Atlanta Gold Inc.

Interim Consolidated Financial Statements

June 30, 2011
(in U.S. dollars)
(unaudited)

Notice of no auditor review of interim financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by management and approved by the Audit Committee of the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

August 22, 2011

ATLANTA GOLD INC.

(an exploration stage company)

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

(in U.S. dollars)	June 30 2011 $	December 31 2010 $
ASSETS		
Current assets		
Cash and cash equivalents	589,566	2,779,772
Marketable securities	29,397	28,644
Recoverable taxes	195,096	102,937
Prepaid expenses	62,770	105,670
	876,829	3,017,023
Exploration and evaluation asset *(note 6)*	39,101,676	34,904,169
Property, plant and equipment *(note 5)*	1,369,429	1,347,374
	41,347,934	***39,268,566***
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	237,620	354,839
Loan payable *(note 6)*	3,000,000	-
	3,237,620	354,839
Non-current liabilities		
Future income taxes	1,981,294	1,981,294
	8,456,534	2,690,972
EQUITY		
Capital stock	85,015,716	85,015,716
Warrants *(note 7(b))*	2,357,093	2,651,674
Contributed surplus *(note 7(c))*	6,361,453	6,001,498
Accumulated deficit	(57,605,242)	(56,736,455)
	36,129,020	36,932,433
	44,585,554	***39,623,405***

Nature of operations and going concern (note 1)

Commitments and contingencies (note 9)

Subsequent Events and Contingency (note 10)

The accompanying notes are an integral part of these interim consolidated financial statements

ATLANTA GOLD INC.

(an exploration stage company)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the three and six months ended June 30, 2011 and 2010

(unaudited)

	For the three months ended		For the six months ended	
	June 30	June 30	June 30	June 30
(in U.S. dollars)	2011	2010	2011	2010
	$	$	$	$
General and administrative expenses				
Salaries and management fees *(note 8)*	115,139	90,959	234,488	150,177
Stock-based compensation *(note 7(c))*	19,054	55,973	46,437	122,497
Professional fees	245,041	88,626	354,188	178,212
Investor relations	54,674	77,522	179,195	124,704
Travel	2,071	7,016	16,076	11,227
Loss from foreign currency transactions	-	(2,748)	-	11,921
Administrative and office	9,666	43,783	34,232	67,974
Amortization	-	903	-	2,928
	445,645	362,034	864,616	669,640
Exploration and evaluation expense	736	3,173	5,428	6,460
	446,381	365,207	870,044	676,100
Finance items				
Interest expense (income)	625	(1,457)	(504)	(5,961)
Unrealized (gain) loss on marketable securities securities	3,393	-	-752	3,393
Net loss and comprehensive loss for the period	***450,399***	***363,750***	***868,788***	***673,532***
Weighted average number of consolidated shares outstanding	144,858,934	104,473,811	144,858,934	104,473,811
Net loss per share - basic and diluted	0.00	0.00	0.01	0.01

Nature of operations and going concern (note 1)

The accompanying notes are an integral part of these interim consolidated financial statements

ATLANTA GOLD INC.

(an exploration stage company)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

For the three and six months ended June 30, 2011 and 2010

(unaudited)

(in U.S. dollars)	For the three months ended June 30 2011 $	For the three months ended June 30 2010 $	For the six months ended June 30 2011 $	For the six months ended June 30 2010 $
Cash Flow provided by (used in)				
Operating activities				
Net loss and comprehensive loss for the period	(450,399)	(363,750)	(868,788)	(673,532)
Add (deduct) items not involving cash:				
Amortization	-	903	-	2,928
Stock-based compensation expense	19,054	55,973	46,437	122,497
Unrealized loss on available-for-sale marketable securities	3,393	-	(752)	-
Net change in non-cash working capital	-108,633	-52,253	-167,231	6,326
Net cash from (used in) operating activities	(536,585)	(359,127)	(990,334)	(541,781)
Financing activities				
Loan proceeds	3,000,000	-	3,000,000	-
Issuance of common shares:				
net of issue cost	-	2,237,931	-	2,218,269
Net cash from (used in) financing activities	3,000,000	2,237,931	3,000,000	2,218,269
Investing activities				
Exploration and evaluation asset	(3,442,988)	(1,260,495)	(3,954,284)	(1,651,898)
Property, plant and equipment	(190,336)	(137,226)	(245,588)	(152,166)
Net cash from (used in) investing activities	(3,633,324)	(1,397,721)	(4,199,872)	(1,804,064)
Increase (decrease) in cash and cash equivalents	(1,169,909)	481,083	(2,190,206)	(127,576)
Cash and cash equivalents, beginning of period	1,759,475	798,257	2,779,772	1,406,916
Cash and cash equivalents, end of period	***589,566***	***1,279,340***	***589,566***	***1,279,340***
Net change in non-cash working capital items				
Marketable securities	*3,393*	*(7,536)*	*(752)*	*3,393*
Recoverable sales taxes	*(58,720)*	*(15,163)*	*(92,159)*	*33,113*
Prepaid expenses	*21,450*	*8,240*	*42,900*	*22,500*
Accounts payable and accrued liabilities	*(74,756)*	*(37,734)*	*(117,220)*	*(52,680)*
	(108,633)	*(52,193)*	*(167,231)*	*6,326*
Significant non-cash financing and investing activities				
Shares issued	-	*750,538*	-	*750,538*
Income taxes paid	-	-	-	-
Total interest paid	-	-	-	-

The accompanying notes are an integral part of these interim consolidated financial statements

ATLANTA GOLD INC.

(an exploration stage company)

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2011 and 2010

(unaudited)

	Share Capital					
(in U.S. dollars)	Number of Shares	Share Capital *(note 7)* $	Warrants *(note 7(b))* $	Contributed Surplus *(note 7(c))* $	Accumulated Deficit $	Total $
Balance - January 1, 2010	90,048,874	79,303,843	539,658	5,384,410	(54,585,101)	30,642,810
Issue shares at $0.22 per common share to acquire Newmont assets, net of share issue costs (note 5)	4,535,600	980,338				980,338
Issue shares for cash at $0.16 per common share unit, net of share issue costs (note 6)	14,916,100	326,270	1,939,300			2,265,570
Issue shares at $0.13 per common share on the exercise of warrants	18,160	4,211	(1,850)			2,361
Stock-based compensation (note 7)				151,940		151,940
Net loss and comprehensive loss for the period					(673,531)	(673,531)
Balance - June 30, 2010	109,518,734	80,614,662	2,477,108	5,536,350	(55,258,632)	33,369,488
Balance - December 31, 2010	144,858,934	85,015,716	2,651,674	6,001,498	(56,736,455)	36,932,433
Issue of shares for cash, net of share issue costs (note 7)						
Stock-based compensation *(note 7(c))*				65,374		65,374
Warrants expiring unexercised *(note 7(b))*			(294,581)	294,581		-
Unrealized gain (loss) on available-for-sale marketable securities						-
Net loss and comprehensive loss for the period					(868,787)	(868,787)
Balance - June 30, 2011	***144,858,934***	***85,015,716***	***2,357,093***	***6,361,453***	***(57,605,242)***	***36,129,020***

The accompanying notes are an integral part of these consolidated interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Atlanta Gold Inc. (the "Company") was incorporated on March 6, 1985 and continued into Ontario on March 15, 2000 under the laws of Canada, and its common shares are listed on the TSX Venture Exchange trading under the symbol "ATG". Its common shares are also listed on the OTC Markets Group Inc. OTCQX International tier trading under the symbol "ATLDF". Effective June 1, 2011, the Company's address is 100 King Street West, Suite 5600, Toronto, Ontario, M5Z 1C9, Canada.

The Company's primary property is its Atlanta Gold Property ("Atlanta"), located in Idaho, U.S.A. Atlanta is in the advanced exploration phase. The Company's other properties have been written off, including the diamond properties located on Baffin Island and in Northern Québec and its Québec gold properties, which are all in the exploration phase. No further work is planned in these areas.

Recoverability of exploration and development expenditures is dependent upon the further development of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, its ability to obtain necessary financing, obtain government approval and attain profitable production, or alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying amounts of deferred exploration expenditure.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. While the consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, to date, the Company is not considered to be in operation, and thus, has not yet generated any revenues or cash flows from operations, and has reported an accumulated deficit of $57,605,202 as at June 30, 2011. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires additional financings to complete its planned exploration program on Atlanta, and will continue to explore financing alternatives to raise capital. Nevertheless, it is not possible to determine with any certainty the success of these initiatives. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company's ability to continue as a going concern depends on obtaining funding and achieving profitable operations. Management communicates regularly with potential strategic investors and evaluates opportunities presented to it in this regard. Although management has been successful in obtaining sufficient capital to date in pursuing the Company's business plans, there can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in its 2011 interim consolidated financial statements. The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim financial statements for the period ended March 31, 2011. The term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and IFRS

1, First-Time Adoption of International Financial Reporting Standards. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported equity as at June 30. 2010, and its comprehensive loss for the three and six months ended June 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The policies applied in these interim consolidated financial statements are based on IFRS effective for the year ended December 31, 2010 as issued as of August 22, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS. The interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010, and the Company's interim financial statements for the quarter ended March 31, 2011, prepared in accordance with IFRS applicable to comparative interim financial statements.

3. Significant accounting policies

The significant accounting policies used in the preparation of these interim consolidated financial statements are described below and have been applied consistently to all periods presented in these interim consolidated financial statements and in preparing the opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Consolidation

The financial statements of the Company consolidate the accounts of Atlanta Gold Inc, and its wholly-owned subsidiary Atlanta Gold Corporation ("AGC"). All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are those entities (including special purpose entities) which the Company controls by having the power to govern the financial and operating policies. The criteria used include an analysis of the Company's level of ownership, voting rights and level of representation on the board of directors. The Company evaluates these criteria in terms of determining whether the existence of one of the criteria alone (such as a majority ownership of all voting securities), or a combination of the criteria when taken together, would result in having control, or the ability to exercise control, of the management, business focus or strategy and/or critical policies of the particular entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

Functional currency and change in presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the functional currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in U.S. dollars ("USD"), which is the group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of income.

(iii) Company entities

The results and financial position of all the Company entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets, liabilities and equity for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions);
- All resulting exchange differences have been recognized in other comprehensive income and accumulated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. The only instruments held by the Company classified in this category are marketable securities. Financial instruments in this category are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented in the statement of comprehensive loss within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iii) Financial liabilities at amortized cost: Financial liabilities at amortized cost include trade payables. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment include office furniture, vehicles, fixtures, equipment and computer hardware. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is recognized when replaced. Repairs and maintenance costs are charged to the statement of comprehensive loss during the period in which they are incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate assets (major components) of property, plant and equipment. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of comprehensive loss. The major categories of property, plant and equipment are depreciated on a straight-line basis as follows: a) The office furniture, fixtures, and equipment are amortized over ten years; and b) vehicles and computer hardware are depreciated over three years. All property, plant, and equipment are depreciated on a straight-line basis.

Exploration and evaluation asset
Exploration and evaluation assets are deferred in the accounts, net of amounts recovered from third parties, including option payments received. At production, the carrying value of these assets will be amortized using the units-of-production method based on estimated reserves. Costs relating to properties abandoned are written off when the decision to abandon is made, or earlier if a determination is made that the property does not have economically recoverable reserves. Costs relating to lease/option, and rental fees and annual renewal fees are deferred in the accounts.

The Company reviews the carrying values of its exploration and evaluation assets on a regular basis with a view to assessing whether there has been any impairment in value. When impairment conditions are identified, reviews of exploration and evaluation assets are conducted including an assessment of drilling and exploration results, and revenues, pending determination of the technical feasibility and commercial viability of the project and a decision by the Board of Directors or management of the Company to develop a mine. The carrying values, which are impaired, are written down to fair value.

Impairment of Non-financial assets
Property, plant and equipment and exploration and evaluation assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses, for potential reversals when events or circumstances warrant such consideration.

Current and deferred income tax
Income tax comprises current and deferred income tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. In general, deferred income tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying

amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using income tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are presented as non-current.

Share capital
Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Net loss per share
Net loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, stock warrants and similar instruments is computed using the treasury stock method. The Company's potentially dilutive common shares comprise stock options granted to employees, and warrants.

Share-based payment
Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued to non-employees for some or all of the goods or services received by the Company, and consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted using the Black-Scholes option-pricing model.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus. No expense is recognized for awards that do not ultimately vest.

Segment reporting
The Company has only a single operating segment, and therefore one reportable segment. The single operating segment is the Company's foreign operation in the United States. The Company's non-current assets are principally located in the United States. Non-current assets located at the corporate office in Canada are minor in relation to the total.

Provision for Environmental Rehabilitation
The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these

restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation is attributable when the asset is installed or the environment is disturbed. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related assets.

The periodic unwinding of the discount applied in establishing the net present value of provisions due to the passage of time is recognized in the statement of comprehensive loss as a finance cost. Additional disturbances or changes in rehabilitation estimates attributable to development will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

When a closure and environmental obligation arises at a location where there are no ongoing activities, the costs are expensed as incurred.

Accounting standards issued but not yet applied
IFRS 9, Financial Instruments, was issued in November 2009 and contained requirements for financial assets. This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. This standard is effective for years beginning on or after January 1, 2013. IFRS 9 was subsequently updated to include guidance on financial liabilities and de-recognition of financial instruments. This is also effective for years beginning on/after January 1, 2013.

IFRS 10, Consolidation, was issued in May 2011, and requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It is effective for annual periods beginning on or after January 1, 2013. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. The Company is currently assessing the impact on its consolidated financial statements.

IFRS 11, Joint Arrangements, was issued in May 2011 and requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. This standard is effective for annual periods beginning on or after January 1, 2013. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. The Company does not expect this new standard to impact its consolidated financial statements.

IFRS 12, Disclosures of Interests in Other Entities, was issued in May 2011 and establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. This standard is effective for annual periods beginning on or after January 1, 2013. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company does not expect this new standard to impact its consolidated financial statements.

IFRS 13, Fair Value Measurement, was issued in May 2011 and is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. This standard is effective for annual periods beginning on or after January 1, 2013. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company is currently assessing the impact on its consolidated financial statements.

IAS 27, Separate Financial Statements, was issued in May 2011 and contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 *Financial Instruments*. This standard is effective for annual periods beginning on or after January 1, 2013. The Company does not expect this new standard to impact its consolidated financial statements.

IAS 28, Investments in Associates and Joint Ventures, was amended in May 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact on its consolidated financial statements.

Significant accounting judgments and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The following areas involve a higher degree of judgment or are areas where assumptions and estimates are significant to the consolidated financial statements. Actual results may differ significantly from these estimates included in the consolidated financial statements.

i. Valuation of exploration and evaluation assets and other long lived assets

Mining assets and other long-lived assets are reviewed and evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

As at June 30, 2011 the Company determined that there were no indicators of impairment in carrying values of mining properties or any other long lived assets or cash generating units (CGU).

ii. Useful economic life of property, plant and equipment

The cost less the residual value of each item of property, plant and equipment is amortized over its useful economic life. Amortization is based on a straight line basis as indicated above. Amortization commences when assets are available for use. The assets' useful lives and methods of amortization are reviewed and adjusted if appropriate at each fiscal year end.

iii. Calculation of share-based compensation expense

The amount expensed for stock-based compensation is based on the application of a recognized option valuation formula, which is highly dependent on the expected volatility of the Company's shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past stock trading data, adjusted for future expectations, and actual volatility may be significantly different. While the estimate of stock-based compensation can have a material impact on the operating results reported by the Company, it is a non-cash charge and as such has no impact on the Company's cash position or future cash flows.

iv. Income taxes

Income taxes are calculated using the liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantially enacted tax rates that are expected to be in effect when the differences are expected to reverse or losses are expected to be utilized. Deferred tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, including forecasts, it is probable that they will be realized.

4. Transition to IFRS

As stated in note 2, the Company has adopted IFRS effective January 1, 2011. Our transition date is January 1, 2010 (the "transition date") and the Company has prepared its opening balance sheet at that date.

a. Transition elections

IFRS 1 allows exemptions from the application of certain IFRS requirements to assist companies with the transition process. Accordingly, the Company has applied the following choices in respect of the optional exemptions from full retrospective application, as set out in IFRS 1.

i) Share-based payment transaction exemption

The Company has elected to apply the exemption to IFRS 2 Share-based Payments to equity instruments granted on or before November 7, 2002, and to all awards granted after November 7, 2002 and vested before January 1, 2010. In accordance with IFRS 1 transitional provisions, the Company elected to apply IFRS relating to share-based payments retrospectively to outstanding stock options that had not vested prior to January 1, 2010. As such, Canadian GAAP balances relating to the vested stock options prior to January 1, 2010, have been carried forward without adjustment.

ii) Effect of changes in foreign exchange rates

The Company has elected to deem that the cumulative translation differences for all foreign subsidiaries will be zero at the Transition Date as permitted under IFRS 1.

iii) Business combinations

In accordance with IFRS 1 transitional provisions, the Company elected to apply IFRS relating to business combinations prospectively from January 1, 2010. There were no adjustments arising from this election as all acquired assets and liabilities conformed to IFRS.

iv) Fair value or deemed cost

The Company has elected to use fair value as deemed cost for certain of the Company's exploration and evaluation assets that had previously been written off under Canadian GAAP, namely its Brodeur Diamond Property on Baffin Island and its Abitibi Gold Property in Eastern Quebec.

v) Cumulative translation adjustment

The Company has elected to transfer the amounts recorded under accumulated cumulative translation account, to retained earnings as at January 1, 2010.

vi) Financial assets at fair value through profit and loss

Under IFRS 1, an entity is permitted to designate a previously recognised financial asset or financial liability as a financial asset or financial liability at fair value through profit or loss or a financial asset as available for sale. The Company's available for sale financial asset has accordingly been designated as fair value through profit and loss (FVTPL).

b. Reconciliation of equity and comprehensive loss from Canadian GAAP to IFRS

The following is a reconciliation of the Company's equity and comprehensive loss reported in accordance with Canadian GAAP to its equity under IFRS at the transition date January 1, 2010:

	Note	Share Capital	Warrants and Contributed Surplus $	Accumulated Other Comprehensive Loss $	Accumulated Deficit $
As reported under Canadian GAAP:					
C$	4b) ii	79,303,843	5,924,068	10,929	(51,445,741)
US$ (par with C$)		79,303,843	5,924,068	10,929	(51,445,741)
Deficit:					
Cumulative translation adjustment	4b) ii	-	-	-	2,559,457
AFS securities to FVTPL	4b) iii	-	-	(10,929)	10,929
Exploration and evaluation	4b) iv	-	-	-	(5,709,746)
		-	-	(10,929)	(3,139,360)
As reported under IFRS		79,303,843	5,924,068	-	(54,585,101)

The following is a reconciliation of the Company's equity and comprehensive loss reported in accordance with Canadian GAAP to its equity under IFRS at June 30, 2010:

	Note	Share Capital	Warrants and Contributed Surplus $	Accumulated Other Comprehensive Loss $	Accumulated Deficit $
As reported under Canadian GAAP:					
C$	4b) ii	81,656,144	6,971,976	7,537	(52,115,879)
US$ (par with C$)		81,656,144	6,971,976	7,537	(52,115,879)
Accumulated other comprehensive loss:					
AFS securities to FVTPL	4b) iii	-	-	(10,929)	10,929
Deficit:					
Cumulative translation adjustment	4b) ii	-	-	-	2,559,457
AFS securities to FVTPL	4b) iii	-	-	3,393	(3,393)
Exploration and evaluation	4b) iv	-	-	-	(5,709,746)
		-	-	(7,536)	(3,153,682)
As reported under IFRS		81,656,144	6,971,976	-	(55,258,632)

The following is a reconciliation of the Company's equity and comprehensive loss reported in accordance with Canadian GAAP to its total equity under IFRS at December 31, 2010:

	Note	Share Capital	Warrants and Contributed Surplus $	Accumulated Other Comprehensive Loss $	Accumulated Deficit $
As reported under Canadian GAAP:					
C$	4b) ii	85,015,716	8,653,172	14,322	(53,600,488)
US$ (par with C$)		85,015,716	8,653,172	14,322	(53,600,488)
Accumulated other comprehensive loss:					
AFS securities to FVTPL	4b) iii	-	-	(10,929)	10,929
Deficit :					
Cumulative translation adjustment	4b) ii	-	-	-	2,559,457
AFS securities to FVTPL	4b) iii	-	-	(3.393)	3,393
Exploration and evaluation	4b) iv	-	-	-	(5,709,746)
		-	-	(14,322)	(3,135,967)
As reported under IFRS		85,015,716	8,653,172	-	(56,736,455)

The following is a reconciliation of the Company's net loss and comprehensive loss reported in accordance with Canadian GAAP to its net loss and comprehensive loss under IFRS for the six months ended June 30, 2010 and the year ended December 31, 2010:

	Note	Three months ended June 30, 2010	Six months ended June 30, 2010	Year ended December 31, 2010
As reported under Canadian GAAP:				
C$		363,750	670,139	2,154,747
US$ (par with C$)	4b) ii	363,750	670,139	2,154,747
Increase (decrease) in net loss for:				
AFS securities to FVTPL	4b) iii	-	3,393	(14,322)
As reported under IFRS		363,750	673,532	2,140,425

Explanatory notes

i) In accordance with IFRS 1 (first time adoption of IFRS) transitional provisions, the Company has elected to reset the cumulative translation account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS.

ii) Effective January 1, 2011, the Company changed its presentation currency to the USD. The change in presentation currency is to better reflect the Company's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the mining industry. Prior to January 1, 2011, the Company presented its annual and interim consolidated financial statements in C$. In making this change to the presentation currency, the Company followed the guidance in IAS 21, The Effects of Changes in Foreign Exchange Rates, and has applied the change retrospectively as if the new presentation currency had always been the Company's presentation currency. The impact was an exchange loss of $5,709,746 and a future tax recovery of $2,559,457 as at January 1, 2010 upon converting from C$ to US$ for IFRS purposes.

iii) Under IFRS 1, an entity is permitted to designate a previously recognised financial asset or financial liability as a financial asset or financial liability at fair value through profit or loss or a financial asset as available for sale. The Company's available for sale financial asset has accordingly been designated as fair value through profit and loss. Therefore, amounts previously recorded as AOCI have been transferred directly to retained earnings for the shareholder's equity reconciliation.

iv) Under IFRS, the Company is required to estimate forfeitures, and revise its estimates of the number of stock options expected to vest each period. The impact of any revisions to estimated forfeitures, if any, is recognized in the income statement, with a corresponding adjustment to equity. The transition from Canadian GAAP to IFRS had no impact to the opening Deficit on the transition date, January 1, 2010.

c. Adjustments to the statement of cash flows

The transition from Canadian GAAP to IFRS had no significant impact on cash flows.

5. PROPERTY, PLANT AND EQUIPMENT

	Field and Office Equipment $	Vehicles and Computers $	Total $
At January 1, 2010:			
Cost	670,151	542,686	1,212,837
Accumulated depreciation	(198,179)	(523,970)	(722,149)
Opening Net Book Value at January 1, 2010	471,972	18,716	490,688
Year ended December 31, 2010:			
Opening Net Book Value at January1, 2010	471,972	18,716	490,688
Additions	1,000,000	260,475	1,260,475
Disposals	-	-	-
Depreciation	(169,455)	(234,334)	(403,789)
Exchange differences	-	-	-
Closing Net Book Value at December 31, 2010	1,302,517	44,857	1,347,374
At January 1, 2011:			
Cost	1,670,151	803,161	2,473,312
Accumulated depreciation	(367,634)	(758,304)	(1,125,938)
Closing Net Book Value at January 1, 2011	1,302,517	44,857	1,347,374
Six months ended June 30, 2011:			
Opening Net Book Value at January1, 2011	1,302,517	44,857	1,347,374
Additions	16,858	228,729	245,587
Disposals	-	-	-
Depreciation	(80,300)	(143,232)	(223,532)
Exchange differences	-	-	-
Closing Net Book Value at June 30, 2011	1,239,075	130,354	1,369,429
At June 30, 2011:			
Cost	1,687,009	1,031,890	2,718,899
Accumulated depreciation	(447,934)	(901,536)	(1,349,470)
Closing Net Book Value at June 30, 2011	1,239,075	130,354	1,369,429

6. EXPLORATION AND EVALUATION ASSET

	Exploration and Evaluation Asset $
At January 1, 2010:	
Cost	30,208,915
Accumulated depreciation	-
Net book value	30,208,915
Year ended December 31, 2010:	
Opening net book value	30,208,915
Additions	4,695,254
Closing net book value	34,904,169
At January 1, 2011:	
Cost – IFRS	34,904,169
Accumulated depreciation	-
Net book value	34,904,169
Six months ended June 30, 2011:	
Opening net book value	34,904,169
Additions	4,197,507
Closing net book value	39,101,676
At June 30, 2011:	
Cost	39,101,676
Accumulated depreciation	-
Net book value	39,101,676

Atlanta Gold Property, Idaho, U.S.A.
On April 28, 2011, AGC provided notice of exercise of its option to purchase the mining property, which had previously been leased from Monarch. On June 8, 2011, AGC completed the purchase for $3,075,000. To assist in financing the purchase, the Company borrowed $3 million by way of a secured non-interest bearing loan (the “Loan”). The Loan is due in January 2012, and 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. The Debenture will be convertible at a conversion price of C$0.10 per share, and will also include detachable warrants to purchase 30,000,000 common shares of the Company, exercisable for five years at a price of C$0.11 per share. The Loan is and the Debenture will be secured by a limited recourse guarantee of AGC and a mortgage on the property purchased from Monarch. Closing of the Debenture financing is expected to occur during the fourth quarter, pending shareholder and regulatory approval.

In consideration of receiving the Loan, AGC has agreed to grant the lender an option to purchase the Property for $3 million, exercisable only in the event that the Company repays the Loan other than from the proceeds of issuance of the Debenture, or if the Loan remains outstanding on January 31, 2012. The lender will also have the option, for a period of five years, commencing after the date the Company completes production of its first 20,000 ounces of gold from the Atlanta Gold Project, to purchase solely from the gold produced from the Atlanta Gold Project, an aggregate of 4,000 ounces of gold at a price of US$1,400 per ounce.

7. SHARE CAPITAL

(a) Authorized share capital

The Company's authorized capital consists of an unlimited number of common shares, an unlimited number of first preference shares, issuable in series and an unlimited number of second preference shares, issuable in series.

(b) Warrants

The following table summarizes the warrant transactions for the year ended December 31, 2010 and the six months ended June 30, 2011 as follows:

	Number of Shares	FMV of Warrants at Date of Issue $	Weighted Average Exercise Price C$
Outstanding at January 1, 2010	13,483,360	539,658	0.25
Warrants issued on issuance of shares for cash (note 7(d))	32,103,600	2,191,418	0.25
Compensation warrants issued on issuance of shares for cash (note 7(d))	3,298,288	246,775	0.25
Warrants exercised during the year	(983,360)	(106,500)	0.13
Warrants expired during the year	(8,162,000)	(219,677)	0.25
Outstanding at December 31, 2010	39,739,888	2,651,674	0.25
Warrants expired during the first six months of 2011	(5,280,488)	(294,581)	0.25
Outstanding at June 30, 2011	34,459,400	2,357,093	0.25

The fair market value of warrants issued is separately recorded and disclosed from share capital in the year warrants are issued. Warrants that are exercised will be recorded as share capital and warrants that expire unexercised will be recorded as contributed surplus. During the first six months of 2011, 5,280,488 warrants issued in 2009 and 2010, and having a fair value at date of grant of $294,581 expired unexercised. The weighted average grant date fair value of the warrants issued and outstanding in the first six months of 2011 was C$0.25, and the weighted average grant date fair value of the warrants issued and outstanding on June 30, 2011 was C$0.19. The allocation of gross proceeds between warrants and common shares was done using a pro-rata method based on fair values of common stock and warrants at the date of grant. The values of the warrants issued during 2010 were estimated on the date of issuance using the Black Scholes option-pricing model with the following assumptions adopted at the measurement date:

	2011	2010
Risk-free interest rate	-	1.60% to 1.72%
Expected life	-	1 to 2 years
Estimated volatility in the market price of the common shares	-	141% to 178%
Dividend yield	-	Nil

No warrants were issued during the six months ended June 30, 2011

(c) Stock options

The Stock Option Plan - 2008 (the “Plan”) was adopted by the Board in February 2008 and approved by shareholders in April 2008. The Plan replaced the Company’s prior stock option plan (the “Prior Plan”) and no new options will be granted under the Prior Plan. Options previously granted under the Prior Plan will continue to be outstanding in accordance with their respective terms of grant.

Persons eligible to participate under the Plan are directors, officers and employees of the Company and its subsidiaries, as well as consultants to the Company. Under the Plan, the Company has authorized the

reservation for issuance for the grant of stock options of the number of shares equal to 10% of the Company's outstanding common shares at any time. The exercise price of each option must equal or exceed the closing market price of the Company's common shares on the TSX Venture Exchange on the day immediately prior to the day on which the option is granted. The options have a maximum term of five years. The number of shares reserved for issuance pursuant to stock options granted to insiders, whether under the Plan, the Prior Plan or any other compensation arrangement, cannot exceed 10% of the outstanding shares of the Company. The aggregate number of shares reserved for issuance to any one person cannot exceed 5% of the outstanding shares of the Company. If option rights granted to an individual under the Plan expire or terminate for any reason without having been exercised in respect of certain Optioned Shares, such Optioned Shares may be made available for other options to be granted under the Plan. The Plan is administered by the Board of Directors, which has full and final authority, but subject to the express provisions of the Plan and the approval of the TSX Venture Exchange. In accordance with the requirements of the TSX Venture Exchange, the Plan is subject to annual shareholder approval. The following table summarizes the stock option transactions for the six month ended June 30, 2011 and the year ended December 31, 2010 as follows: (Options granted prior to February 2008 were granted under the Prior Plan and all other options granted were granted under the Plan):

	Number of Shares	Weighted Average Exercise Price C$
Outstanding at January 1, 2010	4,153,334	0.49
Options granted	2,560,000	0.18
Options expired	(26,667)	3.15
Outstanding at December 31, 2010	6,686,667	0.36
Options expired	(23,334)	2.40
Outstanding at June 30, 2011	6,663,333	0.36

5,987,333 of the stock options outstanding as at June 30, 2011, having a weighted average price of C$0.41 per share, and are exercisable immediately. The remaining stock options vest within two years of granting. All stock options expire between September 2011 and September 2015. During 2010, all of the options were granted when their exercise price equaled the fair value of the stock at grant date. The weighted-average remaining contractual life of all stock options outstanding is 36 months (June 31, 2010 – 46 months).

Expiry Date	Number of Stock Options	Exercise Price C$
September 28, 2011	50,000	1.65
November 6, 2011	13,333	1.50
December 11, 2011	10,000	1.35
March 1, 2013	1,405,000	0.63
February 11, 2014	2,125,000	0.32
April 20, 2014	250,000	0.30
April 20, 2014	250,000	0.60
March 23, 2015	1,100,000	0.18
April 21, 2015	200,000	0.23
September 27, 2015	1,260,000	0.18
Outstanding at June 30, 2011	6,663,333	0.36

The fair value of stock options granted are credited to Contributed Surplus in the year they vest. Stock options that are exercised will be recorded as share capital and stock options that expire unexercised will remain in contributed surplus. All options outstanding at June 30, 2011 expire at various dates until September 15, 2015. In the first six months of 2011, the Company charged a stock-based compensation expense of $46,437 (2010 - $122,497), and capitalized $18,937 (2010 – $29,443).

The Company did not grant any stock options during the first six months of 2011. The fair value of each option granted in 2010 was estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions at the measurement date:

	2011	2010
Risk-free interest rate	-	2.37%
Expected life	-	5.0 years
Estimated volatility in the market price of the common shares	-	196%
Dividend yield	-	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

8. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiary have been eliminated on consolidation and are not disclosed in this note. The remuneration of key management personnel during the six months ended June 30, 2011 was $234,488 (June 30, 2010 - $150,177).

9. CONTINGENCY

On April 18, 2011 the Idaho Conservation League and the Northwest Defense Center 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 and seeking declaratory and injunctive relief as well as civil penalties. AGC believes that it has complete defense to these allegations and will vigorously defend itself against them.

10. SUBSEQUENT EVENTS

In August 2011, the Company finalized the acquisition of a property near Boise for a purchase price of $860,000, which was satisfied by paying $100,000, assuming a $425,000 7% three-year promissory note, and issuing 2,066,829 common shares of the Company, valued at $335,000, to the vendor.

In July, 2011 and August, 2011, the Company completed a C$2.5 million private placement in three tranches by offering 35,714,276 units at C$0.07 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of C$0.11 per share for up to 24 months following the closing date. The Company can accelerate the expiry date of the warrants if the closing price of the Company's common shares, which trade on the TSX-V, exceeds C$0.20 for 20 consecutive days. Insiders of the Company subscribed for 3,360,000 units. Share issue costs in connection with this private placement included paying finder's fees of C$102,184 and issuing 1,459,770 compensation warrants. Each compensation warrant entitles the holder to purchase one common share of the Company at a price of C$0.11 per share for one year.