

ATLANTA GOLD INC.

(a development stage company)

Interim Report - First Quarter

March 31, 2010

The Company's independent auditors have not reviewed these financial statements.

These interim consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2009 Annual Report.

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Consolidated balance sheets

(Canadian dollars) (unaudited)

	As At March 31 2010 \$	As At December 31 2009 \$
Assets		
<i>Current assets</i>		
Cash and cash equivalents	798,257	1,406,916
Marketable securities	21,859	25,251
Recoverable taxes	41,233	38,624
Prepaid expenses	71,010	82,260
	<u>932,359</u>	<u>1,553,051</u>
<i>Mineral properties (note 4)</i>	36,314,721	35,918,661
<i>Property, plant and equipment (note 5)</i>	<u>1,502,358</u>	<u>490,688</u>
Total assets	<u>38,749,438</u>	<u>37,962,400</u>
Liabilities		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	199,826	153,341
<i>Future income tax liability</i>	<u>4,015,960</u>	<u>4,015,960</u>
	4,215,786	4,169,301
Shareholders' equity		
<i>Capital stock</i>	80,284,181	79,303,843
Warrants	539,658	539,658
Contributed surplus	5,454,406	5,384,410
Accumulated other comprehensive income	7,537	10,929
	<u>86,285,782</u>	<u>85,238,840</u>
Accumulated deficit	<u>(51,752,130)</u>	<u>(51,445,741)</u>
	<u>34,533,652</u>	<u>33,793,099</u>
Total liabilities and shareholders' equity	<u>38,749,438</u>	<u>37,962,400</u>

Nature of operations and going concern (note 1)

Subsequent events (note 10)

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Consolidated statements of loss, comprehensive loss and deficit

(Canadian dollars) (unaudited)

	Cumulative, since inception (March 6, 1985) to 31-Mar-10 \$	Three months ended March 31	
		2010 \$	2009 \$
Interest and other income	1,925,471	4,504	1,728
General and administrative expenses :			
Salaries and management fees	7,309,784	59,218	105,390
Stock based compensation	2,187,310	86,524	325,213
Professional fees	5,065,358	89,585	109,285
Investor relations	2,373,541	47,182	53,334
Travel	845,036	4,211	4,550
Interest	344,142	-	-
Foreign exchange loss	175,276	14,669	13,137
Administrative and office	4,327,375	24,191	29,073
Amortization	168,988	2,025	2,025
	22,796,810	307,608	641,987
Future income tax expense (recovery)	981,787	-	85,110
Mineral property costs	29,899,004	3,287	1,752
	53,677,601	310,893	708,849
Loss for the period	51,752,130	306,389	707,121
Accumulated deficit, beginning of period	-	51,445,741	49,985,457
Accumulated deficit, end of period	51,752,130	51,752,130	50,692,578
Weighted average number of consolidated shares outstanding		94,206,507	54,820,376
Loss per share - basic and diluted		0.00	0.01
Loss for the period	51,752,130	306,389	707,121
Other comprehensive income:			
Unrealized loss (gain) on available-for-sale marketable securities	(7,537)	3,392	-
Comprehensive loss for the year	51,744,593	309,781	707,121

Nature of operations and going concern (note 1)

ATLANTA GOLD INC.*(a development stage company)**These interim consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2009 Annual Report.***Consolidated statements of cash flow***(Canadian dollars) (unaudited)*

	Cumulative, since inception (March 6, 1985) to 31-Mar-10	Three months ended March 31	
		2010	2009
	\$	\$	\$
CASH FLOW FROM (USED FOR):			
<i>Operating activities</i>			
(Loss) earnings for the period	(51,752,130)	(306,389)	(707,121)
Add (deduct) items not involving cash:			
Amortization	168,988	2,025	2,025
Mineral property cost written off	29,667,525	-	-
Future income tax expense	981,787	-	65,110
Stock-based compensation expense	2,187,310	66,524	325,213
Unrealized loss on available-for-sale marketable securities	(3,392)	(3,392)	-
Increase in non-cash working capital	77,535	58,578	(203,014)
	(18,672,377)	(182,654)	(517,787)
<i>Financing activities</i>			
Issuance of common shares, net of share issue costs	71,815,630	(19,662)	837,550
Issuance of flow through shares, net of share issue costs	12,853,631	-	-
	84,669,261	(19,662)	837,550
<i>Investing activities</i>			
Fixed asset additions	(1,233,190)	(14,940)	-
Mineral property expenditures	(63,965,437)	(391,403)	(269,422)
	(65,198,627)	(406,343)	(269,422)
Increase in cash and cash equivalents	798,257	(608,659)	50,341
Cash and cash equivalents, beginning of period	-	1,406,916	418,097
Cash and cash equivalents, end of period	798,257	798,257	468,438

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Consolidated statements of shareholders' equity

(Canadian dollars) (unaudited)

	<u>Shares issued and subscribed</u>		<u>Warrants</u> value \$	<u>Contributed</u> <u>Surplus</u> value \$	<u>Accumulated</u> <u>other</u> <u>comprehensive</u> <u>income</u> \$	<u>Accumulated</u> <u>deficit</u> \$	<u>Total</u> \$
	<u>Number of</u> <u>shares</u>	<u>Ascribed</u> <u>value</u> \$					
Balance, December 31, 2008	46,872,876	74,496,463	219,677	4,793,273	-	(49,985,457)	29,523,956
Issue shares for cash at \$0.10 per common share unit, net of share issue costs (note 6)	8,676,000	622,274	213,481				835,755
Issue shares for cash at \$0.12 per common share unit, net of share issue costs (note 6)	28,749,998	3,153,744	106,500				3,260,244
Issue shares at \$0.18 per common share to reacquire 1% Royalty, net of share issue costs (note 6)	5,750,000	1,031,362					1,031,362
Stock-based compensation (note 7)				591,137			591,137
Unrealized market gains on available-for-sale marketable securities					10,929		10,929
Loss for the year						(1,460,284)	(1,460,284)
Balance, December 31, 2009	<u>90,048,874</u>	<u>79,303,843</u>	<u>539,658</u>	<u>5,384,410</u>	<u>10,929</u>	<u>(51,445,741)</u>	<u>33,793,099</u>
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
Stock-based compensation (note 7)				69,996			69,996
Unrealized market loss on available-for-sale marketable securities					(3,392)		(3,392)
Loss for the period						(306,389)	(306,389)
Balance, March 31, 2010	<u>94,584,474</u>	<u>80,284,181</u>	<u>539,658</u>	<u>5,454,406</u>	<u>7,537</u>	<u>(51,752,130)</u>	<u>34,533,652</u>

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Notes to the Interim Consolidated Financial Statements

(Canadian dollars) (unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company's primary property is its Atlanta Gold Property ("Atlanta"), located in Idaho, U.S.A. Atlanta is in the development phase currently awaiting the beginning of mine construction. During the development phase, ongoing exploration continues to increase its mineral inventory. The Company's other properties have been written off, including the Rocky Bar gold property, located southwest property of Atlanta in Idaho, and diamond properties located on Baffin Island and in Northern Québec and its Québec gold properties, which are in the exploration phase. No further work is planned in these areas. The Company's Québec gold properties under option from Breakwater Resources Ltd. have been farmed out to others who are focused on exploration and development in this area. The success of their efforts could potentially yield positive results for the Company through earned working interests and retained royalty interests. To date, the Company has not earned significant revenues and is not considered to be in operation.

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, the 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.

As at March 31, 2010, the Company's current assets exceeded its current liabilities by \$732,533 and the Company recorded a first quarter loss of \$306,389. Management continues to explore financing alternatives to raise capital. It is not possible to determine with any certainty, the success or adequacy of these initiatives.

The financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operation. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared by Company's management in accordance with Canadian generally accepted accounting principles ("GAAP"). The consolidated financial statements do not include all the information and disclosure required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair and consistent presentation of these interim financial statements have been included. The accounting policies and their methods of application are consistent with those used in the December 31, 2009 consolidated financial statements, except as disclosed herein. For further information, see the Company's consolidated financial statements and the accompanying notes included in the 2009 Annual Report. Results for the quarter ended March 31, 2010 are not necessarily an indication of the results that may be expected for the full fiscal year ended December 31, 2010.

3. CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain the confidence of shareholders and investors in the implementation of its business plans by: (i) maintaining sufficient levels of liquidity to fund and support its exploration and development stage properties and other corporate activities, and (ii) maintaining a strong balance sheet, to ensure ready access to debt and equity markets, to facilitate the development of major projects. Management monitors its financial position on an ongoing basis.

Since the Company is in the development stage and does not have any third party long term debt, all of the Company's capital comes from the issuance of equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The acquisition, exploration, financing and development of natural resources require the expenditure of significant funds before production commences. Historically, the Company has financed these activities through the issuance of common shares, the exercise of options and common share purchase warrants, promissory notes and extended terms from creditors. The Company has not declared or paid any dividends and does not foresee the declaration or payment of dividends in the near future. Any decision to pay dividends on its shares will be made by the board of directors on the basis of the Company's future earnings, financial requirements and other conditions existing at such future time.

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4. MINERAL PROPERTIES

(Canadian dollars) (unaudited)

	Cumulative, since inception (March 6, 1985) to 31-Mar-10	As At March 31 2010	As At December 31 2009
	\$	\$	\$
Atlanta Gold Property			
Balance, beginning of period	-	35,918,661	33,100,045
Drilling, analysis, investigations and design	27,946,991	171,029	963,837
Project administration and general	4,262,665	135,031	524,167
Property acquisition and holding costs	4,105,165	90,000	1,330,612
Total expenditures during the period	36,314,821	396,060	2,818,616
Balance, end of period	36,314,821	36,314,721	35,918,661
Rocky Bar Gold Property			
Balance, beginning of period	-	-	144,023
Drilling, assays and related field work	28,143	-	-
Project administration and general	117,880	-	-
Project administration and general	(144,023)	-	(144,023)
Total expenditures during the period	-	-	(144,023)
Balance, end of period	36,314,821	36,314,721	35,918,661

Atlanta Gold Property ("Atlanta")

The Company holds a 100% interest in patented mining lands and unpatented mining claims, and is expected to pay the following in 2010:

- i) Pursuant to an agreement with Monarch Greenback, LLC ("Monarch"), the Company extended its lease and option to purchase the Monarch property to April 30, 2011 by making lease payments of US\$50,000 per year and option payments of US\$20,000 per month. During the first quarter of 2010, the Company paid US\$60,000 to Monarch;
- ii) Annual payment of \$10,000 due on or before May 1, 2010 to a lessor as an annual advance royalty payment in respect of some of the patented lands;
- iii) Approximately \$22,000 due in August 2010 to the Idaho Bureau of Land Management for annual maintenance fees on the unpatented mining claims; and
- iv) Payments totalling \$39,500 due in the fourth quarter of 2010 to four lessors as annual advance royalty payments in respect of some of the patented lands plus accrued interest of 5% per year on \$29,500.

5. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2010			December 31, 2009		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Office furniture and equipment	158,329	157,426	903	158,329	155,401	2,928
Vehicles and field equipment	2,068,474	567,019	1,501,455	1,053,534	565,774	487,760
	2,226,803	724,445	1,502,358	1,211,863	721,175	490,688

On February 1, 2010, the Company completed the purchase from Newmont USA Limited ("Newmont"), to acquire certain mine buildings and equipment, pursuant to an agreement dated December 1, 2010. The Company issued as consideration for the purchased assets, 4,535,600 common shares to Newmont, valued at approximately US \$1 million. Relocation of the purchased assets by the Company from Newmont's properties is required to be completed by October 31, 2010. Share issue cost incurred in respect of the shares issued for the purchased assets was \$19,662.

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6. CAPITAL STOCK, WARRANTS, AND CONTRIBUTED SURPLUS

Issued and outstanding share capital, warrants and stock options

As at March 31, 2010, the Company had 94,584,474 common shares outstanding, stock options to purchase 5,233,334 additional common shares at exercise prices ranging from \$0.18 to \$2.85 and warrants to purchase 13,483,360 additional common shares at an exercise prices ranging from \$0.13 to \$0.25. Stock options expire between June 2010 and March 2015. Warrants expire between November 2010 and February 2011, but can expire earlier at the Company's election, if the Company's share price exceeds \$0.50 for 20 consecutive trading days or more.

Details of the stock options, and share purchase warrants issued, exercised, forfeited and expired since December 31, 2007 are as follows:

	<u>Share purchase warrants</u>			<u>Stock options</u>	
	<i>No. of shares</i>	<i>Weighted average price \$</i>	<i>Fair market value of warrants \$</i>	<i>No. of shares</i>	<i>Weighted average price \$</i>
Balance, December 31, 2008	8,162,000	0.25	219,677	2,016,668	0.74
Securities issued	5,321,360	0.23	319,981	2,850,000	0.34
Securities cancelled	-	-	-	(700,000)	0.53
Securities expired	-	-	-	(13,334)	4.28
Balance, December 31, 2009	13,483,360	0.24	539,658	4,153,334	0.49
Securities issued	-	-	-	1,100,000	0.18
Securities expired	-	-	-	(20,000)	3.30
Balance, March 31, 2010	13,483,360	0.24	539,658	5,233,334	0.42

The weighted-average remaining contractual life of all stock options outstanding is 46 months as follows:

<u>Expiry date</u>	<u>No. of shares</u>	<u>Exercise price \$</u>
June 30, 2010	6,667	2.70
February 13, 2011	13,334	2.85
June 28, 2011	10,000	1.80
September 28, 2011	50,000	1.65
November 8, 2011	13,333	1.50
December 11, 2011	10,000	1.35
February 28, 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 25, 2015	1,100,000	0.18
	<u>5,233,334</u>	

