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 and nine months ended September 30, 2009 has been prepared as of November 13, 2009. 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 and nine months ended September 30, 2009 and the audited consolidated financial statements of the Company for the year ended December 31, 2008. The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in financial tables, except per share amounts, are expressed in thousands of Canadian or U.S. dollars unless otherwise indicated.

Additional information relating to the Company, including the Company's most recent Annual Information Form, are filed with securities regulatory authorities in Canada and are 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 expected enhancement of the gold resource at Atlanta following completion of additional exploration, the potential gold production levels at Atlanta, the relevance of historical tungsten production at Atlanta to continued exploration plans, the completion of a pre-feasibility study on the Atlanta project, the ability to obtain requisite permits and water rights, the completion, size, timing of and use of proceeds from future financings and the adequacy thereof to complete the Company's objectives for 2010, the completion and impact on the Company of a proposed asset acquisition from and sale of concentrate to Newmont USA Limited, the effect of the acquisition of a net smelter return royalty on the economics of the Atlanta project, the Company's ability to obtain a listing of its common shares on the TSX Venture Exchange, the nature and extent of exploration and rehabilitation plans for 2009 and 2010, and the time needed prior to commencement of 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 sufficients funds on a timely basis to fund the capital and operating expenses necessary to achieve its business objectives, to continue as a going concern and to maintain the listing of its common shares on a Canadian stock exchange; 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 reserve and resource 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), adverse weather conditions, and the risk of fluctuations in gold prices and foreign exchange rates . Further information on the risks and uncertainties is described herein under “Uncertainties and Risk Factors” and in the Company’s 2008 Annual Information Form under “Risk Factors”.

Such forward-looking information is based on a number of assumptions, including but not limited to, the successful and timely completion of the t 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, the ability to achieve capital and operating cost estimates 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 and statements 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.

Overview

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 also reduce the environmental footprint by 95% 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.

During the third quarter of 2009, the Company completed the purchase of a 1% net smelter return (“NSR”) royalty on Atlanta from a third party, thereby improving the economics of Atlanta. (See “Agreement with Canadian American Mining Company LLC”).

In the second quarter of 2009, the Company reached agreements in principle with Newmont USA Limited as set out in the “Agreements with Newmont USA Limited” section. These agreements represent what management believes to be a significant step forward which will greatly assist the Company’s efforts to advance development of Atlanta towards production. Completion of these transactions will secure a market for Atlanta’s concentrate production. It will also provide infrastructure on favourable terms necessary to advance development of Atlanta, allow the Company to conserve cash, significantly reduce the Company’s future capital costs and support the Company’s continuing financing efforts.

Also in the second quarter of 2009, the Company renewed its lease and option to purchase a strategically significant 658.9 acre property located at Atlanta for a further two years as set out in the “Contingencies and Commitments” section.

In the third quarter of 2009, the Company achieved the following:

- Purchased one-half (1%) of a 2% royalty held by Canadian American Mining Company LLC (“CAMC”) in exchange for the issuance of 5,750,000 common shares and total cash payments of US$200,000 to be paid over 15 months. The purchase of this royalty is another positive step in the Company's strategy to optimize the economics of the Atlanta gold mine.

- Excavated and sampled additional trenches in the East Monarch and East Extension covering an area 100 feet (30 metres) north and 100 feet (30 metres) south of the Atlanta Shear Zone, and the area of the Shear Zone from the Monarch shaft to the 700-foot (213-metre) level of the East Extension above the 600 portal. In the area between the trenches and 100 feet (30 metres) north and south of the trenches the A, B, and C soil horizons were sampled on 25-foot (8-metre) centres. More than 95% of returned sample analyses have indicated the presence of anomalous gold.

  There are additional trenches in the west end of the Idaho zone to the Buffalo shaft in the east. A total of 14 trenches with an average length of 100 feet (30 metres) were excavated for a total of 1,400 feet (427 metres) of trenching in the west Idaho area to a depth of up to 12 feet (4 metres). These trenches have not been sampled.

- Rehabilitated and re-established the portal of the historic 900 Adit replacing timber sets with steel sets and expanding the entry to 10 feet (3 metres) high by 13 feet (4 metres) wide. Two hundred feet (61 metres) of the crosscut have been secured.

- Submitted the draft Plan of Operations (POO) for the rehabilitation of the historical 900 Adit and crosscuts, which has been accepted by the U.S. Forest Service.

- Upgraded the 900 Pilot Water Treatment Facility (PWTF#1) including repositioning and commissioning of piping and other related infrastructure.

- A draft PWTF#1 POO is in progress which includes the proposed excavation and establishment of a 250,000-gallon pond. This additional capacity will increase residential storage time to facilitate removal of suspended solids.

- Completed six NQ diamond core drill holes to an average depth of approximately 500 feet (152 metres) for a total of 3,040 feet (927 metres).
- Submitted 1,000 trench and soil samples for assay, with approximately an additional1,000 samples to be prepared for assay
- Received from the U.S. Environmental Protection Agency NPDES Permit#ID-G91-0006 for the water discharge from the historic 900 Adit.
- Received from the Idaho Department of Environmental Quality a §401 Clean Water Act Permit.
- Removed old growth stumps and logs from the East Extension over the Shear Zone.

Based on a recent review of historical mining records, the Company has determined that, in addition to the gold and silver mineralization in the 11,400-foot (3,475-metre) long, 100-120-foot (30-37-metre) wide Atlanta Shear Zone, tungsten was mined at Atlanta in the 1940s. The Company is presently investigating the economic potential of mining and processing a tungsten by-product from the Atlanta Shear Zone.

From April 1, 1942 to July 31, 1943, the Talache mill which was located on the Atlanta property processed 363,615 pounds of tungsten concentrate which contained 37,835 pounds or 10.41% tungsten trioxide (WO3) extracted from 16,895 tons of ore. The table below shows the historical monthly production reports from the Talache mill.

TABLE – HISTORICAL PRODUCTION REPORTS FROM TALACHE MILL*

Report Date	Tonnage	Assay		Pounds WO_3		Recovery %	Concentrates		
		Heads	Tails	Heads	Tails		Pounds	WO_3 %	WO_3 Pounds
1942									
April 30	957	0.100	0.020	1,848.0	418.6	80.0	23,028	6.20	1,428
May 31	1,452	0.080	0.020	2,317.2	673.5	70.8	12,615	13.00	1,640
June 30	1,258	0.090	0.026	2,334.4	694.5	70.2	16,988	9.60	1,631
July 31	1,156	0.237	0.066	5,481.6	1,533.4	72.0	26,329	15.00	3,949
August 31	1,108	0.207	0.034	4,604.0	766.5	83.4	21,414	17.92	3,837
September 30	1,326	0.185	0.041	2,915.6	1,096.8	77.7	24,603	15.50	3,813
October 31	1,842	0.146	0.022	5,412.0	793.0	85.3	41,908	11.00	4,610
November 30	2,603	0.167	0.027	8,725.4	1,408.8	83.8	60,433	12.10	7,312
December 31	1,974	0.161	0.034	6,393.9	1,445.4	77.4	45,502	10.87	4,946
1943									
January 31	2,174	0.109	0.035	4,763.0	1,507.7	68.3	53,103	6.10	3,239
February 28	915	0.103	0.036	1,891.7	659.8	65.1	34,051	3.60	1,226
July 31	131	0.110	0.038	302.8	99.4	67.0	3,641	5.58	203
TOTAL	**16,895**						**363,615**	**10.41**	**37,835**

* Source: Daily and Accumulative Mill Report, Monarch Greenback LLC historical records

Based on whole rock chemical analyses conducted by ACZ Laboratories in 2004, 106 samples taken from the Monarch and Idaho Pits areas and dump sites returned an average of 114.4 parts per million (ppm) or 0.0114% tungsten (W) with the highest anomaly at 279 parts per million (ppm) (0.0279%) and the lowest at 2.3 ppm (0.00023%). In 1990, the Company had two thin sections of DH-386 examined for mineralogy and analyzed by Skyline Labs, Inc. for tungsten (W). One of the thin sections contained greater than 10,000 ppm (>1.0%) tungsten (W). The other thin section had 160 ppm (0.016%) tungsten (W).

The data regarding a tungsten by-product is historical in nature, predates National Instrument 43-101 requirements and has not been reviewed by a qualified person compliant with NI 43-101. Historical production does not guarantee future production or the discovery of a resource. However, the Company believes that these historical results provide an indication of Atlanta's tungsten potential and are relevant to ongoing exploration.

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 - 2009

During the first quarter of 2009, the Company completed an updated National Instrument 43-101 Technical Report and Resource Estimate (the "NI 43-101 Technical Report') for Atlanta which confirmed a 48.4% increase in Measured and Indicated Resources since the end of 2007. The NI 43-101 Technical Report estimated the total Measured and Indicated resource for Atlanta to be 3.0 million tons above cut-off grades of 0.05 ounces per ton (opt) gold for the mini-pit resource and 0.10 opt gold for the underground resource with an average grade of 0.154 opt gold and 0.357 opt silver, that contain 460,338 ounces of gold and 924,700 ounces of silver, respectively, or approximately 472,900 equivalent ounces of gold (including silver resources as a gold equivalent). A copy of the NI 43-101 Technical Report is available on SEDAR at www.sedar.com.

Exploration at Atlanta is ongoing and continues to outline additional resources that will be incorporated in the mine plan at the appropriate time. Therefore, the NI 43-101 Technical Report should not be used as a definitive measure of the ultimate economic potential of Atlanta.

In the fourth quarter of 2009, the Company plans to complete an Internal Pre-Feasibility Study (the "Study") based on a pilot-scale mining operation which assumes that the Company will mine only the Measured and Indicated resource identified in its NI 43-101 Technical Report. The Company plans to continue expanding and upgrading this resource in 2010. The Study will be based on a combined shallow open pit (3 shallow open pits) and underground mining operation expected to produce approximately 272,000 tons of ore per year, and envisions production and sale of smelter-grade gold and silver concentrate to a smelter in Nevada. In conjunction with the Study, the Company is developing a business plan which contemplates initial annual production estimated to be 40,000 ounces of gold through the use of an 800-1,200 ton per day dual circuit mining and gravity-flotation milling operation.

Based on a nominal production rate of 800 tons of ore per day or 272,000 tons of ore per year, average annual production over the 12-year mine life is forecast to be 40,000 ounces of gold contained in 11,000 tons of concentrate. Subject to timely receipt of adequate funding, the Company plans to begin mining at Atlanta in the second quarter of 2011 and produce concentrates in the fourth quarter of 2011.

The timing and the extent of drilling, exploration and other activities for the remainder of 2009 and early 2010 are dependent upon availability of funding. Measures first implemented by the Company during the first quarter of 2009 to reduce general and administrative and project expenditures are continuing.

The Company estimates that it will require funding of approximately $3 million to maintain its operations at a reduced level for the balance of 2009 and the first quarter of 2010. To complete all of its planned expenditures to December 31, 2010, the Company estimates that its total funding requirement will be approximately $11 million.

The initial tranche of a private placement financing completed in November 2009 will primarily fund technical work on Atlanta, including the preparation of the Internal Pre-Feasibility Study of the NI 43-101 Measured and Indicated resource of 472,900 equivalent ounces of gold (including silver resources as a gold equivalent) at Atlanta. The final tranche of this financing is expected to be completed prior to the end of November 2009. In addition, the Company expects to complete an additional equity financing during the first quarter of 2010. A portion of this latter financing will be used to fund the Company's 2010 exploration program which has the objective of increasing the gold mineral resource inventory at Atlanta by 127,100 ounces from 472,900 to 600,000 equivalent ounces of gold by December 31, 2010 by:

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

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

c. increasing the confidence in the continuity between these higher-grade zones.

Subject to completion of additional intermediate-term funding of $8 million, the Company also plans to achieve the following objectives in 2010:

1. survey, sample and assay 1,400 feet (427 metres) of trenches, log, sample and assay six drill holes, and sample and assay approximately 1,000 soil samples to further evaluate the near surface potential of the Atlanta Shear Zone. The 2008 and 2009 trenching programs exposed and identified significant gold-bearing mineralization in 95% of the returned samples;

2. continue rehabilitation of the first 800 feet (244 metres) of the historic 900 Adit;

3. redesign, excavate and expand the capacity of the reclamation ponds at the 900 Adit to enhance environmental performance;

4. continue enhancement of Atlanta's environmental performance, including ongoing removal of naturally-occurring arsenic from historic water effluents;

5. continue collaboration with local communities, environmental, regulatory and other stakeholders;

6. evaluate alternative sites to accommodate infrastructure related to the Atlanta project;

7. dismantle and relocate the property, plant and equipment purchased from Newmont to Atlanta;

8. commence rehabilitation of the next 1,475 feet (450 metres) of the 900 Adit and complete a 12,000-foot (3,658-metre) underground drilling program from the 900 Adit;

9. complete 10,000 feet (3,048 metres) of shallow core drilling to a depth of 400 feet (122 metres) on the East Extension, West Monarch and Idaho zones;

10. complete 15,000 (4,572 metres) of 33,000 feet (10,058 metres) of core drilling to an intermediate depth of 1,200 feet (400 metres) on the East Extension and Monarch zones; and

11. secure economic, environmental and technical studies and water rights and permits required to advance the project to production.

The Company has secured the environmental permits needed to complete the above drilling programs.

The Company continues to pursue several alternative sources of funding which may include equity and / or debt components. Assuming that short and intermediate term financing aggregating $11 million is obtained in a timely manner, management expects to increase the mineral resource inventory at Atlanta to 600,000 equivalent ounces of gold by December 31, 2010, commence mining at Atlanta in the third quarter of 2011 and produce concentrates in the fourth quarter of 2011.

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 100-120-foot (30-37-metre) width and numerous splays branching off to the north and south of the main Shear, significant depth and multi-million ounce potential, presents what management believes to be an outstanding value proposition.

Agreements with Newmont USA Limited

In the second quarter of 2009, the Company's wholly-owned subsidiary, Atlanta Gold Corporation ("Atlanta Gold") reached an agreement in principle with Newmont USA Limited, a wholly owned subsidiary of Newmont Mining Corporation ("Newmont") to purchase certain fixed assets, including a building, four 2,200-horsepower diesel-powered generators, two water treatment plants and other equipment. The initial purchase price will be US$1 million, with additional plant and equipment as may be agreed to by the parties, to be purchased by the Company for up to an additional US$500,000. The aggregate purchase price of up to US$1,500,000 will be satisfied by the Company issuing common shares to Newmont. Completion of the purchase of the fixed assets is subject to satisfactory completion of the Company's due diligence review of such assets, completion of final documentation, all required regulatory approvals and other customary conditions. It is anticipated that the initial asset purchase will be completed during the fourth quarter of 2009.

In the second quarter of 2009, Atlanta Gold and Newmont also agreed in principle that Newmont will purchase and process the gold-silver concentrate to be produced from Atlanta on terms to be negotiated. At the pilot-scale Atlanta mill, ore containing gold and silver will be crushed to a coarse size and then transported from the mine to an on-site concentrator, where it will be finely ground and then treated by successive stages of flotation, resulting in a filter concentrate expected to contain approximately 2 to 3 ounces of gold per ton of concentrate. Gold recovery is expected to be 90%, using conventional milling, gravity separation and flotation techniques to produce the concentrate. The gold-silver concentrate will be delivered for final treatment to Newmont's concentrate autoclave plant in Nevada which is within a one-day return trucking distance from Atlanta, Idaho.

Management believes that completion of these transactions with Newmont will represent a very important milestone for the Company as they will secure a market for the Company's concentrate, provide necessary infrastructure on favourable terms to advance development of the Atlanta gold mine, allow the Company to conserve cash, significantly reduce the Company's future capital costs and support the Company's continuing financing efforts.

Agreement with Canadian American Mining Company LLC

On September 25, 2009, the Company purchased from CAMC a 1% net smelter return ("NSR") royalty on Atlanta's production The Company issued 5.75 million common shares and agreed to pay US$200,000 in satisfaction of the purchase price. To date, the Company has paid US$50,000 of the cash portion of the purchase price and the balance is payable in fifteen monthly instalments of US$10,000, beginning on November 25, 2009. The unpaid cash balance of the purchase price is secured against future royalty payments. The Company first issued a 2% NSR royalty to CAMC in 2003.

Overview of Financial Results

Equity Financing

During the fourth quarter of 2009, the Company announced its intention to complete an equity financing at a price of $0.12 per share for gross proceeds of $3 million, which could be increased by up to 15%. On November 12, 2009, the Company completed the initial tranche of this financing for gross proceeds of $2.65 million. The Company expects to complete the balance of the financing prior to the end of November 2009. Proceeds from the placement will provide short-term funding for permitting, exploration and development expenditures at Atlanta, and for general working capital purposes. The Company had expected to complete an equity financing during the third quarter of 2009. Due to unfavorable market conditions, the financing was delayed until the fourth quarter of 2009. This delay had an adverse impact on projected timelines for Atlanta. However, management believes that market conditions for the Company's shares have stabilized and that this financing, together with the timely completion of additional equity or debt financing in 2010, will enable the Company to substantially achieve its objectives for 2009 and 2010 and remain on track for commencement of production at Atlanta in the third quarter of 2011.

During the first quarter of 2009,the Company raised gross proceeds of $867,600 ($837,550 net of share issue costs) by completing a non-brokered private placement of 8,676,000 common share units

("Units") at $0.10 per Unit, with each Unit consisting of one common share of the Company and one half of one common share purchase warrant. Each full warrant ("Warrant") is 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 exceeds $0.50 for twenty consecutive trading days on which the Company's shares trade.

In accordance with the rules of the Toronto Stock Exchange (the "TSX"), the Company relied on the financial hardship exemption to complete the financings in December 2008 and February 2009 without shareholder approval. As a result of the Company's reliance on this exemption, the TSX conducted a review of the Company's continued listing on the TSX and subsequently delisted the Company's common shares on October 23, 2009, for failure to complete a financing in the third quarter of 2009 which would have allowed the Company to meet the continued listing requirements of the TSX. The Company's common shares then commenced trading on the NEX Board of the TSX Venture Exchange. Following completion of the initial tranche of a private placement on November 12, 2009, the TSX Venture Exchange advised that effective November 17, 2009, the Company's common shares will be transferred from NEX and commence trading on the TSX Venture Exchange under the trading symbol "ATG".

Liquidity and Capital Resources

Cash as at September 30, 2009 was $33,000 compared to $418,000 as at December 31, 2008 and $318,000 at September 30, 2008.

The decline of $385,000 for the nine months ended September 30, 2009, compared to an increase in cash of $68,000 for the comparative nine months ended September 30, 2008, is due primarily to proceeds of $1,588,000 received and expenditures of $1,064,000 incurred during the first nine months of 2009, compared to proceeds of $5,517,000 received and expenditures of $3,360,000 incurred during the first nine months of 2008. Proceeds of $750,000 were received since June 2009 in respect of the financing subsequently completed during the fourth quarter of 2009. Also, the Company repaid only $17,000 in net payables to suppliers during the first nine months of 2009, compared to $743,000 repaid during the same period in 2008.

As at September 30, 2009 the Company had a working capital deficiency of $337,000 ($875,000 as at September 30, 2008), which was eliminated when the Company completed the initial tranche of a private placement on November 12, 2009 for gross proceeds of $2,655,720. Insiders of the Company purchased a total of 9,133,333 common shares, representing approximately 41.3% of the initial tranche of the placement.

Cash used in operations for the first nine months of 2009 was $909,000 compared to $2,089,000 for the comparative period ended September 30, 2008, reflecting lower expenses incurred and lower payments paid to Atlanta suppliers during the first nine months of 2009. Cash generated from financing activities was $1,588,000 for the first nine months of 2009 compared to $5,517,000 for the comparative period ended September 30, 2008. Cash used for investing activities for the first nine months of 2009 was $1,064,000 compared to $3,360,000 for the comparative period ended September 30, 2008.

The economic downturn has adversely impacted the Company's share price and limited its fund-raising ability. Although the Company raised approximately $2.5 million in equity financing from December 2008 to February 2009 in very difficult financial markets, it has subsequently experienced delays in obtaining additional financings which has caused the Company to operate on a more restrained basis. These restraints have delayed the anticipated commencement date for production at Atlanta until the third quarter of 2011. The Company previously had reviewed all discretionary expenses and implemented a cash conservation plan, which included a voluntary reduction in management salaries. This plan will require funding of approximately $3 million to maintain Company operations at a reduced level with a smaller workforce, complete the Internal Pre-Seasibility Study, rehabilitate the first 800 feet of the 2,275-foot long historic 900 Adit, continue with environmental improvements and community support initiatives and incur sufficient expenditures to meet minimum contractual commitments at Atlanta to March 31, 2010.

Equity

As at September 30, 2009, the Company had (a) 61,298,876 common shares issued and outstanding (December 31, 2008 – 46,872,876); (b) stock options outstanding to purchase 4,266,668 common shares (December 31, 2008 – 2,016,668) at exercise prices ranging from $0.30 to $4.28 per share and expiring between November 2009 and April 2014; and (c) Warrants to purchase 12,500,000 common shares of the Company at an exercise price of $0.25 per share, expiring between December 2010 and February 2011. In certain instances, the expiry dates of the Warrants may be accelerated by the Company. Shareholders' equity as at September 30, 2009 was $82,645,000 compared to $79,509,000 as at December 31, 2008. Stock options outstanding as at September 30, 2009 had a weighted-average exercise price of $0.50 per share (December 31, 2008 - $0.74 per share) and a weighted average life of 47 months (December 31, 2008 – 48 months).

General and Administrative Expenses

Corporate overhead expense of $1,361,000 declined during the first nine months of 2009 by $221,000 from that incurred during the same period in 2008. The decline in 2009 reflected the Company's cost reduction program which reduced expenses incurred for salaries and management fees, investor relations, head office administration and interest. This reduction was partially offset by a $40,000 increase in stock based compensation expense for the first nine months of 2009 over that incurred in the comparable period of 2008, reflecting stock option grants made in February and April of 2009.

A $2,000 loss was realized from foreign exchange transactions during the first nine months of 2009, compared to a loss of $42,000 incurred during the first nine months in 2008, reflecting a relatively stable Canadian dollar relative to the U.S. dollar. The Company's equity financings are completed in Canadian dollars and expenses incurred are primarily in U.S. dollars and accordingly, the Company is exposed to foreign exchange risk. The Company does not use derivative instruments to reduce its exposure to such risks.

Capital Expenditures

Atlanta gold property, Idaho, USA:

Expenditures in the third quarter of 2009 of $492,000 were focused on the Internal Pre-Feasibility Study which is expected to be completed in the fourth quarter of 2009, and were also incurred primarily in respect to: (a) securing the portal at the historic 900 Adit and rehabilitating the first 200 feet of the Adit, (b) surface drilling and trenching, and assessing the underground potential of the Atlanta resource; (c) securing water rights for Atlanta; (d) monitoring baseline water quality data in the project area, (e) continuing to expand the historic adit water treatment program and (f) establishing a baseline and grid system and excavating and sampling trenches down to the C Zone and securing permits required to proceed with work on site. By comparison, expenditures in the third quarter of 2008 of $1,326,000 were incurred primarily in respect to assessing the potential for surface drilling and trenching, and the option of underground drilling to assess the underground potential of the Atlanta resource, after providing the State of Idaho with an exploration plan for 2009-2010; securing water rights for Atlanta; and monitoring baseline water quality data in the project area.

Rocky Bar gold property, Idaho, USA:

In the third quarter of 2009, the Company allowed its interest in unpatented claims in the Rocky Bar area to lapse in order to conserve cash.

Abitibi gold property, Quebec, Canada:

Pursuant to the terms of an agreement entered into with Breakwater Resources and Niogold Mining Corp. ("Niogold") in September 2008, the Company holds an option to acquire a 60% interest on a portion of the Abitibi property, which is comprised of the Malartic H, Malartic H Annex, Normar and Mouskor claims. The Company's option will be exercisable at no cost to the Company upon Niogold completing $1.2 million in exploration expenditures on the Malartic portion of the Abitibi property. If the option is exercised, the Company will acquire a 2% net smelter return royalty interest in the Malartic claims and a 60% ownership interest in the Normar and Mouskor claims. In May 2009, the parties agreed to extend the option period for one year from September 1, 2009 to September 1, 2010 and the Company received, as consideration for the extension, 75,377 common shares of Niogold, having an approximate market value of $18,000. Between August 2008 and February 2009, the Company paid $6,000 to renew and keep all of its Abitibi claims in good standing until at least November 2010.

The Company also has a 100% interest in an additional 13 mining claims in the Abitibi area.

The Abitibi properties are located in the prolific Malartic and Val-d'Or gold mining camps which are in close proximity to the full-service mining towns of Val-d'Or and Malartic with access to gold milling facilities, provincial highway, railroad, power line, telecommunication systems and an experienced labour force.

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). Consistent with management's previous decision to primarily focus the Company's resources on the development of the Atlanta gold project, the Company did not incur any exploration expenditures on Brodeur in 2009 or 2008, 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 at the Freighttrain kimberlite in 2001 and 2002 from 12 samples weighing a total of 248.4 tonnes, and wrote off the remaining book value in 2007. In December 2008, the Company terminated the agreement with Helix Resources Inc., thereby surrendering its rights to ten mineral claims, including Freighttrain.

Torngat Diamond property, Quebec, Canada

As a result of management's decision to focus on Atlanta, in 2008 the Company abandoned its mine exploration permit on the Torngat property, located in Northern Quebec. The Company continues to hold 32 mineral claims at Torngat and a total of 13.4 carats of diamonds which were recovered in 2000 from 12 samples weighing a total of 343.01 tonnes taken from Torngat.

Contingencies and Commitments

All amounts in this section are expressed in thousands of Canadian dollars, except in respect of Atlanta, which are expressed in thousands of U.S. dollars).

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	28	8	1
Atlanta *(1)(2)(3)*	720	30	30

1. *Pursuant to an amendment to one of the Atlanta lease-purchase option agreements,US$64,500 of a final option payment of US$120,000 which was due in December 2006, will be repaid in two installments to December 2010, and include accrued simple interest of 5% per year.*
2. *Pursuant to an amending agreement dated April 30, 2009 with Monarch Greenback, LLC, the Company renewed its Mining Lease and Option to purchase a 658.9-acre property adjacent to the Atlanta project for a further two years until April 30, 2011. Under the terms of the agreement, the Company has the right 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 requires optional annual and optional monthly payments totaling US$580,000 over the next two years to maintain the Option in good standing.*
3. *Pursuant to an agreement signed on September 25, 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. US$20,000 was paid upon signing, and the US$180,000 balance is due in monthly installments over the following sixteen months.*

Contingencies and commitments are described in Notes 4(a) and 10 to the Company’s interim unaudited consolidated financial statements for the nine months ended September 30, 2009.

Summary of Quarterly Results

Head office expenses of $331,000 incurred during the third quarter of 2009 were approximately $134,000 less than the $465,000 incurred during the same period in 2008. Decreases in salaries arising from a reduction in head office staff in 2009 and from lower stock-based compensation charges in respect of stock options granted in 2009, were partially offset by an increase in professional fees, including in respect of financing initiatives and stock exchange matters. Interest income earned in the third quarter of 2009 was lower compared to the same period in 2008, reflecting lower cash levels as the Company spent the majority of funds obtained from equity financings completed in December 2008 and February 2009. The Canadian dollar strengthened relative to the U.S. dollar resulting in the Company realizing a small foreign exchange gain during the third quarter of 2009, as compared to a loss realized during the third quarter of 2008, when the Canadian dollar weakened relative to the U.S. dollar.

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**
September 30, 2009	-	321	478*(1)(2)*	0.01
June 30, 2009	-	388	376 *(1)(2)*	0.01
March 31, 2009	-	642	707 *(1)(2)*	0.01
December 31, 2008	-	338	(380) *(1)*	(0.02)
September 30, 2008	-	465	502 *(2)*	0.02
June 30, 2008	-	509	547 *(2)*	0.02
March 31, 2008	-	608	769 *(2)*	0.03
December 31, 2007	-	293	9,274 *(1) (2)*	0.56

(1) Includes: (a) mineral property costs written off or expensed as follows: $144 during the third quarter of 2009, $3.3 during the second quarter of 2009, $1.7 during the first quarter of 2009, $184 during the first quarter of 2008,and $10,952 during the fourth quarter of 2007, and (b) future income tax provisions (recoveries) taken as follows: $65 during the first quarter of 2009; ($1,613) during the fourth quarter of 2008; $48 during the third quarter of 2008; and ($504) during the fourth quarter of 2007.

(2) Includes stock based compensation expense charged as follows: $49 during the third quarter of 2009; $80 during the second quarter of 2009; $325 during first quarter of 2009; $38 during the fourth quarter of 2008; $116 during the third quarter of 2008; $81 during the second quarter of 2008; $217 during first quarter of 2008, and $6 during the fourth quarter of 2007.

(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 a development-stage company, it does not generate any revenue.

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 its Atlanta gold property.

The Atlanta property is accessible by highway and county-maintained roads. To date, the Company has conducted exploration on a seasonal (May to October) basis. However, as Atlanta advances toward the production stage and permanent camp and other facilities are constructed, 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 all of its projects, except for Atlanta. The Company has determined that no charges had to be taken against Atlanta during the third quarter of 2009. The Company elected to have its interest in certain mineral claims located in the Rocky Bar area of Idaho, to lapse during the third quarter of 2009, resulting in a write-off of $144,000.

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. Major gold mining companies are having difficulty maintaining their resource / reserve base. This is expected not only to have a positive upward pressure on the gold price, but also on the value of existing measured and indicated resources not currently in production.

As the Company continues to make progress building its resource base, 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 Company's previously announced agreements in principle reached with Newmont USA. The worldwide economic downturn has significantly increased the availability of new and used equipment and skilled personnel. These changes are also expected to reduce future capital and operating expenses.

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 Atlanta project is important because it has a measured and indicated 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.

In addition to completion of an initial tranche of $2.65 million on November 12, 2009, the Company expects to complete the remainder of the $3.0 million private placement prior to the end of November 2009. Additional financing will be required in the first quarter of 2010. Successful completion of these financings is expected to allow the Company to remain on track to commence production at Atlanta in the third quarter of 2011. Management is confident that these financings will be completed. However, if delays occur in raising such funds, achievement of the Company's objectives for 2010 and 2011 may also be delayed.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

As at September 30, 2009, current liabilities included $62,000 owing to related parties. By comparison, as at September 30, 2008, current liabilities included $134,200 due to a director of the Company, an unsecured demand note for $500,000 due to another director, and $9,000 due to an officer of the Company. As at September 2009, the Company had received $250,000 from one director of the Company in respect of a private placement for which an initial tranche was subsequently completed in the fourth quarter of 2009. Also, during the third quarter of 2009, consulting fees of $20,000 were paid to an officer of the Company (2008 – $17,000).

Future changes to significant accounting policies

(Please see the Company's 2008 Annual Management Discussion & Analysis ("Annual MD&A") and notes to the Annual Consolidated Financial Statements, which are available at www.sedar.com, for full details and discussion of this section)

In March 2009, the CICA issued an EIC Abstract on Impairment Testing of Mineral Exploration Properties, EIC-174. This Abstract discusses the analysis recommended to be performed to determine if there has been an impairment of mineral exploration properties. The Company considered the recommendations discussed in this Abstract effective for fiscal periods beginning January 1, 2009 when testing for impairment of mineral properties in the period and no impairment adjustments were required.

International Financial Reporting Standards

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. On February 13, 2008, the AcSB and the CICA confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011 with appropriate comparative data from the preceding year. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years commencing on or after January 1, 2011.

Consequently, the Company will continue to present its results for the years ended December 31, 2009 and 2010 using contemporary Canadian GAAP. In 2011, the Company will be required to restate for comparative purposes amounts reported for 2010 using Canadian GAAP to reflect contemporary IFRS. To accomplish this, commencing in fiscal 2010, the Company will maintain accounting records in accordance with both Canadian GAAP and IFRS in order to have comparative financial statements on full implementation of IFRS in 2011.

Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time. The Company is continuing to assess the level of disclosures required and any necessary system changes to gather and process information.

The Company has begun its initial planning process for the IFRS conversion. The Company continues to monitor standards development as issued by the International Accounting Standards Board and the Canadian Institute of Chartered Accountants Accounting Standards Board, as well as regulatory developments as issued by the Canadian Securities Administrators, which may affect the timing, nature or disclosure of the Company's adoption of IFRS.

The Company is assessing the potential impacts of this changeover and is developing its IFRS changeover plan, which will include project structure and governance, resourcing and training, as required, analysis of key differences between IFRS and Canadian GAAP and a phased plan to assess accounting policies under IFRS as well as potential IFRS 1 exemptions. Management will provide regular updates on the progress of the conversion project to the Company's Audit Committee, Board of Directors and external auditors and disclose key elements of our plan and processes as information becomes available during the transition period.

The changeover will include:

1. A diagnostic assessment of the key impact areas and a detailed assessment of accounting and measurement differences between IFRS and Canadian GAAP on current accounting policies, as well as new policies anticipated to be implemented as the Company transitions to becoming a gold producer, and

2. Retention of financial advisors to provide technical and process management assistance for the conversion.

This will culminate in the collection of financial information necessary to compile IFRS-compliant financial statements, embedding IFRS principles in business processes, and Audit Committee approval of IFRS financial statements.

The Company's first financial statements completed under IFRS will be the interim financial statements for the three months ending March 31, 2011, which will include notes disclosing extensive transitional information and full disclosure of all new IFRS policies.

Critical accounting estimates

Going Concern

These consolidated interim financial statements of the Company for the three and nine months ended September 30, 2009 and 2008 were prepared in accordance with GAAP applicable to a going concern which assumes that the Company will realize its assets, discharge its liabilities and meet its future obligations in the normal course of business. Accordingly, these interim consolidated financial statements do not include any adjustments for the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities, that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

While these interim consolidated financial statements were prepared on the basis of accounting principles applicable to a going concern, 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 resources, 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 expenditure.

As at September 30, 2009, the Company's current liabilities exceeded its current assets by $337,000. The Company recorded a loss of $478,000 for the three months ended September 30, 2009 and reported an accumulated deficit of $51,402,000 as at that date. These circumstances can affect its ability to continue as a going concern and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company completed an initial tranche of a private placement financing on November 12, 2009 for gross proceeds of

$2,655,720. The Company continues to explore all available options to secure additional funding, including by means of equity and/or debt financing, sale of non-core assets and formation of strategic partnerships. Nevertheless, it is not possible to determine with any certainty the success or adequacy of these initiatives.

Asset Impairment

In preparing these financial statements, management has to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Based on historical experience, current conditions and expert advice, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that materially affect the consolidated financial statements and involve a significant level of judgment by management. Management's critical accounting estimates were made in respect of the assessment for the impairment of property, plant and equipment and the valuation of other assets and liabilities such as plant and equipment, investments, restoration and post-closure costs, accounting for income and mining taxes, mineral reserves, contingencies and pension, stock options and warrants, and other post retirement benefits.

Changes to Internal Controls over financial reporting

There were no changes in the Company's internal control over financial reporting that occurred during the third quarter of 2009 that have affected or which are reasonably likely to materially affect the Company's internal control over financial reporting.

Share Capital

As at November 13, 2009, the Company had 83,429,874 common shares outstanding, incentive stock options outstanding to purchase 4,256,668 common shares at prices ranging from $0.30 to $4.28 per share for terms ending between November 2009 and April 2014. The Company has warrants outstanding to purchase 12,500,000 common shares at a price of $0.25 per share, exercisable between December 2010 and February 2011, and warrants to purchase 548,480 common shares exercisable at a price of $0.13 per share until November 12, 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 gold, diamonds 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 in respect of gold, the recovered grade of gold and in respect of diamonds, the relative quality of the diamonds extracted, 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, it has more recently experienced some delays in completing such financings and 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 will 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 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 present activities and believes it is complying with such licenses, permits and all applicable laws and regulations, such licenses, permits and laws are subject to change and there can be no assurance that the Company will be able to obtain all necessary licenses and permits in the future. Furthermore, the cost of complying with changes in governmental laws and regulations has the potential to reduce the profitability of future operations. The acquisition of title to mineral projects is a very detailed and time-consuming process and although the Company has taken precautions to ensure that legal title and interest to its properties are properly recorded, there can be no assurance that the interests of the Company in any of its properties may not be challenged or impugned. In management's view, there has been no material change in the nature or magnitude of any of the risks faced by the Company during the third quarter of 2009.

November 13, 2009