "may", "will", "could", "believe", "intend", "expect", "seek", "anticipate", "plan", "continue", "estimate", "predict", "potential" and similar terminology suggesting outcomes or statements regarding an outlook. Forward-looking information is included in the "Outlook" section of this MD&A as well as elsewhere in this document. Specifically, this document contains forward-looking information regarding, among other things, the effects of the Company's mining strategy on gold recovery rates and the environmental impact at its Atlanta project; the extent of the drilling program by the Company, the interpretation of results received to date and the expected enhancement of the gold resource at Atlanta following receipt of additional assay results and the completion of additional exploration; the development of a gold mine and potential gold production levels at Atlanta; the completion of updated resource estimates, preliminary economic assessments and pre-feasibility studies on the Atlanta project, the respective timing and parameters thereof, including in respect of production levels and life-of-mine estimates; the completion of and use of proceeds from future financings and the adequacy thereof to complete the Company's objectives for the balance of 2011 and the beginning of 2012; the continuance and enhancement of environmental initiatives and the effectiveness thereof; the outcome of the environmental litigation undertaken against the Company's subsidiary; the continuance of developmental initiatives including securing requisite permits; the completion of the issuance of the convertible debenture of the Company; and the time needed prior to commencement of mining and production at Atlanta.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual events and the Company's actual results to differ materially from those predicted, expressed or implied by the forward-looking information and readers are cautioned not to unduly rely on such forward-looking information and to carefully consider the risks and uncertainties involved with respect to such forward-looking information. Such risks and uncertainties include, but are not limited to, the Company's limited financial resources and its ability to raise sufficient funds on a timely basis to fund the capital and operating expenses necessary to achieve its business objectives and to continue as a going concern; risks associated with the mining industry (including operational risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; uncertainties relating to the interpretation of the geology, continuity, grade and size estimates of the mineral resource; the estimates; the uncertainty of estimates and projections in relation to production, costs and expenses); the uncertainty surrounding the ability of the Company to obtain and the expected time to obtain all permits, consents or authorizations required for its operations and activities; and health, safety and environmental risks, including the risk of an adverse outcome to the complaint against the Company's subsidiary under the Clean Water Act, adverse weather conditions, and the risk of fluctuations in gold prices and foreign exchange rates.

Such forward-looking information is based on a number of assumptions, including but not limited to, the successful and timely completion of the additional financings described herein, the expected timelines necessary to complete and the successful completion of the exploration, development, permitting and pre-production activities, the level and volatility of the price of gold, the accuracy of reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which they are based, the ability to achieve capital and operating cost estimates, an outcome favourable to the Company in the environmental litigation and general business and economic conditions. Should one or more risks materialize or should any assumptions prove to be incorrect, then actual results could vary materially from those expressed or implied by the forward-looking information.

Readers are cautioned that the foregoing list of risks, uncertainties, assumptions and other factors is not exhaustive. The Company undertakes no obligation to update publicly or revise any forward-looking information or the foregoing list of factors, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Information Concerning Estimates of Mineral Resources

The mineral resource estimates reported in this document were prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("SEC") applies different standards in order to classify mineralization as a reserve. In particular, while the terms "measured," "indicated" and "inferred" mineral resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, "inferred" mineral resources have a great amount of uncertainty as to their existence and their economic feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category.

OVERVIEW

The Company's shares trade on the TSX Venture Exchange (TSX.V: ATG) and on the OTCQX (OTCQX: ATLDF).

The Company is engaged in the exploration and development of the Atlanta Gold project ("Atlanta"), an advanced-stage gold property near Atlanta, Idaho, U.S.A.

In early 2008, ATG adopted a combined open pit and bulk tonnage underground mining strategy, abandoning the prior low grade open pit mining and cyanide heap leach strategy, which was regarded as unpermittable. In 2008 the decision was also made to process the ore on site, making both a gravity concentrate and a precious metal rich sulphide concentrate, thereby also minimizing short and long term environmental impact, and significantly improving recoveries (from 63% to 83% for gold). The hypothesis that the Company decided to test was that 1) a gold deposit exceeding 3 million ounces could be outlined, 2) the revised mining and processing strategy would be much easier to permit, because the environmental impact would be minimized, and 3) the potential for a long term operation would be very attractive to the local community and to the state, because of the economic and social benefits of such a project.

The change in strategy required almost a complete restart of the resource definition. Over the last 4 years the Company has established an enviable record of outlining resources, and has been able to outline an Indicated mineral resource of 719,000 equivalent gold ounces (6.83 million tons at an average grade of 0.106 opt (3.63 gpt) Au), plus an inferred resource of 290,000 equivalent gold ounces (1.79 million tons at an average grade of 0.163 opt (5.59 gpt) Au). Details of this Resource are shown on Table 1 below under "*NI 43-101 Resource Estimate*", extracted from the 43-101 report on the Property. Additional detail is available on SEDAR and the Company's website.

This more selective method of ore extraction positively addresses environmental concerns identified during previous permitting efforts. Management is confident that by continuing to work closely with environmental groups, the town of Atlanta and surrounding communities, federal, state and local agencies as well as other stakeholders, it will be successful in obtaining the regulatory approvals necessary to develop a combined open pit and underground mine at Atlanta in a timely manner.

NI 43-101 Resource Estimate

In July 2011 P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario completed a re-evaluation of the mineral resource estimate at the Company's Atlanta Gold Project in Idaho, USA, previously announced on January 6, 2011. Using the same assay database, P&E estimated an Indicated mineral resource of 686,600 gold ounces within 6.83 million tons at an average grade of 0.101 ounces per ton ("opt") (3.45 grams per tonne) ("gpt") Au and an Inferred mineral resource of 282,400 ounces contained within 1.79 million tons at an average grade of 0.158 opt (5.42 gpt) Au. Using a gold to silver price ratio of 55.6:1, the new Indicated mineral resource is 719,000 gold equivalent ("AuEq") ounces within 6.83 million tons at an average grade of 0.106 opt (3.63 gpt) AuEq and the Inferred mineral resource is 290,000 AuEq ounces within 1.79 million tons at an average grade of 0.163 opt (5.59 gpt) AuEq. A National Instrument 43-101 compliant Technical Report is available on SEDAR and the Company's website.

Details of the P&E resource estimate as at June 30, 2011 are provided in the following table:

Area	Tons (000's)	Cut-Off Grade Au (opt)	GOLD Grade Ounces Per Ton Au	GOLD Grade Grams Per Tonne Au	Ounces of Gold (000's)	SILVER Grade Ounces Per Ton Ag	SILVER Grade Grams Per Tonne Ag	Ounces of Silver (000's)	Ounces of Silver as Gold Equivalent (000's)	TOTAL EQUIVALENT OUNCES OF GOLD (000's)
OPEN -PIT:										
Indicated	**6,732**	**0.041**	**0.099**	**3.39**	**665.5**	**0.263**	**9.02**	**1,769.2**	**31.8**	**697.3**
Inferred	**850**	**0.041**	**0.093**	**3.19**	**79.4**	**0.200**	**6.86**	**170.2**	**3.1**	**82.5**
UNDERGROUND:										
Indicated	**95**	**0.113**	**0.222**	**7.61**	**21.1**	**0.319**	**10.92**	**30.3**	**0.6**	**21.7**
Inferred	**938**	**0.113**	**0.216**	**7.42**	**203.0**	**0.272**	**9.33**	**255.2**	**4.6**	**207.6**
TOTAL:										
Indicated	**6,828**		**0.101**	**3.45**	**686.6**	**0.264**	**9.04**	**1,799.5**	**32.4**	**719.0**
Inferred	**1,788**		**0.158**	**5.42**	**282.4**	**0.238**	**8.16**	**425.4**	**7.7**	**290.1**

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. The quantity and grade of reported inferred resources in this estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
3. The mineral resources were estimated using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions.
4. AuEq was calculated such that one ounce of Au = 55.6 ounces Ag. Metal prices used were the June 30, 2011 two year trailing average for Au at US$1,231/oz and Ag at US$22.48/oz with respective mill recoveries of 83% for gold and 88% for silver. Prevailing metal prices at June 30, 2011 were US$1,506 per ounce of gold and US$35.02 for silver.
5. The mined tonnage from historic operations which was mined at cut-off grades above 0.4 and 0.5 opt (13.7 and 17.1 gpt) was removed from the block model.
6. Gold cut-off grades of 0.041 opt (1.41 gpt) for open pit and 0.113 opt (3.87 gpt) for underground resources were established from metal prices, expected recoveries, and estimated operating costs.

For comparative purposes, details of the P&E resource estimate as at December 31, 2010 are provided in the following table:

Area	Tons (000's)	Cut-Off Grade (opt)	GOLD Grade Ounces Per Ton Au	GOLD Grade Grams Per Tonne Au	Ounces of Gold (000's)	SILVER Grade Ounces Per Ton Ag	SILVER Grade Grams Per Tonne Ag	Ounces of Silver (000's)	Ounces of Silver as Gold Equivalent (000's)	TOTAL EQUIVALENT OUNCES OF GOLD (000's)
OPEN -PIT:										
Indicated	**2,331**	**0.04**	**0.130**	**4.46**	**303.0**	**0.389**	**13.34**	**906.8**	**11.7**	**314.7**
Inferred	**58**	**0.04**	**0.123**	**4.22**	**7.1**	**0.235**	**8.06**	**13.6**	**0.2**	**7.3**
UNDERGROUND:										
Indicated	**934**	**0.09**	**0.158**	**5.42**	**147.6**	**0.311**	**10.66**	**290.5**	**3.7**	**151.3**
Inferred	**1,500**	**0.09**	**0.185**	**6.34**	**277.5**	**0.267**	**9.15**	**400.5**	**5.2**	**282.7**
TOTAL:										
Indicated	**3,265**		**0.138**	**4.73**	**450.6**	**0.367**	**12.58**	**1,197.3**	**15.4**	**466.0**
Inferred	**1,558**		**0.183**	**6.27**	**284.6**	**0.265**	**9.09**	**414.1**	**5.4**	**290.0**

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

2. The quantity and grade of reported inferred resources in this estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
3. The mineral resources were estimated using the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions.
4. AuEq was calculated such that one ounce of Au = 77.6 ounces Ag. Metal prices used were the November 30, 2010 two year trailing average for Au at US$1,075/oz and Ag at US$16.61/oz with process recoveries of 90% for gold and 75% for silver.
5. The mined tonnage from historic operations was removed from the block model.

The previous P&E resource estimate was restricted to mineralization occurring solely on patented claims. The increase over the previous mineral resource estimate is primarily attributable to expansion of the conceptual open pit shell onto unpatented lands and to a lesser extent due to increases in trailing average metal prices, offset somewhat by increases in estimated operating costs. The conceptual open pit shell will now be within the boundaries of both patented and unpatented claims.

The majority of the current resource is located between the surface and the 6,200-foot elevation (a vertical depth of 1,000 feet [305 metres] from the top of Atlanta Hill). Surface expressions of mineralized shear zones in the Atlanta project area cover a horizontal distance of 50,000 feet (15,250 metres). These mineralized shear zones have hosted numerous past-producing mines since the 1860s.

The Company continues to hold other lower priority exploration properties including the Abitibi gold property in eastern Quebec (“Abitibi”), the Jackson Inlet diamond property on the Brodeur peninsula of Baffin Island (“Brodeur”) and the Torngat diamond property located in Northern Québec (“Torngat”). Details and a discussion of the Abitibi and Brodeur properties are included in the “Capital Expenditures” section below.

Plan for Operations – 2011, 2012 and 2013:

During the fourth quarter of 2011, the Company intends to complete a non-brokered private placement of up to 50,000,000 Units at a price of $0.08 per Unit for gross proceeds of up to $4,000,000. The timing of certain of the Company’s planned activities for the balance of 2011 and the first half of 2012 are dependent upon receipt of this funding on a timely basis.

Property History

Historic mining from 1860 to 1960 extracted 300,000 AuEq ounces at cut-off grades exceeding 0.4 opt (13.7 gpt) Au.

The Atlanta property was held through the 1990s and until 2007, with a business plan based on large low-grade open pit cyanide heap leach treatment to recover gold. This plan was abandoned at end of 2007 as it was deemed not permitable, due to concerns arising from the use of cyanide.

In early 2008, the Company decided to identify the potential for a combined open pit and underground operation with gold recovered in a traditional process plant - 25% of the gold in a gravity concentrate, and 75% in a sulphide concentrate to be sold to a Nevada processor. Advantages are significant:

1) No cyanide use
2) Much smaller environmental footprint
3) Higher gold recoveries – (83% vs. 63%)

4) Longer Life-of-Mine potential

In 2008, a geological hypothesis was developed indicating the potential for 3 million AuEq ounces, based on the data from historic mining and applicable drill data available at the end of 2007.

Work Completed
An aggressive drill program by the Company has added Indicated and Inferred Resources of 250,000 AuEq ounces per year for each of the past three years.

An additional 56,924 feet (17,350 metres) of drilling has been completed in 2011. Final assay results are pending.

The original geological hypothesis in 2008 remains intact. An increase in the resource estimate is expected from 2011 drilling.

An updated NI 43-101 Technical Report and Resource Estimate will be completed in Q1 of 2012.

Objectives of 2011 Program
Objectives of the 2011 exploration programs were to:

- Further define the Monarch and East Pit areas;
- Test the hypothesis that the favourable gold-bearing structure, obvious in the top 600 feet (183 metres), continues to depth – test at the 2,000 foot (610 metre) level;
- Test the Idaho Pit Potential (West end of the Atlanta Shear) to outline the pitable area running at least 6,000 feet (1,829 metres) east to west; and
- Test the parallel structures and splay zones that would indicate an even larger potential for the property.

Results to date have been quite positive, although assay results are pending for definitive assurance of success. At this point management is optimistic that all of the 2011 objectives will be achieved.

Plan for 2012
To complete an updated NI 43-101 Technical Report and Resource Estimate in the first quarter of 2012.

To complete a Preliminary Economic Assessment (“PEA”) in the second quarter of 2012.

The Company is adding more depth to its team in order to accelerate Project Engineering and Permitting. The Atlanta Project is at a stage where such advanced planning is required, and necessary to move towards production.

Additional drilling in 2012 is planned and is expected to upgrade and expand the existing resource.

Plan for 2013

The Company plans to complete a Pre-Feasibility Study (the “Study”) based on the 2012 PEA and an updated NI 43-101 Technical Report and Updated Resource Estimate after completion of the 2012 drilling program. The Study will be based on a combined open pit and underground mining operation. This has been envisioned as an 800 to 1,200 tons-per-day (“tpd”) operation, but with a growing resource the production rate may be increased to 1,500 to 1,800 tpd, or 400,000 to 500,000 tons of ore per year, with 25% of the gold expected to be recovered in a gravity circuit, and 75% in a flotation concentrate to be further processed by a Nevada smelter.

If the Company experiences significant delays in obtaining sufficient funding or the requisite permits, the commencement of mining operations and production will be adversely affected.

Environmental Issues

South-western Idaho is an environmentally sensitive area due to the proximity to Boise and recreational rivers with salmon in the area. Atlanta has removed or avoided the most serious environmental hurdles by modifying the process technology, by its intent to process high sulphide concentrates out of state in order to reduce acid-generating capacity of waste tailings product on the site, and by relocating the processing facility and tailings area to a more advantageous area. In addition, the Company continues to have open communications with both U.S. Forest Service and environmental groups to ensure that all parties know what is being planned, understands each other’s concerns. This optimizes the Company’s ability to create an environmentally sound mining project at Atlanta.

Environmental Matters

The Company has continued to act in the best interests of the surrounding communities and the environment by continuing to protect the health of the Boise River through treating 2 to 2.5 million gallons of discharge water per month (46 to 58 gallons per minute) through the pilot water treatment facility constructed and operated by the Company’s wholly-owned subsidiary Atlanta Gold Corporation (“AGC”) near the portal of the 900 adit of the historic Atlanta mine.

In February, 2010 the United States Environmental Protection Agency (“EPA”) advised AGC that discharge monitoring reports received from AGC since August 2009 indicated certain effluent limit violations and expressed concern that arsenic and iron concentrations could continue to exceed effluent limitations until additional treatment or other corrective actions are implemented. The EPA conducted an audit of AGC’s records in order to evaluate compliance with the United States Clean Water Act.

On April 18, 2011, the Idaho Conservation League (“ICL”) and the Northwest Environmental Defense Center (“NEDC”), two environmental interest groups, filed a complaint in the United States District Court for the State of Idaho against AGC alleging violations of the United States Federal Water Pollution Control Act (“Clean Water Act”) and seeking declaratory and injunctive relief as well as civil penalties.

The complaint alleges that AGC is in violation of the effluent limits contained in its National Pollutant Discharge Elimination System permit (“NPDES permit”) with respect to waters discharged into Montezuma Creek from property owned by the Bureau of Land Management and administered by the United States Forest Service ("USFS"), from the historic 900 adit portal located at the Atlanta Mine, near Atlanta, Idaho.

ICL previously sued AGC in 2005, alleging that AGC was discharging water into Montezuma Creek without a NPDES permit. Without admitting any liability, AGC and ICL entered into a Consent Decree, wherein AGC agreed to apply for a NPDES permit and to construct a pilot water treatment facility. AGC has continued to use best management practices in operating the pilot water treatment facility ("PWTF#1") in what it believed to be in cooperation with ICL and compliant with all terms of the Consent Decree.

Groundwater drains from the historic 900 adit, which was originally driven by companies that previously were in production at the historic mine site, into Montezuma Creek through the pilot water treatment facility constructed by AGC in 2006 as directed by the Consent Decree with ICL. AGC does not own the land on which the historic adit is located, nor does it have any use or right to use the groundwater that is discharged from the historic adit. Notwithstanding that AGC's activities on the property have not caused the groundwater discharge, since 2006, AGC has been treating approximately 2.5 million gallons of groundwater per month utilizing the pilot water treatment facility. That pilot water treatment facility was designed and constructed to meet or exceed applicable effluent standards that were in effect at the time of its installation. The naturally occurring historical levels of arsenic and iron are higher than the corresponding effluent levels contained in the NPDES permit, which are based on drinking water quality criteria.

As part of AGC's continuing efforts to reduce effluent levels, AGC has submitted to the USFS a draft Memorandum of Agreement between AGC and the USFS for construction of a diversion pipeline to redirect water that flows through Montezuma Fault into the historic mine workings and discharging from the historic 900 adit to the existing pilot water treatment facility. In addition, AGC is proposing closure of the historic 900 adit eliminating the water discharge and reclamation of the pilot water treatment facility area.

ICL and NEDC are not government / permitting agencies but are non-profit environmental groups. In consultation with SPF Water Engineering, LLC, AGC has cooperated and continues to cooperate and consult with the USFS, the United States Environmental Protection Agency, Idaho Department of Environmental Quality and Idaho Department of Water Resources regarding AGC's activities and environmental protection initiatives in Atlanta.

ICL's and NEDC's motion for summary judgment in the action and AGC's motion for dismissal of the action were heard on November 1, 2011 by the United States District Court for the State of Idaho. A decision of the Court is pending. While AGC has submitted defences to the allegations made by ICL and NEDC, there can be no assurance that AGC will be successful in its defence of this action, nor is it currently possible to determine the penalties which could be imposed by the Court should ICL and NEDC receive all relief requested by them. A decision of the Court adverse to AGC could have a material adverse effect on the business and affairs of the Company.

PURCHASE OF A 5.58-ACRE PROPERTY IN BOISE, IDAHO

In August 2011, under the terms previously announced in the Company's news release dated April 20, 2011, AGC completed the purchase of a 5.58-acre property in Boise, Idaho. The purchase price of $860,000 was satisfied by a $100,000 cash payment, a $425,000 7% three-year promissory note and the issuance of 2,066,829 common shares of the Company valued at $335,000, to the vendor. The shares are subject to a four month statutory hold period.

This new property was acquired on favourable terms, has excellent highway and rail access and will be developed as a corporate office, warehouse, training centre, truck depot, marshalling yard, service centre and the turnaround for goods going to and from the Atlanta Mine.

Management has taken steps to prepare for production at Atlanta, as opportunities present themselves. This approach has provided significant savings on substantial purchases of buildings and equipment, including two water treatment plants, which have been completed well ahead of schedule. Advanced preparations for the construction and operational phases are drawing near as the Company continues to exceed its annual resource growth targets through exploration, and continues to make significant steps towards its goal to build and open the Atlanta Mine for gold and silver production by 2014.

OWNERSHIP OF ATLANTA PROPERTIES

Atlanta was initially held as a joint venture between AGC, with an 80% interest and Canadian American Mining Company, LLC ("CAMC") with a 20% participating interest. CAMC subsequently agreed to transfer its 20% participating interest in the joint venture to AGC, and retain a 2% NSR royalty (the "Royalty") on Atlanta. In September 2009, the Company purchased one-half of the Royalty (1%) from CAMC by issuing 5.75 million common shares of the Company, which were valued at $1,035,000, and agreeing to pay an additional $200,000 to CAMC payable over 17 months. The final payment to complete the purchase of one-half of the Royalty (1%) was completed in January 2011.

Atlanta consists of owned and leased patented and unpatented claims, as described below.

1. ***Monarch Greenback LLC***

   On April 28, 2011, AGC exercised its option to purchase a 100% interest in a property comprised of 33 mining claims totalling approximately 430 acres (the "Property") from Monarch Greenback LLC ("Monarch") for $3,075,000. The purchase was completed on June 8, 2011. To assist in the financing of the purchase, the Company borrowed $3 million by way of a secured, non-interest bearing bridge loan (the "Loan") which will be repaid by the proceeds from and replaced by a 5-year 6% secured convertible redeemable debenture (the "Debenture") in the principal amount of C$3 million, to be issued by the Company to the lender. Terms of the Loan and the Debenture are described above under "Debt Financing".

   Upon AGC exercising its option to purchase, rental payments to Monarch totalling $290,000 per annum on the Property were terminated. Monarch retained a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5% for gold prices exceeding US$665 per ounce. As at September 30, 2011, advance royalty payments of $1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

2. ***Hill & Davis***

   The Hill & Davis patented mining claim was purchased for $139,500 in five annual payments, pursuant to an amended lease-purchase option agreement with Born, Johns and Rhees, of which the final option payment of $30,975 ($29,500 plus accrued simple interest of $1,475 @ 5% per year) was made in December 2010.

3. ***F. C. Gardner***

AGC leases 31 unpatented lode claims pursuant to a lease agreement, as amended, with F. C. Gardner. The lease expires on April 18, 2016. Lease payments are currently $10,000 per year and are treated as minimum annual advance royalties. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be $20,000. If this property is mined, F. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at September 30, 2011 advance royalty payments of $178,500 have been made and will be deducted from any future royalty payments to F. Gardner.

4. ***Hollenbeck Properties LLC***

AGC leases 9 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC. The lease expires November 14, 2012 and is renewable year to year thereafter at an amount to be negotiated. Lease payments of $10,000 per year are treated as minimum advance royalties. If this property goes into commercial production, then the annual minimum advance royalty will be $20,000. If it is mined, Hollenbeck will receive a 4.25% NSR, from which all advance royalty payments shall be deducted. As at September 30, 2011, advance royalty payments of $282,500 had been paid and will be deducted from any future royalty payments to Hollenbeck.

Annual rental and advance royalty payments are required to keep lease agreements in good standing for the properties that collectively comprise the Property. Advance royalty payments to lessors are credited against future royalties payable on production. As at September 30, 2011, advance royalty payments totalling $2,164,500 will be deducted from any future royalty payments to lessors / royalty holders. Lease payments made in the third quarter of 2011 and advance royalty payments as at September 30, 2011 are summarized in the table below.

Lessor / Royalty Holder	Property	Payments in Q3 of 2011 $	Advance Royalty Payments as at September 30, 2011 $
Monarch Greenback, LLC(1)	Monarch Greenback	-	1,500,000
Born, John and Rhees(2)	Hill & Davis	-	203,500
Frank C. Gardner (3)	Gardner	-	178,500
Hollenbeck Properties LLC (4)	Minerva	-	282,500
TOTAL		-	2,164,500

Notes:

(1) *Rental payments to Monarch totalling $290,000 per annum were extinguished upon purchase of this property in June 2011.*
(2) *Royalty obligation was extinguished upon purchase of this property in December 2010.*
(3) *$10,000 annual lease payment was paid on May 1, 2011.*
(4) *$10,000 annual lease payment due November 15th on the Hollenbeck claims currently runs to 2012 and renewable thereafter) – credited towards royalty payments.*

DEBT FINANCING

In order to complete the purchase of the Property from Monarch, the Company entered into an agreement dated May 31, 2011 (the "Loan Agreement") with Concept Capital Management Ltd. ("CCM") pursuant to which CCM provided the Company with the Loan in the principal amount of $3,000,000. The Loan is non-interest bearing and is secured by a limited recourse guarantee of AGC and by a mortgage on the Property. Under the terms of the Loan Agreement, the Loan is to be repaid and replaced by the issuance to CCM of the Debenture in the principal amount of C$3,000,000 and by the issuance to CCM of detachable warrants to purchase 30,000,000 common shares of the Company (the "Warrants"). The Company has settled definitive documentation with CCM in respect of the Debenture and the Warrants, as described below under "*Terms of the Debenture and Warrants*" and in respect of the Gold Option (described below under "*Gold Option*").

Terms of the Debenture and Warrants

The Debenture will have a term of five years plus one day after the date of issue, will bear interest of 6% per annum commencing from July 11, 2011, and will be convertible in whole or in part at the option of CCM at any time into common shares of the Company at a conversion price of C$0.10 per share (the "Conversion Price"). Interest on the Debenture will be payable annually and, at the election of the Company, may be paid in cash or, subject to the approval of the TSX Venture Exchange (the "TSXV"), in common shares at an issue price per share equal to the average of the closing prices of the Company's common shares on the TSXV for the 20 trading days ending 5 business days prior to the interest payment date or such higher issue price as may be required by the policies of the TSXV. If and for so long as an event of default occurs, interest will be payable at the rate of 8.5% per annum. The Debenture will be subordinated in right of payment of principal and interest to all secured debt of the Company, whether outstanding on or after the date of issue of the Debenture. As was done under the Loan, AGC will provide CCM with a guarantee, with recourse limited to a mortgage on the Property. The Company will not permit AGC to incur additional secured debt in excess of $10 million (subject to certain exceptions) without the prior consent of CCM, such consent not to be unreasonably withheld, conditioned or delayed.

After the first anniversary of the issue date of the Debenture, the Company will have the right to redeem all or part of the Debenture if the closing price of the Company's common shares on the TSXV on each of the 27 consecutive trading days prior to notice of redemption being provided, is not less than 3.5 times the Conversion Price (that is, based on the initial Conversion Price, the closing price is not less than C$0.35). Subject to the satisfaction of that condition, the Company will have the right to redeem all or part of the Debenture by paying the principal and accrued interest thereon plus a redemption fee of 6% if redeemed prior to the second anniversary, 4% if redeemed prior to the third anniversary or 2% if redeemed prior to the fourth anniversary of the issue date. The Company must provide 30 days prior notice of redemption and CCM may elect to convert the Debenture into common shares prior to the redemption being effected.

CCM will have the right to require the Company to redeem the Debenture at any time after the third anniversary of the issue date and at any time following a change of control or merger transaction. A change of control means the acquisition by any person or group of persons acting jointly or in concert of more than 50% of the issued and outstanding common shares of the Company. Merger means any transaction (whether by way of consolidation, amalgamation, merger, transfer, sale or lease) whereby all or substantially all of the Company's assets would become the property of any other person, or in the case of any such consolidation, amalgamation or merger, of the continuing corporation or other entity resulting therefrom.

Warrants to purchase up to 30,000,000 common shares of the Company will be issued concurrently with the Debenture. The Warrants, which will be immediately detachable from and exercisable independently from the Debenture, will have a term of five years and an exercise price of C$0.11 per share. On May 31, 2011, the date that the Loan Agreement was entered into, the closing price of the Company's common shares on the TSXV was C$0.10.

CCM has agreed that, without the prior consent of the TSXV, it will not exercise its conversion rights under the Debenture or exercise the Warrants if following such conversion or exercise, it would beneficially own or exercise control or direction over more than 15% of the Company's outstanding shares.

Property Option
As additional consideration to CCM for providing the Loan to the Company, AGC has provided CCM with an option to purchase the Property for $3 million (the "Property Option"). The Property Option will only become exercisable if the Loan is repaid other than by the issuance of the Debenture or if the Loan remains outstanding as of January 31, 2012. The Property Option terminates upon the earlier of (i) the issuance of the Debenture and the Warrants and (ii) 90 days following repayment of the Loan other than by means of issuing the Debentures and the Warrants.

Gold Option
CCM will also receive an option to purchase an aggregate of 4,000 ounces of gold produced from the Atlanta Project at a price of $1,400 per ounce. This option will vest after Atlanta has completed production of 20,000 ounces of gold (the "Vesting Date") and will expire on the fifth anniversary of the Vesting Date.

Regulatory Matters
Issuance of the Debentures and Warrants has been conditionally accepted by the TSXV, subject to filing of final documentation. The issuance of the Debenture and Warrants is expected to be completed prior to the end of November, 2011.

Failure to issue the Debenture by a date to be determined may constitute an event of default under the Loan, whereupon the Loan will become immediately due and payable and CCM may then elect to enforce its mortgage security against the Property. In addition, if the Loan is repaid other than by the issuance of the Debenture and the Warrants, or if the Loan remains unpaid at January 31, 2012, the Property Option will become exercisable by CCM. Should CCM elect to enforce its mortgage security, AGC may cease to hold an interest in the Property. Should CCM elect to exercise the Property Option and subsequently complete the purchase the Property, AGC will cease to hold an interest in the Property. There can be no assurance that AGC will be able to re-acquire any interest in the Property on satisfactory terms or at all and such an outcome would have a material adverse effect on the business and affairs of the Company.

Overview of Financial Results

Debt and Equity Financing
The Company received gross proceeds of $3.0 million in June 2011 after completing the Loan, which is secured by a limited-recourse guarantee of AGC and by a mortgage of AGC's interest in the Property. The Loan is intended to be replaced by the Debenture, having the terms described under "Debt Financing". Closing of the Debenture financing is expected to occur during the fourth quarter.

During the third quarter of 2011, AGC purchased a 5.58 acre property in Boise, Idaho. The purchase price of $860,000 was satisfied by a $100,000 cash payment, issuance to the vendor of a $425,000 7% three-year promissory note and common shares of the Company valued at $335,000.

During the third quarter of 2011, the Company raised gross proceeds of C$2,500,000 by means of a non-brokered private placement of 35,714,276 Units at a price of C$0.07 per Unit. Each Unit consists of one common share and one common share purchase warrant, exercisable at C$0.11 per share for up to 24 months, with the Company having the right to accelerate the expiry date of the warrants if the closing price of the Company's common shares on the TSXV exceeds C$0.20 for 20 consecutive trading days.

In comparison, the Company raised gross proceeds of approximately C$2,387,000 in April 2010 by completing a non-brokered private placement of 14,916,100 common share units ("Units") at C$0.16 per Unit. During the third quarter of 2010, the Company raised gross proceeds of C$5,500,000 by means of a non-brokered private placement of 34,375,000 common share units ("Units") priced at C$0.16 per Unit. Each Unit consisted of one common share of the Company and one common share purchase warrant, exercisable at C$0.25 per share for up to 24 months, with the Company having the right to accelerate the expiry date of the warrants if the closing price of the Company's common shares on the TSXV exceeds C$0.50 for twenty consecutive trading days.

In the fourth quarter of 2011, the Company intends to complete a non-brokered private placement of up to 50,000,000 Units at a price of C$0.08 per Unit for gross proceeds of up to C$4,000,000. Each Unit will consist of one common share and one-half of one warrant to purchase a common share of the Company. Each whole warrant will entitle the holder to purchase one additional common share at a price of C$0.12 per share for a period of 24 months from the closing of the offering. Net proceeds from the offering will be used for exploration, development and permitting expenditures on Atlanta gold and for working capital. Completion of the offering is subject to TSXV approval.

Liquidity and Capital Resources

Cash as at September 30, 2011 was $615,000 compared to $2,780,000 as at December 31, 2010 and $4,223,000 as at September 30, 2010. The decrease for the nine months ended September 30, 2011, and for the comparative period ended September 30, 2010, reflects that the Company raised less money in the first nine months of 2011reflecting more challenging financial markets, and incurred higher exploration expenditures to increase the resource. Mineral property expenditures of $2,239,000 (2010 - $1,562,000) and fixed asset purchases of $132,000 (2010 - $20,000) were incurred during the third quarter of 2011.

Cash used in operations for the first nine months of 2011 was $915,000 (2010 - $965,000), reflecting lower repayments of accounts payable in 2011. The working capital deficiency is expected to be addressed by the Company completing an equity private placement during the fourth quarter for gross proceeds of up to C$4 million.

The mineral properties in which the Company currently has an interest are in the exploration stages and, consequently, the Company has no current source of operating revenue and is dependent on external financing to fund continued exploration of its mineral exploration properties. Historically, the Company's principal sources of funding have been the issuance of equity securities for cash and interest income from short-term investments, and more recently, by the debt financing described under "Debt Financing". The Company intends to finance its exploration and development activities through existing cash balances and future financing or joint venture activities.

Equity

As at September 30, 2011, the Company had (a) 182,640,039 common shares issued and outstanding, (144,858,934 shares issued at December 31, 2010); (b) stock options outstanding to purchase 6,443,333 common shares (December 31, 2010 – 6,686,667) at exercise prices ranging from C$0.18 to C$1.50 per share and expiring between November 2011 and September 2015; and (c) Warrants to purchase 69,277,645 common shares of the Company at exercise prices ranging between C$0.11 and C$0.25 per share, expiring between April 2012 and August 2013. In certain instances, the expiry dates of the Warrants may be accelerated by the Company. Shareholders' equity as at September 30, 2011 was $38,338,000 compared to $36,932,000 as at December 31, 2010. Stock options outstanding as at September 30, 2011 had a weighted average exercise price of C$0.35 per share (December 31, 2010 - C$0.36 per share) and a weighted average life of 32 months (December 31, 2010 – 41 months).

General and Administrative Expenses

Corporate overhead expenses were $1,217,000 for the nine months ended September 30, 2011 compared to $1,063,000 for the same period ended September 30, 2010. The increase in the third quarter of 2011 compared with the same period in 2010 was mainly due to: a) reinstating original salaries to senior staff who had voluntarily agreed to salary reductions during previous years; b) an increase in professional fees incurred in respect of the conversion to IFRS and securing equity and debt financings; and c) the cost of listing the Company's shares on the OTCQX effective March 2011. Partially offsetting these increases, was a decrease in stock-based compensation, since no stock options were granted in the first nine months in 2011 compared to 2.56 million stock options being granted during the first nine months of 2010.

Capital Expenditures

<u>Atlanta gold property, Idaho, USA:</u>

Expenditures in the third quarter of 2011 of $2,243,000 were primarily in respect of paying $860,000 to a property vendor, the 2011 exploration program which involved operating three drills and conducting surface sampling at Atlanta, preparation of an updated NI 43-101 Technical Report, environmental and permitting expenditures and preparation for a Preliminary Economic Assessment. In comparison, expenditures in the third quarter of 2010 of $1,558,000 were focused on an exploration program involving operating two drills and conducting surface sampling, purchase of buildings and equipment and dismantling, removal and relocation of such buildings and equipment from Nevada to Idaho, property lease payments, environmental and permitting expenditures, instalment payments on purchase of a royalty interest and the audit of the assay database.

<u>Brodeur diamond property, Baffin Island, Canada:</u>

Brodeur consists of 52 mineral claims located on the Brodeur Peninsula of Baffin Island covering approximately 126,900 acres (513.5 square kilometres). After management's decision in late 2007 to primarily focus on the development of Atlanta, the Company has not incurred any exploration expenditures on Brodeur, but has maintained claims over the most prospective kimberlite drill targets and known diamondiferous kimberlite. The Company continues to hold a total of 51.1 carats of diamonds which were recovered from samples weighing a total of 248.4 tonnes. In December, 2010, the Company accrued an estimated $150,000 in respect of restoration costs postponed to between June and September 2012, in connection with a report prepared in November 2010 by Indian and Northern Affairs Canada ("INAC"), following a site inspection undertaken by INAC officials in July 2010.

Abitibi gold property, Quebec, Canada:

In September 2010, the Company's option to acquire a 60% interest in the Mouskor and Normar claim portions of the Abitibi property previously owned by Breakwater Resources, was exercised at no cost to the Company upon Niogold Mining Corp. ("Niogold") completing $1.2 million in exploration expenditures on the Malartic portion of the Abitibi property. The Company also retains a 2% NSR in the Malartic portion of the property. Niogold and the Company have renewed and kept all of the Abitibi claims in good standing until at least November 2012. The Company also holds a 100% interest in an additional 13 mining claims in the Abitibi area.

Contingencies and Commitments

The Company has made commitments in respect of its head office leases, long-term debt, mineral properties and other leases as follows:

		Payments Due by Period		
	Total	**Years 1 to 2**	**Years 3 to 4**	**Beyond Year 4**
Head office	15	15	-	
Long-term debt[(1)(2)]	3,913	433	480	3,000
Operating leases[(3)]	180	136	44	
Other long-term obligations[(4)(5)(6)(7)]	60	40	20	
Total Contractual Obligations	4,168	624	544	3,000

(1) *On April 28, 2011, AGC exercised its option to purchase a 100% interest in a property comprised of 33 mining claims totalling approximately 430 acres from Monarch Greenback LLC ("Monarch") for $3,075,000. The purchase was completed on June 8, 2011. To assist in the financing of the purchase, the Company borrowed $3 million by way of a secured, non-interest bearing bridge loan (the "Loan") which will be repaid by the proceeds from and replaced by a 5-year 6% secured convertible redeemable debenture (the "Debenture") in the principal amount of C$3 million, to be issued by the Company to the lender. Terms of the Loan and the Debenture are described above under "Debt Financing".*

(2) *AGC completed the purchase of a 5.58-acre property in Boise, Idaho. The purchase price of $860,000 was satisfied by a $100,000 cash payment, a $425,000 7% three-year promissory note and the issuance of 2,066,829 common shares of the Company valued at $335,000, to the vendor. AGC makes monthly interest payments of $2,500 on the promissory note.*

(3) *Operating leases include payments made pursuant to a lease agreement dated July 20, 2004 with Greene Tree, Incorporated, whereby AGC leased a 20.55 acre property and associated water rights in the Atlanta area. The agreement requires lease payments of US$4,887.50 per month until June 30, 2014. If during the term of the agreement, Greene Tree decides to sell the property and associated water rights, Greene Tree shall give notice of such sale to AGC and AGC will have the exclusive right of refusal to purchase the property and water rights on terms no less favourable than those offered by Greene Tree for 60 days after receipt of such notice.*

(4) *AGC leases 31 unpatented lode claims pursuant to a lease agreement, as amended, with F. C. Gardner. The lease expires on April 18, 2016. Lease payments are currently US$10,000 per year and are treated as minimum annual advance royalties. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be US$20,000. If this property is mined, F. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at September 30, 2011, advance royalty payments of US$178,500 have been made and will be deducted from any future royalty payments to F. Gardner.*

(5) *AGC leases 9 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC. The lease expires November 14, 2012 and is renewable year to year thereafter at an amount to be negotiated. Lease payments of $10,000 per year are treated as minimum advance royalties. If this property goes into commercial production, then the annual minimum advance royalty will be $20,000. If it is mined, Hollenbeck will receive a 4.25% NSR, from which all advance royalty payments shall be deducted. As at September 30, 2011, advance royalty payments of $282,500 had been paid and will be deducted from any future royalty payments to Hollenbeck.*

(6) *Pursuant to an agreement signed on September 23, 2009 with CAMC, the Company purchased a 1% net smelter return (NSR) royalty in exchange for 5.75 million common shares of the Company plus a payment of US$200,000. The final $10,000 monthly installment was paid in January 2011. CAMC retains a 1% net smelter royalty.*

(7) *Monarch retains a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5% for gold prices exceeding US$665 per ounce, on the 430-acre property purchased by AGC from Monarch in June 2011. As at September 30, 2011, advance royalty payments of US$1,500,000 had been made by AGC and will be deducted from future royalty payments to Monarch.*

Details and a discussion of the environmental litigation are included in the “Environmental Matters” section above and in Note 9. Contingency to the Company’s interim financial statements for the three and nine months ended September 30, 2011.

Summary of Quarterly Results

Head office expenses of $348,000 incurred during the third quarter of 2011 were lower than expenses of $389,000 incurred during the same quarter in 2010, primarily due to: a) a decrease in stock-based compensation, since no stock options were granted in the first nine months of fiscal 2011. Partially offsetting this decrease was an increase in professional fees related to securing equity and debt financings. Interest and other income earned in the third quarter of 2011 was higher compared to the same period in 2010, reflecting higher cash levels during the third quarter of 2011. During the third quarter of 2011, the value of the Canadian dollar was relatively unchanged compared to the U.S. dollar resulting in the Company realizing a foreign exchange gain of C$2,000, compared a nominal foreign exchange gain realized during the third quarter of 2010.

The following table discloses certain financial data for the eight most recently completed quarters, expressed in thousands of Canadian dollars (except basic per share data)

Quarter ended	**Total Revenues** *(4)*	**General and Administrative Expenses**	**Net Loss (Gain) (3)**	**Basic and Fully Diluted Loss (Gain) Per Share**
September 30, 2011	-	347	348*(1)(2)*	0.00
June 30, 2011	-	446	451*(1)(2)*	0.00
March 31, 2011	-	419	418*(1)(2)*	0.01
December 31, 2010	-	407	1,083*(1)(2)*	0.01
September 30, 2010	-	392	389*(1)(2)*	0.00
June 30, 2010	-	362	364*(1)(2)*	0.00
March 31, 2010	-	308	310*(1)(2)*	0.00
December 31, 2009	-	310	(101)*(1)(2)(5)*	(0.01)

1. *Includes: (a) mineral property costs expensed as follows: $1 recovered during the third quarter of 2011; $1 during the second quarter of 2011; $4 during the first quarter of 2011; $152 during the fourth quarter of 2010; $2 during the third quarter of 2010, $3 during the second quarter of 2010, $3 during the first quarter of 2010 and $14 during the fourth quarter of 2009; and (b) future income tax provisions*

(recoveries) taken as follows: $525 during the fourth quarter of 2010; and ($422) during the fourth quarter of 2009.

2. *Includes stock based compensation expense charged as follows: $19 during the second quarter of 2011; $27 during the first quarter of 2011, $69 during the fourth quarter of 2010, $126 during the third quarter of 2010; $56 during the second quarter of 2010, $66 during the first quarter of 2010 and $38 during the fourth quarter of 2009.*
3. *The Company has not incurred any losses arising from discontinued operations or extraordinary items in the last eight quarters.*
4. *Since the Company is not in production, it does not generate any revenue.*
5. *Calculated using CGAAP.*

The Company presently operates in two countries, Canada and the United States. The Company has an interest in four mineral properties. Two are gold properties and two are diamond properties**.** The Company's activities since early 2008 have focused on Atlanta, an advanced stage gold property.

The Atlanta property is accessible by highway and county-maintained roads. The level of the Company's development activities at Atlanta is impacted by winter weather conditions, resulting in lower overall levels of activity on the Company's properties during that season. To date, the Company has conducted exploration on a seasonal (May / June to October / November) basis. However, as Atlanta advances toward the production stage and permanent camp and other facilities are constructed, the impact of adverse weather conditions is expected to be reduced and the Company will conduct exploration, development, mining and milling activities on a year-round basis.

The Company assesses, on a regular basis, whether any impairment has occurred in the carrying value of its mineral properties. If such impairment has occurred, a write-down is charged in the period that the impairment took place. In 2007, the Company wrote off the carrying value of its projects other than Atlanta. The Company has determined that no charges had to be taken against Atlanta during the third quarter of 2011.

Outlook

Atlanta Gold Property

Over the past five years, gold has been unique as a commodity which has consistently increased in value year over year. In the current period of economic recession, as governments worldwide utilize deficit financing to provide economic stimulus, there is a consensus building that the price of gold will continue to increase over the long term. Major gold mining companies are having difficulty maintaining / replacing their resources / reserves. This is expected not only to place upward pressure on the gold price, but also on the value of existing resources not currently in production. Fundamentals for silver also remain very strong which adds to the Company's value given the quantity of silver together with the gold mineralization at Atlanta.

As the Company continues to make progress building its resource base (at a low discovery cost per ounce), and the associated environmental and economic framework at Atlanta, it expects that industry interest in this project will continue to develop. The Company has continued to invest in equipment, infrastructure and property, and progress has been made in reducing royalties, all of which serve to advance the property and reduce future capital and operating costs and demonstrate the confidence that management has in Atlanta. The worldwide economic downturn has significantly increased the availability of new and used equipment and skilled personnel. By investing now to acquire necessary infrastructure on favourable terms, the Company will reduce future capital and operating expenses at Atlanta and further advance the Atlanta Project.

Management expects that the job creation potential for projects such as Atlanta, which embrace the highest standards of environmental and social responsibility, will be recognized by the various governmental regulatory agencies. The recent legal action filed against AGC by two environmental interest groups is disappointing given AGC's ongoing efforts to improve the quality of water entering Montezuma Creek, notwithstanding that AGC neither caused the discharge of the water nor contaminated the discharge. AGC will continue to cooperate with the various state and federal environmental agencies. While management believes that AGC has meritorious defences to the action, defence of the action as well as a decision in favour of the plaintiffs, could result in significant costs being incurred by AGC.

The Atlanta project is important because it has a growing Indicated and Inferred resource and significant potential for additional gold deposits that will provide substantial long-term economic and environmental benefits to the town of Atlanta, the surrounding communities and the State of Idaho, as well as to the Company and its shareholders.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties

The Company does not have any amounts owing to or from related parties as at September 30, 2011 and 2010. Certain directors of the Company participated in the equity financing completed by the Company in July 2011, purchasing a total of 3.36 million units for an aggregate subscription price of $235,200.

Share Capital

As at November 22, 2011, the Company had 182,640,039 common shares outstanding, incentive stock options outstanding to purchase 6,430,000 common shares at prices ranging from $0.18 to $1.35 per share for terms ending between December 2011 and September 2015, and warrants outstanding to purchase 69,277,645 common shares at prices ranging from $0.11 to $0.25 per share, expiring between April 2012 and August 2013.

Changes in Accounting Policies including Initial Adoption of International Financial Reporting Standards

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"). Due to the requirements to present comparative financial information, the effective transition date is January 1, 2010. The Company's first reporting period under IFRS was the three months ended March 31, 2011.

The only significant adjustments made on adoption of IFRS were the write-down of Exploration and Evaluation Assets by $5,709,746 and the reduction of Future Income Taxes by $2,559,457 as at January 1, 2010.

Uncertainties and Risk Factors

The Company does not currently hold any interest in a mining property in production and its future success depends upon its ability to find, develop, exploit and generate revenue from mineral deposits. Exploration and development of mineral deposits involve significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and there can be no assurance that any of the Company's current projects will ultimately be developed into a profitable mining operation. A number of factors beyond the control of the Company may affect the marketability of any gold or any other minerals discovered. Resource prices have fluctuated widely and are beyond the Company's control. Revenue and profitability will be determined by the relationship of the Company's production costs and the recovered grade of gold, to resource prices. The effect of these factors cannot accurately be predicted. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements.

Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible dilution or loss of such interests. The Company's Debenture financing is expected to be completed during the fourth quarter of 2011. However if the transaction is not completed, it could result in the lender under the Loan exercising its option to purchase the Property from AGC and / or seeking to enforce its mortgage security and either could result in AGC losing its interest in the Property, which comprises a substantial portion of Atlanta. The operations of the Company require licenses and permits from various governmental authorities and, while the Company currently holds all necessary licenses and permits required to carry on its activities, such licenses, permits and laws are subject to change and there can be no assurance that the Company will in future be able to obtain all necessary licenses and permits. The Company's subsidiary is currently, and the Company and its subsidiary may in the future be, subject to legal action taken by environmental groups which if upheld, could result in potentially significant penalties and costs being incurred by the Company and delays in obtaining or inability to obtain requisite permits and licenses. Furthermore, the cost of complying with changes in governmental laws and regulations has the potential to reduce the profitability of future operations. The acquisition of title to mineral projects is a very detailed and time-consuming process and although the Company has taken precautions to ensure that legal title and interest to its properties are properly recorded, there can be no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

In management's view, there has been no material change in the nature or magnitude of any of the risks faced by the Company during the third quarter of 2011 as compared to those faced in the prior quarter, except that heightened uncertainty in global financial markets has impacted the terms of potential financings and extended the time necessary to complete such financings.

Additional Information
Additional information relating to the Company is available on SEDAR at www.sedar.com.

November 22, 2011