ATLANTA GOLD INC.

Atlanta Gold Inc.

Condensed Interim Consolidated Financial Statements

June 30, 2012

(Expressed in U.S. Dollars)

(Unaudited)

Notice of no auditor review of Condensed interim consolidated 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 condensed interim consolidated 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 23, 2012

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in U.S. Dollars)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 17,190**	$ 210,170
Marketable securities	**-**	27,136
Recoverable taxes	**39,453**	58,649
Prepaid expenses	**35,295**	69,199
	91,938	365,154
Exploration and evaluation assets (note 3)	**40,812,293**	40,126,393
Property, plant and equipment (note 4)	**1,544,675**	1,945,708
	$ 42,448,906	$ 42,437,255
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 1,224,924**	$ 1,170,176
Shareholders' loans (note 8)	**694,187**	-
	1,919,111	1,170,176
Non-current liabilities		
Assets retirement obligation	**200,000**	200,000
Promissory note (note 5(b))	**424,753**	424,860
Convertible debenture (note 5(a))	**1,613,197**	1,644,418
	4,157,061	3,439,454
EQUITY		
Capital stock (note 6(c))	**87,004,439**	86,804,439
Warrants (note 6(a))	**3,485,414**	4,347,039
Contributed surplus (note 6(b))	**7,680,050**	6,890,332
Accumulated deficit	**(59,878,058)**	(59,044,009)
	38,291,845	38,997,801
	$ 42,448,906	$ 42,437,255

Nature of operations and going concern (note 1)
Commitments and contingencies (note 9)
Subsequent events (note 10)

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in U.S. Dollars, except for shares and per share amounts)
Three and six months ended June 30, 2012 and 2011

	For the three months ended June 30, 2012	June 30, 2011	For the six months ended June 30, 2012	June 30, 2011
General and administrative expenses:				
Professional fees	**$ 123,493**	$ 245,041	**$ 241,734**	$ 354,188
Salaries and management fees (note 8)	**94,265**	115,139	**192,288**	234,488
Administrative and office	**28,829**	9,666	**84,945**	34,232
Investor relations	**79,825**	54,674	**119,620**	179,195
Share-based compensation (note 6(b) and 8)	**6,351**	19,054	**12,702**	46,437
Travel and accommodation	**3,433**	2,071	**6,289**	16,076
	336,196	445,645	**657,578**	864,616
Exploration and evaluation expense	**1,100**	736	**1,459**	5,428
	337,296	446,381	**659,037**	870,044
Finance items:				
Finance income	**-**	-	**-**	(504)
Finance costs	**86,342**	625	**131,798**	-
Gain on sale of marketable securities	**-**	-	**(4,534)**	-
Unrealized gain on marketable securities	**-**	3,393	**-**	(752)
Accretion of convertible debenture (note 5(a))	**25,795**	-	**47,748**	-
	112,137	4,018	**175,012**	(1,256)
Net loss and comprehensive loss for the period	**$ 449,433**	$ 450,399	**$ 834,049**	$ 868,788
Weighted average number of consolidated shares outstanding	**196,175,753**	144,858,934	**195,010,918**	144,858,934
Net loss per share - basic and diluted (note 7)	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.01

Nature of operations and going concern (note 1)

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow
(Unaudited - Expressed in U.S. Dollars)
Three and six months ended June 30, 2012 and 2011

	For the three months ended June 30, 2012	June 30, 2011	For the six months ended June 30, 2012	June 30, 2011
Cash provided by (used in)				
Operating activities:				
Net loss and comprehensive loss for the period	**$ (449,433)**	$ (450,399)	**$ (834,049)**	$ (868,788)
Add (deduct) items not involving cash:				
Finance costs paid by issuance of shares	**30,658**	-	**30,658**	-
Share-based compensation (note 6(b) and 8)	**6,351**	19,054	**12,702**	46,437
Gain on sale of marketable securities	**-**	-	**(4,534)**	-
Unrealized gain on marketable securities	**-**	3,393	**-**	(752)
Accretion of convertible debenture (5(a))	**25,795**	-	**47,748**	-
Net change in non-cash working capital	**165,489**	(112,025)	**307,848**	(166,478)
Net cash used in operating activities	**(221,140)**	(539,977)	**(439,627)**	(989,581)
Financing activities:				
Repayment of promissory note	**-**	-	**(107)**	-
Loans from shareholders	**438,987**	-	**694,187**	-
Net cash from financing activities	**438,987**	-	**694,080**	-
Investing activities:				
Sale of marketable securities	**-**	-	**31,669**	-
Exploration and evaluation asset	**(261,260)**	(439,596)	**(495,793)**	(955,037)
Property, plant and equipment	**24,041**	(190,336)	**16,691**	(245,588)
Net cash used in investing activities	**(237,219)**	(629,932)	**(447,433)**	(1,200,625)
Decrease in cash and cash equivalents	**(19,372)**	(1,169,909)	**(192,980)**	(2,190,206)
Cash and cash equivalents, beginning of period	**36,562**	1,759,475	**210,170**	2,779,772
Cash and cash equivalents, end of period	**$ 17,190**	$ 589,566	**$ 17,190**	$ 589,566

	For the three months ended June 30, 2012	June 30, 2011	For the six months ended June 30, 2012	June 30, 2011
Net change in non-cash working capital items				
Recoverable taxes	**$ (7,125)**	$ (58,719)	**$ 19,196**	$ (92,159)
Prepaid expenses	**(392)**	21,450	**33,904**	42,900
Accounts payable and accrued liabilities	**173,006**	(74,756)	**254,748**	(117,219)
	$ 165,489	$ (112,025)	**$ 307,848**	$ (166,478)

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

ATLANTA GOLD INC.

(An exploration stage company)
Condensed Interim Consolidated Statements of Cash Flow (Continued)
(Unaudited - Expressed in U.S. Dollars)
Three and six months ended June 30, 2012 and 2011

	For the three months ended June 30, 2012	For the three months ended June 30, 2011	For the six months ended June 30, 2012	For the six months ended June 30, 2011
Significant non-cash financing and investing activities				
Capitalized stock-based compensation (note 6(b) and 8)	**$ 2,059**	$ 7,822	**$ 5,764**	$ 18,937
Capitalized depreciation (note 4)	**89,784**	119,697	**186,717**	223,533
Shares issued to pay finance costs (6(c))	**200,000**	-	**200,000**	-
Disposal of property, plant and equipment	**8,500**	-	**208,500**	-
Proceeds from convertible debenture to purchase exploration and evaluation assets	**-**	3,000,000	**-**	3,000,000

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

ATLANTA GOLD INC.
(An exploration stage company)
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - Expressed in U.S. Dollars)
Three and six months ended June 30, 2012 and 2011

	Number of Shares	Share Capital	Warrants	Contributed Surplus (note 6)	Accumulated Deficit	Total
Balance - January 1, 2011	144,858,934	$ 85,015,716	$ 2,651,674	$ 6,001,498	$(57,451,506)	$ 36,217,382
Stock-based compensation	-	-	-	65,374	-	65,374
Warrants expiring unexercised	-	-	(294,581)	294,581	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(868,788)	(868,788)
Balance - June 30, 2011	144,858,934	$ 85,015,716	$ 2,357,093	$ 6,361,453	$(58,320,294)	$ 35,413,968
Balance - January 1, 2012	193,890,039	$ 86,804,439	$ 4,347,039	$ 6,890,332	$(59,044,009)	$ 38,997,801
Shares issued to pay finance costs	4,000,000	200,000	-	-	-	200,000
Stock-based compensation (note 6(b))	-	-	-	18,466	-	18,466
Warrants expiring unexercised (note 6(a))	-	-	(816,718)	816,718	-	-
Finance costs paid by issuance of shares allocated to warrants and conversion option	-	-	(44,907)	(45,466)	-	(90,373)
Net loss and comprehensive loss for the period	-	-	-	-	(834,049)	(834,049)
Balance - June 30, 2012	197,890,039	$ 87,004,439	$ 3,485,414	$ 7,680,050	$(59,878,058)	$ 38,291,845

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

1. Nature of operations and going concern

Atlanta Gold Inc. (the "Company") was incorporated on March 6, 1985 under the laws of British Columbia and continued into Ontario on March 15, 2000. The Company is domiciled in Canada and its registered head office is 5600 – First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1C9. Its common shares are listed on the TSX Venture Exchange trading under the symbol "ATG", and on the OTC Markets Group Inc. OTCQX International tier trading under the symbol "ATLDF".

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 including the diamond properties located on Baffin Island and its Québec gold properties are all in the exploration phase. No further work is planned in these areas and as a result the carrying values were written off.

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 expenditures.

These unaudited condensed interim 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 unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, the Company is not considered to be in operation, and thus, has not yet generated any revenues or cash flows from operations. As at June 30, 2012, the Company's current liabilities exceeded its current assets by $1,827,173, and it has an accumulated deficit of $59,878,058 and reported a loss of $834,049 for the six months ended June 30, 2012. On July 19, 2012 a Court order imposed additional costs on the Company's wholly-owned subsidiary Atlanta Gold Corporation ("AGC") as described in Note 10 to the Company's Interim Consolidated Financial Statements. 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 and development program on Atlanta, and will continue to explore financing alternatives to raise capital. 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. The Company's ability to continue as a going concern depends on obtaining funding and achieving profitable operations.

Nevertheless, it is not possible to determine with any certainty the success of these initiatives. These unaudited condensed interim 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.

(Unaudited - Expressed in U.S. Dollars)

2. Basis of preparation and adoption of IFRS

(a) Basis of presentation and measurement

The unaudited condensed interim consolidated financial statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board ("IASB") including IAS34 Interim Financial Reporting. The unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2011 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods adopted of application adopted are consistent with those disclosed in Note 3 to the Company's consolidated financial statements for the year ended December 31, 2011.

These unaudited condensed interim consolidated financial statements were approved by the Company's board of directors for issue on August 23, 2012.

(b) Critical accounting estimates and judgments

Areas of critical accounting estimates and judgments that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are disclosed in Note 3 of the Company's consolidated financial statements as at and for the year ended December 31, 2011.

3. Exploration and evaluation assets

	Exploration and Evaluation Assets
At January 1, 2011:	$ 32,309,665
Additions	4,197,507
Closing net book value at June 30, 2011	36,507,172
Additions	3,619,221
Closing net book value at December 31, 2011	40,126,393
Additions	685,900
Closing net book value at June 30, 2012	**$ 40,812,293**

Atlanta Gold Property, Idaho, U.S.A.

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

3. Exploration and evaluation assets (continued)

Atlanta Gold Property, Idaho, U.S.A. (continued)

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

(a) Monarch Greenback LLC
On April 28, 2011, AGC exercised its option to purchase a 100% interest in a property comprised of 33 mining claims totaling approximately 430 acres (the “Monarch Property”) from Monarch Greenback LLC (“Monarch”) for $3,075,000. The purchase of the Monarch Property was completed on June 8, 2011. To assist in the financing of the purchase, the Company borrowed $3 million by way of a secured, non-interest bearing bridge loan (the “Bridge Loan”) from Concept Capital Management Ltd. (“CCM”), which was subsequently repaid by the issuance by the Company of a 6% convertible debenture in the principal amount of C$3 million (the “Debenture”). Terms of the Bridge Loan and the Debenture are described in note 5(a).

Upon AGC exercising its option to purchase, rental payments to Monarch totaling $290,000 per annum on the Monarch 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 June 30, 2012, advance royalty payments of $1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

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

(c) F. C. Gardner
AGC leases 31 unpatented lode claims pursuant to a lease agreement, as amended, with F. C. Gardner. The lease expires on April 18, 2016. Lease payments are currently $10,000 per year and are treated as minimum annual advance royalties. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be $20,000. If this property is mined, F. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at June 30, 2012 advance royalty payments of $188,500 have been made and will be deducted from any future royalty payments to F. Gardner.

(d) Hollenbeck Properties LLC
AGC leases 9 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC. The lease expires November 14, 2012 and is renewable year to year thereafter at an amount to be negotiated. Lease payments of $10,000 per year are treated as minimum advance royalties. If this property goes into commercial production, then the annual minimum advance royalty will be $20,000. If it is mined, Hollenbeck will receive a 4.25% NSR, from which all advance royalty payments shall be deducted. As at June 30, 2012, advance royalty payments of $292,500 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 June 30, 2012, advance royalty payments totaling $1,981,000 will be deducted from any future royalty payments to lessors / royalty holders.

(Unaudited - Expressed in U.S. Dollars)

4. Property, plant and equipment

	Land	Building, Field Equipment and Others	Total
At January 1, 2011:			
Cost	$ -	$ 2,371,471	$ 2,371,471
Accumulated depreciation	-	(1,125,938)	(1,125,938)
Opening Net Book Value at January 1, 2011	-	1,245,533	1,245,533
Year ended December 31, 2011:			
Opening Net Book Value at January 1, 2011	-	1,245,533	1,245,533
Additions	-	245,587	245,587
Depreciation	-	(223,532)	(223,532)
Closing Net Book Value at June 30, 2011	-	1,267,588	1,267,588
Additions	869,804	5,040	874,844
Disposals	-	(16,750)	(16,750)
Depreciation	-	(179,974)	(179,974)
Closing Net Book Value at December 31, 2011	$ 869,804	$ 1,075,904	$ 1,945,708
At January 1, 2012:			
Cost	$ 869,804	$ 2,605,348	$ 3,475,152
Accumulated depreciation	-	(1,529,444)	(1,529,444)
Opening Net Book Value at January 1, 2012	869,804	1,075,904	1,945,708
Six months ended June 30, 2012:			
Opening Net Book Value at January 1, 2012	869,804	1,075,904	1,945,708
Additions	-	14,809	14,809
Disposals	-	(229,125)	(229,125)
Depreciation	-	(186,717)	(186,717)
Closing Net Book Value at June 30, 2012	$ 869,804	$ 674,871	$ 1,544,675
At June 30, 2012:			
Cost	$ 869,804	$ 2,391,032	$ 3,260,836
Accumulated depreciation	-	(1,716,161)	(1,716,161)
Closing Net Book Value at June 30, 2012	**$ 869,804**	**$ 674,871**	**$ 1,544,675**

All depreciation charges during the six months ended June 30, 2012 and 2011 were capitalized into exploration and evaluation assets.

5. Convertible debenture and promissory note

a) Convertible debenture

On June 8, 2011, AGC completed the purchase of a portion of the Monarch Property 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 was due in January 2012, and was replaced on December 14, 2011 by the issuance to the lender, Concept Capital Management Ltd. (CCM) of a 6% convertible debenture in the principal amount of C$3 million and warrants to purchase 30 million common shares of the Company, exercisable for five years at a price of C$0.11 per share, as well as a payment of $100,000 resulting from fluctuations in the U.S. and Canadian dollar exchange rate.

The debenture matures on December 15, 2016, bears interest of 6% per annum from July 11, 2011, and is convertible in whole or in part at the election of CCM into common shares of the Company at a conversion price of C$0.10 per share (the Conversion Price). Interest on the debenture is payable annually and, at the election of the Company, may be paid in cash or, subject to the approval of the TSX Venture Exchange (the Exchange), in common shares at an issue price per share equal to the average of the closing prices of the Company's common shares on the Exchange for the 20 trading days ending five business days prior to the interest payment date or at such higher issue price as may be required by the policies of the Exchange. If and for so long as an event of default occurs, interest will be payable at the rate of 8.5% per annum.

The debenture is subordinated in right of payment of principal and interest to all secured debt of the Company, whether outstanding on or after the date of issue of the debenture. AGC has provided a guarantee of the debenture, with recourse under the guarantee limited to a mortgage on the Property. The Company will not permit AGC to incur additional secured debt in excess of $10 million (subject to certain exceptions) without the prior consent of CCM, such consent not to be unreasonably withheld, conditioned or delayed.

After the first anniversary of the issue date, the Company will have the right to redeem all or part of the debenture if the closing price of the Company's common shares on the Exchange on each of the 27 consecutive trading days prior to notice of redemption being provided is not less than 3.5 times the Conversion Price. On redemption, the Company will be required to pay the principal and accrued interest thereon, plus a redemption fee declining from 6%, to 4%, to 2% if redeemed before the second, third or fourth anniversaries, respectively, of the issue date. CCM will have the right to require the Company to redeem the debenture at any time after the third anniversary of the issue date and at any time following a change of control or merger transaction. Merger means any transaction (whether by way of consolidation, amalgamation, merger, transfer, sale or lease) whereby all or substantially all of the Company's assets would become the property of any other person or in the case of a consolidation, amalgamation or merger, of the continuing corporation or other entity resulting therefrom.

CCM has received an option to purchase an aggregate of 4,000 troy ounces of gold produced from the Atlanta Project at a price of US$1,400 per troy ounce. This option will vest after AGC has completed production from the Atlanta Project of 20,000 troy ounces of gold and will expire on the fifth anniversary following the date of vesting.

(Unaudited - Expressed in U.S. Dollars)

5. Convertible debenture and promissory note (continued)

b) Promissory note

On August 4, 2011, Atlanta Gold Corporation financed the acquisition of land by a combination of cash, equity and a three year promissory note secured by a mortgage on the property in the amount of $425,000 bearing interest of 7% per annum until its maturity in 2014, with unpaid amounts following the maturity date bearing interest of 10% per annum. The promissory note was carried at its initial fair value which was subsequently measured at its amortized cost as of June 30, 2012. Interest is payable on a monthly basis and is capitalized as property, plant and equipment.

6. Share capital

(a) Warrants

The following table summarizes the warrant transactions as follows:

	Number of Shares	FMV of Warrants at Date of Issue C$	Weighted Average Exercise Price C$
Outstanding at January 1, 2011	39,739,888	2,651,674	0.25
Warrants expired	(5,280,488)	(294,581)	0.25
Outstanding at June 30, 2011	34,459,400	2,357,093	0.25
Warrants issued on issuance of shares for cash	41,339,276	1,386,978	0.11
Compensation warrants issued on issuance of shares for cash	1,759,769	95,050	0.11
Warrants issued with the convertible debenture	30,000,000	673,593	0.11
Warrants expired	(2,355,800)	(165,675)	0.25
Outstanding at December 31, 2011	**105,202,645**	**4,347,039**	**0.15**
Finance costs paid by issuance of shares allocated to warrants	-	(44,907)	-
Warrants expired	(14,916,100)	(816,718)	0.25
Outstanding at June 30, 2012	**90,286,545**	**3,485,414**	**0.14**

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 six months ended June 30, 2012, 14,916,100 warrants issued in April 2010, and having a fair value at date of grant of C$816,718 expired unexercised.

(Unaudited - Expressed in U.S. Dollars)

6. Share capital (continued)

(b) Stock options

	Number of Shares	Weighted Average Exercise Price C$
Outstanding at January 1, 2011	6,686,667	0.36
Options expired or cancelled	(23,334)	2.40
Outstanding at June 30, 2011	6,663,333	0.36
Options expired or cancelled	(243,333)	0.62
Outstanding at December 31, 2011	6,420,000	0.35
Options expired or cancelled	(1,100,000)	0.18
Outstanding at June 30, 2012	**5,320,000**	**0.38**
Exercisable at June 30, 2012	**5,062,000**	**0.39**

5,062,000 of the stock options outstanding as at June 30, 2012, having a weighted average price of C$0.39 per share are exercisable immediately. The remaining 258,000 stock options will vest on September 27, 2012. All stock options expire between March 2013 and September 2015. During the six months ended June 30, 2012, 1,100,000 (June 30, 2011 – 23,334) stock options granted to a consultant were cancelled due to the termination of the service agreement. All of these 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 22 months (June 30, 2011 – 36 months).

Expiry Date	Number of Stock Options	Exercise Price C$
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
April 21, 2015	130,000	0.23
September 27, 2015	1,160,000	0.18
Outstanding at June 30, 2012	5,320,000	0.38

The fair value of stock options granted is credited to contributed surplus over the vesting period. 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, 2012 expire at various dates until September 27, 2015. During the six months ended June 30, 2012, the Company charged a stock based compensation expense of $12,702 (June 30, 2011 - $46,437), and capitalized $5,764 (June 30, 2011 - $18,937).

The Company did not grant any stock options during the six months ended June 30, 2012 and 2011.

6. Share capital (continued)

(c) Capital stock offering

On May 23, 2012, the Company issued 4,000,000 common shares to settle a finder's fee of C$200,000 incurred in connection with the issuance by the Company of the C$3 million convertible debenture to CCM as described in note 5(a).

7. Loss per share

Basic loss per share
The calculation of basic loss per share for the six months ended June 30, 2012 was based on the loss attributable to common shareholders of $834,049 (2011 – loss of $868,788), and a weighted average number of common shares outstanding of 195,010,918 (2011 - 144,858,934).

Diluted loss per share
Stock options and warrants have not been included in the calculation of diluted loss per share for the six months ended June 30, 2012 and 2011, as they are anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options and warrants was based on quoted market prices for the period during which the options were outstanding.

8. Related party transactions

The remuneration of key management personnel during the six months ended June 30, 2012 was $232,918 (June 30, 2011 - $334,488). Among the shareholders' loans of $694,187 (June 30, 2011 - nil), $585,200 was the principal amount and $7,472 was the interest expenses accrued owing to various directors and officers of the Company. $12,702 of stock-based compensation paid to directors and officers was recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss for the six months ended June 30, 2012 (June 30, 2011 - $46,437) and $5,764 was included in exploration and evaluation assets as at June 30, 2012 (June 30, 2011 - $18,937). All transactions with related parties are in the normal course of business and are measured at the fair value.

9. Commitments and contingencies

The Company records an asset retirement obligation of $200,000 (December 31, 2011 - $200,000) relating to reclamation of the property in Nunavut. This amount represents the Company's best estimate of the costs expected to fulfill the obligation resulting from the conditions of the permit.

10. Subsequent events

On July 19, 2012 the U.S. District Court for the State of Idaho (the "Court") issued a Memorandum Decision (the "Decision") in a case in which the Company's wholly owned subsidiary, Atlanta Gold Corporation ("AGC") is a party, pertaining to AGC's non compliance with the United States Federal Water Pollution Control Act ("Clean Water Act"). The Court imposed a penalty in the amount of $2,000,000 to be paid on or before October 31, 2012. In addition, the Decision orders AGC to implement measures to come into compliance with the NPDES Permit by that same date.