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 three months ended March 31, 2011 and 2010 has been prepared as of June 28, 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 three months ended March 31, 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's has 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 interpretation of results received to date from the Company's exploration program and the expected enhancement of the gold resource at Atlanta following completion of additional exploration; the development of a gold mine and potential gold production levels at Atlanta; the completion of advanced scoping 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; 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 acquisition of additional properties and the construction of infrastructure thereon; 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 currently trade on the TSX Venture Exchange (TSX.V: ATG) and effective, March 2, 2011, also trade 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, the Company changed the mining strategy for Atlanta from bulk mining and cyanide heap leaching, to a combined shallow open-pit and underground operation with an on-site milling facility with no cyanide circuit. This new mining strategy will produce both a gravity concentrate and a precious metal rich sulphide concentrate to be custom smelted. It will significantly reduce the environmental risk and increase expected metal recovery rates from 63% to 90%. Each of these improvements is critical to the sustainable development of the Atlanta Gold Mine.

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 shallow open pit mine and an underground mine at Atlanta in a timely manner.

The Technical Report and Updated Resource Estimate completed by P&E Mining Consultants Inc. ("P&E") in February 2011 on Atlanta estimated an Indicated resource of 450,600 gold ounces within 3.27 million tons at an average grade of 0.138 ounces per ton ("opt") (4.73 gpt Au) and an Inferred resource of 284,600 ounces of gold within 1.56 million tons at an average grade of 0.183 opt (6.27 gpt Au). A cut-off grade of 0.04 opt gold (1.37 gpt Au) was used for the open-pit resource and a cut-off grade of 0.09 opt gold (3.09 gpt Au) was used for the underground resource.

P&E also estimates a total Indicated mineral resource of 466,000 gold equivalent ("AuEq") ounces and 290,000 total AuEq ounces in the Inferred category, with AuEq ounces calculated using a gold to silver price ratio of 77.6:1.This resource was based on the November 30, 2010 two-year trailing average gold price of $1,075 and a silver price of $16.61 per ounce. The majority of this 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's exploration programs have focused exclusively on the Atlanta Shear Zone which has a surface expression that is 11,400 feet (3,475 metres) long, 30 to 120 feet (9 to 37 metres) wide and extends from surface to a known vertical depth of 1,850 feet (564 metres) with numerous splays branching off to the northwest and southeast of the main Shear. The Shear Zone remains open to the east and west and down dip. The Company is also investigating the surrounding mineralized structures, including the 8,000 foot long (2,440 metre) Tahoma structure which is located approximately half a mile north of the main Shear, and was the host to historic mining activity.

Like all similar mining projects, Atlanta has its challenges but the combination of a proven record of historical production, a Shear Zone with an 11,400 foot (3,475 metre) strike length, a 30 to 120 foot (9 to 37 metre) width, a known vertical depth of 2,000 feet (610 metres), open along strike and at depth and numerous veins and splays branching off to the northwest and southeast of the main Shear and the surrounding mineralized structures presents what management believes to be an outstanding value proposition.

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 and 2012:

Exploration work to date has demonstrated the presence of a significant gold mineralized system. Every one of the intermediate depth drill holes (to a vertical depth of 1,000 to 2,000 feet (305 to 610 metres) below the surface) has intercepted epithermal style mineralization across attractive widths.

Drilling also has confirmed the presence of a second gold-bearing structure parallel to the main shear. Intermediate depth drilling of the Newmont and Glaspey zones to date confirms that the main shear continues at depth with alteration and gold mineralization within, between and below these respective zones. Both zones warrant further drilling and the 1,300 foot (396 metre) section between the easternmost hole in the Newmont zone (below the Monarch area) and the westernmost hole in the Glaspey zone (below the East Extension area) is very sparsely drilled. Results from Atlanta's recent drilling east of the Newmont zone and west of the Glaspey zone also support the hypothesis that the shear zone splits and increases in width with alteration that continues between the two zones. With the presence of alteration characteristically associated with gold mineralization elsewhere in the Atlanta deposit, management is optimistic that future drilling will continue to intersect gold mineralization. An aggressive exploration program is therefore warranted and planned for 2011.

The Company's exploration objective is to establish continuity of the Atlanta Shear Zone at vertical depths below 2,000 feet (610 metres) while increasing the gold mineral resource at Atlanta by:

a. drilling the first two deep holes to vertical depths of 3,500 and 4,200 feet (1,068 to 1,281 metres) respectively to test continuity of the Atlanta Shear Zone at depth;

b. increasing the size of the near-surface, shallow open-pit resource which can be mined at a relatively low cost;

c. completing infill drilling to upgrade the resource status of the sparsely-drilled higher-grade (0.35+ ounce per ton) (12.0+ gram per tonne) zones found between the Monarch and Idaho areas in the west and the East Extension area in the east at the 900 to 1,200 foot horizon; and

d. proving confidence in the continuity between these higher-grade zones.

To complete all of its planned expenditures to December 31, 2011, the Company estimates that its total funding requirement will be approximately $12 million. Based on compilation and geological interpretation of the 2010 drilling and trenching data and subject to receipt of required drilling and other permits and completion of additional short-term funding of up to $6 million, the 2011 exploration program will include up to 60,000 feet (18,300 metres) of drilling. The program commenced in June 2011, with the mobilization of three drills.

To date, the Company has obtained all required drilling and other permits on a timely basis. Most of the 2011 drill hole collars will be on private land and, based on past experience, the Company anticipates that the U.S. Forest Service (``USFS``) will approve the remaining proposed 2011 drill hole collars to be located on USFS land.

The Company plans to complete a total of 84,350 feet (25,710 metres) of diamond drilling with 94 drill holes in 2011 and 2012 in order to:

- define extensions to the higher grade drill intercepts in the Newmont and Glaspey zones by completing 50,390 feet (15,359 metres) of core drilling to an intermediate depth of 2,000 feet (610 metres) on the East Extension, Monarch and Idaho areas. The 1,000 foot (305 metre) distance between these highly prospective zones is underexplored as previous programs focused on shallower, potentially open-pitable mineralization;

- increase the size of the near-surface open-pit Indicated and Inferred resources of 314,700 and 7,300 AuEq ounces respectively and the underground Indicated and Inferred resources of 151,300 and 282,700 AuEq ounces respectively by completing 25,360 feet (7,730 metres) of shallow infill core drilling to a depth of 1,000 feet (305 metres) on the East Extension, West Monarch and Idaho zones. It is anticipated that the open-pit resource could be mined at a relatively low cost for the first eight years of mining;

- further evaluate the near surface potential of the Tahoma Shear Zone by surveying, sampling and assaying 1,000 feet (305 metres) of trenches along strike of the northwest trending Tahoma, logging, sampling and assaying 14 drill holes, and sampling and assaying approximately 300 soil samples.(2009 and 2010 trenching programs exposed and identified significant gold-bearing mineralization in 95% of the returned samples); and

- evaluate the economic potential of mining and processing by-products from the Atlanta Shear Zone.

Environmental and development-related initiatives for 2011 include:

- continuing collaboration with local communities, environmental, regulatory and other stakeholders;

- securing economic, environmental and technical studies and water rights and permits required to advance the project to production;

- evaluating and acquiring alternative sites to accommodate infrastructure related to the Atlanta project; and

- reconstructing buildings providing approximately 30,000 square feet of maintenance, warehouse and office space on the site referred to in the “Purchase of a 5.58-Acre Property in Boise, Idaho” section below.

The 2011 exploration program, as well as the Company’s other initatives for 2011, will require that the Company successfully complete additional financings during the remainder of 2011 of approximately $9 million, which will supplement existing cash on hand. The timing and the extent of drilling, exploration and other planned activities for 2011 are dependent upon the availability of additional funding on a timely basis.

P&E has been retained by the Company to prepare a Pre-Feasibility Study on Atlanta (the “Study”), which is currently expected to be completed in Q2 of 2012. The Study will be based on a pilot-scale mining operation which assuming that the Company will mine only the resource identified in the next Technical Report and Updated Resource Estimate, which is expected to be completed in Q1 of 2012 following completion of the Company’s 2011 exploration program. The Study will be based on a combined open pit (three open pits) and underground mining operation conceptually expected to mine between 272,000 and 402,000 tons per year, and envisions production and sale of smelter-grade gold/silver concentrate to a smelter in Nevada. In conjunction with the Study, the Company is developing a business plan which contemplates initial annual production conceptually estimated to be 40,000 ounces of gold through the use of an 800 to 1,200 ton per day dual circuit gravity-flotation milling operation. The Study will be designed to review and confirm the existing mineral resource estimate, determine preliminary designs, estimate capital and operating costs for a shallow open pit and underground mine with different production rates. The Study will include a financial analysis based on reasonable assumptions about each of the foregoing factors and other technical and economic factors. This Study will be the first to apply current economics to a combined open pit and underground mine operation at Atlanta.

To facilitate the transition to a Pre-Feasibility Study, P&E will also complete an independent Advanced Scoping Study in Q3 of 2011 for a combined open pit and underground operation at Atlanta. This Scoping Study will include preliminary mine and plant design, capital and operating cost estimates, metallurgy, and address environmental and permitting issues.

Based on a minimum conceptual production rate of 800 tons per day or 272,000 tons per year, average annual production over the 19-year mine life would be approximately 40,000 AuEq ounces contained in approximately 11,000 tons of concentrate. Management estimates that up to 20% of the gold will be recovered from the gravity table concentrate. Subject to receipt of a positive Study, timely receipt of adequate funding and timely receipt of requisite permits, the Company anticipates the commencement of mining at Atlanta in late 2013 and production of concentrate in 2014. If the Company experiences significant delays in obtaining sufficient funding or the requisite permits, the Company’s timeline for commencement of mining operations and production will be adversely affected.

Environmental Matters

The Company has continued to act in the best interests of the surrounding communities and the environment by continuing to improve 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 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 complied with all terms of the Consent Decree and has continued to use best management practices in operating the pilot water treatment facility in what it believed to be in cooperation with ICL.

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 proposed a draft Plan of Operations to the USFS, subject to USFS approval, for the construction of a diversion pipeline to redirect water believed to be flowing through Montezuma Fault into the historic mine workings and discharging from the historic 900 adit to the existing pilot water treatment facility. AGC also proposed improvements to and expansion of the existing pilot water treatment facility to determine final best management practices for treating arsenic contaminated water in accordance with the applicable NPDES permit. 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.

AGC believes that it has complete defences to the allegations made by ICL and NEDC and will vigorously defend itself against their claims. However, 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

On April 12, 2011, AGC agreed to purchase a 5.58-acre property in Boise, Idaho. The property is located between Highway 84 and South Federal Way, approximately 3.26 miles from Boise Airport and 5.24 miles from downtown Boise. It is currently undeveloped land with excellent highway and railroad access. The site will require infrastructure development, including connecting to city utilities, and water and sewer lines. AGC intends to reconstruct on the site buildings previously purchased from Newmont which will provide approximately 30,000 square feet of maintenance, warehouse and office space. Upon completion, the four buildings will accommodate employees who currently work in leased facilities in the Boise area and new employees who will be providing administrative, geological and technical support.

The purchase price of US$860,000 will be satisfied by a US$100,000 cash payment, a US$425,000 7% three-year promissory note and the issuance of 2,066,829 common shares of the Company valued at US$335,000, to the vendor. The purchase is expected to be completed in July 2011, subject to customary conditions.

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 US$200,000 to CAMC as follows: US$20,000 paid on closing; US$30,000 on October 25, 2009, and US$10,000 monthly payments paid for 15 consecutive months from November 2009 to January 2011. The Company has made all of the foregoing payments and completed the purchase of one half of the Royalty (1%).

The current status of lease / option agreements is summarized below:

1. On June 8, 2011, AGC completed the purchase of a 430-acre property (the "Property") from Monarch Greenback LLC ("Monarch") for $3,075,000. The purchase was made pursuant to the terms of a Lease / Option to Purchase Agreement entered into with Monarch in 1999, as subsequently amended. Upon AGC exercising its option to purchase, rental payments to Monarch totalling US$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 March 31, 2011, advance royalty payments of US$1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

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") for 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 and the Debenture will be secured by a mortgage on the Property and by a limited recourse guarantee of AGC. Closing of the Debenture financing is expected to occur by the third quarter of 2011, subject to receipt of regulatory and, if required, shareholder approval.

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

3. 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 December 31, 2010, advance royalty payments of US$168,500 have been made and will be deducted from any future royalty payments to F. Gardner.

4. 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 US$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 US$20,000. If it is mined, Hollenbeck will receive a 4.25% NSR, from which all advance royalty payments shall be deducted. As at December 31, 2010, advance royalty payments of US$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 March 31, 2011, advance royalty payments totalling US$2,154,500 will be deducted from any future royalty payments to lessors / royalty holders. Lease payments made in the first quarter of 2011 and advance royalty payments as at March 31, 2011 are summarized in the table below.

Lessor / Royalty Holder	Property	Payments in Q1 of 2011 $	Advance Royalty Payments as at March 31, 2011 $
Monarch Greenback, LLC(1)	Monarch Greenback	60,000	1,500,000
Born, John and Rhees(2)	Hill & Davis	-	203,500
Frank C. Gardner (3)	Gardner	-	168,500
Hollenbeck Properties LLC (4)	Minerva	-	282,500
TOTAL		60,000	2,154,500

Notes:

(1) Rental payments to Monarch totalling US$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 due May 1st for the Gardner claims (lease currently runs to 2016) – credited towards royalty payments.

(4) $10,000 annual lease payment due November 15th on the Hollenbeck claims currently runs to 2012 and renewable thereafter) – credited towards royalty payments.

Overview of Financial Results

Debt and Equity Financing

The Company did not complete any equity financing during the first quarter of 2011, although it secured 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 will be replaced by the Debenture, having the terms described under "Ownership of Atlanta Properties". Closing of the Debenture financing is expected to occur by during the third quarter, subject to regulatory and shareholder approval as required.

In comparison, the Company did not complete any financing during the first quarter of 2010, although it raised gross proceeds of approximately $2,387,000 in April 2010 by completing a non-brokered private placement of 14,916,100 common share units ("Units") at $0.16 per Unit. Each Unit consisted of one common share of the Company and one common share purchase warrant, exercisable at $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 TSX Venture Exchange exceeds $0.50 for twenty consecutive trading days.

Liquidity and Capital Resources

Cash as at March 31, 2011 was $1,749,000 compared to $2,780,000 as at December 31, 2010. The decrease of $1,030,000 for the quarter ended March 31, 2011, compared to a decline of $609,000 for the comparative quarter ended March 31, 2010, is reflective of the Company having completed no financings during either the first quarters of 2011 nor 2010, while mineral property expenditures of $511,000 (2010 - $395,000) and fixed asset purchases of $55,000 (2010 - $15,000) were incurred during the first quarter of 2011.

Working capital surplus as at March 31, 2011 was $1,700,000 compared to $2,662,000 as at December 31, 2010. Cash used in operations for the first quarter of 2011 was $905,000 compared to $484,000 for the comparative quarter ended March 31, 2010, reflecting the increase in head office activities and repayment of accounts payable. Cash used for investing activities for the first quarter of 2011 was $125,000 compared to $105,000 for the comparative quarter ended March 31, 2010.

The mineral exploration properties in which the Company currently has an interest are in the exploration stages and as a result 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. The Company intends to finance its exploration and development activities through existing cash balances and future financing or joint venture activities.

Equity

As at March 31, 2011, the Company had (a) 144,858,934 common shares issued and outstanding, (unchanged from December 31, 2010); (b) stock options outstanding to purchase 6,673,333 common shares (December 31, 2010 – 6,686,667) at exercise prices ranging from C$0.18 to C$1.80 per share and expiring between June 2011 and September 2015; and (c) Warrants to purchase 35,401,888 common shares of the Company at an exercise price of C$0.25 per share, expiring between April 2011 and September 2011. In certain instances, the expiry dates of the Warrants may be accelerated by the Company. Shareholders' equity as at March 31, 2011 was $36,553,000 compared to $3 as at December 31, 2010. Stock options outstanding as at March 31, 2011 had a weighted average exercise price of C$0.36 per share (December 31, 2010 - C$0.36 per share) and a weighted average life of 38 months (December 31, 2010 – 41 months).

General and Administrative Expenses

Corporate overhead expenses were $419,000 for the quarter ended March 31, 2011 compared to $307,000 for the quarter ended March 31, 2010. The increase in the first quarter of 2011 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 in respect of the conversion to IFRS; and c) an increase in investor relation fees, primarily in respect of listing the Company's shares on the OTCQX effective March 2011. Partially offsetting these increases in General and Administrative expenses, was a decrease in stock-based compensation, since no stock options were granted in the first quarter in 2011 compared to 2,125,000 options being granted during the same quarter in 2010.

Capital Expenditures

Atlanta gold property, Idaho, USA:

Expenditures in the first quarter of 2011 of $511,000 were primarily in respect of reviewing the draft Technical Report and Resource Estimate and preparing for the Advanced Scoping Study on Atlanta, which involved reviewing and confirming the existing mineral resource estimate, determining preliminary designs, and estimating capital and operating costs for a shallow open pit and underground mine with different ore and waste production rates. In comparison, expenditures in the first quarter of 2010 of $395,000 were primarily in respect of preparing the Study on Atlanta, which involved reviewing and confirming the existing mineral resource estimate, determining preliminary designs, and estimating capital and operating costs for a shallow open pit and underground mine with different ore and waste production rates.

Brodeur diamond property, Baffin Island, Canada:

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 did not incur any exploration expenditures on Brodeur since then, but did maintain 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 has accrued an estimated $150,000 in respect of restoration costs expected to be incurred between June and September 2011, 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.

<u>Abitibi gold property, Quebec, Canada:</u>

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 and mineral properties as follows:

	Years 1-2	Years 3-4	Beyond Year 4
Head office	6	-	-
Atlanta *(1)(2)(3)*	607	137	137

(1) Pursuant to an amending agreement dated April 30, 2009 with Monarch Greenback LLC ("Monarch"), AGC renewed its Mining Lease and Option to purchase a 658.9-acre property (the "Property") adjacent to the Atlanta project for a further two years until April 30, 2011. Under the terms of the agreement, the Company has an option to acquire a 100% interest in the property subject to a floating rate net smelter return royalty with a maximum rate of 3.5%. The agreement required optional annual and optional monthly payments totaling $580,000 over a two-year period to maintain the Option in good standing. On April 28, 2011, AGC provided notice of exercise of its option to purchase a 430-acre portion of the Property for $3,075,000 and AGC completed the purchase on June 8, 2011. Upon exercise of the Option, the rental payments to Monarch totalling US$290,000 per annum on the Property were terminated and 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 March 31 2011, advance royalty payments of US$1,500,000 had been made by AGC and will be deducted from future royalty payments to Monarch.

(2) 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.

(3) Pursuant to a lease agreement dated July 20, 2004 with Greene Tree, Incorporated, 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.

Details and a discussion of the environmental litigation are included in the "Environmental Matters" section above and in Note 10. Subsequent Events and Contingency to the Company's interim financial statements for the three months ended March 31, 2011.

Summary of Quarterly Results

Head office expenses of $419,000 incurred during the first quarter of 2011 were higher than expenses of $308,000 incurred during the same quarter in 2010, primarily due to: a) reinstating full salaries to senior staff who had voluntarily agreed to salary reductions during previous periods; b) an increase in professional fees arising in respect of conversion to IFRS; and c) an increase in professional fees following the Company's shares being traded on the OTCQX effective March 2, 2011. Partially offsetting this increase was a decrease in stock-based compensation, since no stock options were granted in the first quarter of 2011 compared to 2,125,000 options being granted during the same quarter of 2010. Interest and other income earned in the first quarter of 2011 was lower compared to the same period in 2010, reflecting both lower cash levels and lower interest rates than in the first quarter of 2010. During the first quarter of 2011, the Canadian dollar was relatively unchanged compared to the U.S. dollar resulting in the Company realizing a nominal foreign exchange gain, as compared to a loss of $15,000 realized during the first quarter of 2010.

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

Quarter ended	**Total Revenues** *(4)*	**General and Administrative Expenses**	**Net Loss (3)**	**Loss Per Share**
March 31, 2011	-	419	418*(1)(2)*	0.01
December 31, 2010	-	407	1,083*(1)(2)*	0.01
September 30, 2010	-	392	394*(1)(2)*	0.00
June 30, 2010	-	362	364*(1)(2)*	0.01
March 31, 2010	-	308	310*(1)(2)*	0.00
December 31, 2009	-	310	(101)*(1)(2)(5)*	(0.01)
September 30, 2009	-	331	478*(1)(2)(5)*	0.01
June 30, 2009	-	388	376*(1)(2)(5)*	0.01

1. *Includes: (a) mineral property costs expensed as follows: $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, $14 during the fourth quarter of 2009, $133 during the third quarter of 2009, and $3 during the second 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: $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, $38 during the fourth quarter of 2009, and $49 during the third 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, and in 2009, the Company wrote off the carrying value of its Rocky Bar mineral properties, adjacent to Atlanta. The Company has determined that no charges had to be taken against Atlanta during the first 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. Support for this view may be found in the completion of the asset acquisition from and additional agreements in principle with Newmont USA. 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.

The Company remains on track to commence mining at Atlanta in late 2013 and produce concentrates in 2014.

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 March 31, 2011, and 2010. Two officers of the Company participated in the financing completed by the Company in April 2010, purchasing a total of 825,000 units for an aggregate subscription price of $132,000.

Share Capital
As at June 28, 2011, the Company had 144,858,934 common shares outstanding, incentive stock options outstanding to purchase 6,673,333 common shares at prices ranging from $0.18 to $1.80 per share for terms ending between June 2011 and September 2015, and warrants outstanding to purchase 34,459,400 common shares at a price of to $0.25 per share, exercisable between August 2011 and September 2012.

Accounting Policies and Estimates
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 adjustment made on adoption of IFRS was the write-down of Exploration and Evaluation Assets by $5,709,746 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 subject to regulatory approval. Should such approval not be obtained, it could result in the lender under the Loan exercising its option to purchase the Property from AGC and result in AGC losing its interest in the Property. 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 but 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 first quarter of 2011.

Additional Information

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

June 28, 2011