



ATLANTA GOLD INC.

Atlanta Gold Inc.

Condensed Interim Consolidated Financial Statements

June 30, 2013

(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 28, 2013

ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in U.S. Dollars)

	June 30, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36,547	\$ 52,720
Recoverable taxes	58,841	27,338
Prepaid expenses	55,753	61,133
	151,141	141,191
Exploration and evaluation assets (note 3)	43,854,501	43,167,861
Property, plant and equipment (note 4)	1,619,837	1,440,622
	\$ 45,625,479	\$ 44,749,674
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,942,946	\$ 3,099,849
Shareholders' loans (note 8)	1,001,301	110,255
Rehabilitation provisions	523,839	523,839
	5,468,086	3,733,943
Non-current liabilities		
Rehabilitation provisions	1,472,650	1,472,650
Promissory note (note 5(b))	424,753	424,753
Convertible debenture (note 5(a))	1,639,512	1,675,659
	9,005,001	7,307,005
EQUITY		
Capital stock	89,170,747	89,170,747
Warrants	2,245,469	2,245,469
Contributed surplus (note 6)	8,814,825	8,814,335
Accumulated deficit	(63,770,285)	(62,751,079)
Accumulated other comprehensive gain (loss)	159,722	(36,803)
	36,620,478	37,442,669
	\$ 45,625,479	\$ 44,749,674

Nature of operations and going concern (note 1)

Commitments and contingencies (note 9)

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)

Six months ended June 30, 2013 and 2012

	For the three months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
General and administrative expenses:				
Professional fees	\$ 234,379	\$ 123,493	\$ 417,577	\$ 241,734
Salaries and management fees (note 8)	92,355	94,265	187,037	192,288
Administrative and office	28,271	28,829	50,428	84,945
Investor relations	113,514	79,825	172,274	119,620
Share-based compensation (note 6 and 8)	166	6,351	490	12,702
Travel and accommodation	1,506	3,433	2,898	6,289
Loss from foreign currency transactions	11,420	-	12,738	-
	481,611	336,196	843,442	657,578
Exploration and evaluation expense	116	1,100	10,840	1,459
	481,727	337,296	854,282	659,037
Finance items:				
Finance costs	57,548	86,342	108,534	131,798
Gain on sale of marketable securities	-	-	-	(4,534)
Accretion of convertible debenture (note 5(a))	28,401	25,795	56,390	47,748
	85,949	112,137	164,924	175,012
Net loss	567,676	449,433	1,019,206	834,049
Other comprehensive income				
Foreign currency translation adjustment	(139,718)	-	(196,525)	-
Net loss and comprehensive loss for the period	\$ 427,958	\$ 449,433	\$ 822,681	\$ 834,049
Weighted average number of consolidated shares outstanding	253,441,565	196,175,753	253,441,565	195,010,918
Net loss per share - basic and diluted (note 7)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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)

Six months ended June 30, 2013 and 2012

	For the three months ended		For the six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Cash provided by (used in)				
Operating activities:				
Net loss for the period	\$ (567,676)	\$ (449,433)	\$ (1,019,206)	\$ (834,049)
Add (deduct) items not involving cash:				
Finance costs paid by issuance of shares	-	30,658	-	30,658
Share-based compensation (note 6 and 8)	166	6,351	490	12,702
Gain on sale of marketable securities	-	-	-	(4,534)
Unrealized foreign exchange	82,158	-	103,987	-
Accretion of convertible debenture (5(a))	28,401	25,795	56,390	47,748
Net change in non-cash working capital	212,156	165,489	564,474	307,848
Net cash used in operating activities	(244,795)	(221,140)	(293,865)	(439,627)
Financing activities:				
Loans from shareholders	669,990	438,987	891,046	694,187
Repayment of promissory note	-	-	-	(107)
Net cash from financing activities	669,990	438,987	891,046	694,080
Investing activities:				
Exploration and evaluation asset	(285,032)	(261,260)	(494,755)	(495,793)
Property, plant and equipment	(108,882)	24,041	(118,599)	16,691
Sale of marketable securities	-	-	-	31,669
Net cash used in investing activities	(393,914)	(237,219)	(613,354)	(447,433)
Increase (decrease) in cash and cash equivalents	31,281	(19,372)	(16,173)	(192,980)
Cash and cash equivalents, beginning of period	5,266	36,562	52,720	210,170
Cash and cash equivalents, end of period	\$ 36,547	\$ 17,190	\$ 36,547	\$ 17,190

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ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Cash Flow

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

	For the three months ended		For the six months ended	
	June 30,	June 30,	June 30,	June 30,
	2013	2012	2013	2012
Net change in non-cash working capital items				
Recoverable taxes	\$ (26,480)	\$ (7,125)	\$ (31,503)	\$ 19,196
Prepaid expenses	25,625	(392)	5,380	33,904
Accounts payable and accrued liabilities	213,011	173,006	590,597	254,748
	\$ 212,156	\$ 165,489	\$ 564,474	\$ 307,848

Significant non-cash financing and investing activities

Capitalized depreciation (note 4)	\$ 98,153	\$ 89,784	\$ 191,883	\$ 186,717
Capitalized stock-based compensation	-	2,059	-	5,764
Shares issued to pay finance costs	-	200,000	-	200,000
Disposal of property, plant and equipment to settle accounts payables	-	8,500	-	208,500

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, except for shares and per share amounts)

Six months ended June 30, 2013 and 2012

	Number of Shares	Share Capital	Warrants	Contributed Surplus (note 6)	Accumulated Deficit	Accumulated other comprehensive gain (loss)	Total
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	195,280	-	-	-	-	195,280
Share-based compensation (note 6)	-	-	-	18,466	-	-	18,466
Warrants expiring unexercised	-	-	(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 for the period	-	-	-	-	(834,049)	-	(834,049)
Balance - June 30, 2012	197,890,039	\$ 86,999,719	\$ 3,485,414	\$ 7,680,050	\$(59,878,058)	\$ -	\$ 38,287,125
Shares issued to settle trade payables and loans from shareholders - at C\$0.05 per common share unit, net of share issue costs	16,335,909	824,605	-	-	-	-	824,605
Shares issued for cash - at C\$0.03 per common share unit, net of share issue costs	16,666,666	358,709	106,315	-	-	-	465,024
Shares issued for cash - at C\$0.05 per common share unit, net of share issue costs	17,400,000	728,486	86,973	-	-	-	815,459
Shares issued in satisfaction of debenture Interest - at C\$0.05 per common share unit, net of share issue costs	5,148,951	259,228	-	-	-	-	259,228
Stock-based compensation (note 6)	-	-	-	633	-	-	633
Warrants expiring unexercised	-	-	(1,433,233)	1,133,652	-	-	(299,581)
Net loss for the period	-	-	-	-	(2,873,021)	-	(2,873,021)
Foreign currency translation adjustment	-	-	-	-	-	(36,803)	(36,803)
Balance - December 31, 2012	253,441,565	\$ 89,170,747	\$ 2,245,469	\$ 8,814,335	\$(62,751,079)	(36,803)	\$ 37,442,669

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, except for shares and per share amounts)

Six months ended June 30, 2013 and 2012

	Number of Shares	Share Capital	Warrants	Contributed Surplus (note 6)	Accumulated Deficit	Accumulated other comprehensive gain (loss)	Total
Balance - January 1, 2013	253,441,565	\$ 89,170,747	\$ 2,245,469	\$ 8,814,335	\$(62,751,079)	\$ (36,803)	\$ 37,442,669
Share-based compensation (note 6)	-	-	-	490	-	-	490
Net loss for the period	-	-	-	-	(1,019,206)	-	(1,019,206)
Foreign currency translation adjustment	-	-	-	-	-	196,525	196,525
Balance - June 30, 2013	253,441,565	\$ 89,170,747	\$ 2,245,469	\$ 8,814,825	\$(63,770,285)	159,722	\$ 36,620,478

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

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

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. As at June 30, 2013, the Company had a deficit of \$63,770,285, no source of operating cash flows and reported a net loss of \$1,019,206 for the six months ended June 30, 2013. The Company's current liabilities exceeded its current assets by \$5,316,945 as of June 30, 2013. These conditions indicate the existence of material uncertainty 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 immediate financing 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 or that the Company will achieve profitable operation.

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 if the going concern assumption was deemed inappropriate. These adjustments could be material.

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

2. Basis of preparation

(i) Basis of presentation and measurement

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part I of the Handbook of the Canadian Institute of Chartered Accountants. The unaudited condensed interim consolidated financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value.

These 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, 2012 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods adopted are consistent with those disclosed in Note 3 to the Company's consolidated financial statements for the year ended December 31, 2012.

These unaudited condensed interim consolidated financial statements were approved by the board of directors for issue on August 23, 2013.

(ii) 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, 2012.

3. Exploration and evaluation assets

At January 1, 2012:	\$ 40,126,393
Additions	685,900
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Closing net book value at June 30, 2012	40,812,293
Additions	2,355,568
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Closing net book value at December 31, 2012	43,167,861
Additions	686,640
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Closing net book value at June 30, 2013	\$ 43,854,501

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

3. Exploration and evaluation assets (continued)

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

Atlanta was initially held as a joint venture between Atlanta Gold Corporation ("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.

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 \$665 per ounce. As at June 30, 2013, 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, with the final payment being 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. C. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at June 30, 2013, advance royalty payments of \$198,500 (December 31, 2012 - \$188,500) have been made and will be deducted from any future royalty payments to F. C. 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 on November 14, 2013 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, 2013, advance royalty payments of \$302,500 (December 31, 2012 - \$302,500) had been paid and will be deducted from any future royalty payments to Hollenbeck.

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

3. Exploration and evaluation assets (continued)

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

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, 2013, advance royalty payments totaling \$2,001,000 (December 31, 2012 - \$1,991,000) will be deducted from any future royalty payments to lessors / royalty holders.

4. Property, plant and equipment

	Land	Building, Field Equipment and Other	Total
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
Year ended December 31, 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
Additions	29,761	141,906	171,667
Disposal	(95,464)	-	(95,464)
Depreciation	-	(180,256)	(180,256)
Closing Net Book Value at December 31, 2012	\$ 804,101	\$ 636,521	\$ 1,440,622
At January 1, 2013:			
Cost	\$ 804,101	\$ 2,532,938	\$ 3,337,039
Accumulated depreciation	-	(1,896,417)	(1,896,417)
Opening Net Book Value at January 1, 2013	804,101	636,521	1,440,622
Six months ended June 30, 2013:			
Opening Net Book Value at January 1, 2013	804,101	636,521	1,440,622
Additions	14,952	356,146	371,098
Depreciation	-	(191,883)	(191,883)
Closing Net Book Value at June 30, 2013	\$ 819,053	\$ 800,784	\$ 1,619,837

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

4. Property, plant and equipment (continued)

	Land	Building, Field Equipment and Others	Total
At June 30, 2013:			
Cost	\$ 819,053	\$ 2,889,084	\$ 3,708,137
Accumulated depreciation	-	(2,088,300)	(2,088,300)
Closing Net Book Value at June 30, 2013	\$ 819,053	\$ 800,784	\$ 1,619,837

All depreciation charges during the six months ended June 30, 2013 and 2012 were included in 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 bridge loan (the "Bridge Loan"). The Bridge Loan was due in January 2012, and was repaid 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 C\$100,000 resulting from fluctuations in the U.S. 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 closing price 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 Monarch 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.

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(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

5. Convertible debenture and promissory note (continued)

a) Convertible debenture (continued)

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 C\$0.35 (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.

The Company and AGC entered into a gold option contract with CCM. AGC granted to CCM an option to purchase an aggregate of 4,000 troy ounces of gold produced from Atlanta at a price of \$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. The Company guaranteed the performance of AGC's obligations under the contract.

b) Promissory note

On August 4, 2011, AGC 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, 2013. Interest is payable on a monthly basis and is capitalized as property, plant and equipment.

6. Stock options

	Number of Shares	Weighted Average Exercise Price C\$
Outstanding as at January 1, 2012	6,420,000	0.35
Options expired or cancelled	(1,100,000)	0.18
Outstanding as at June 30, 2012	5,320,000	0.38
Options granted	360,000	0.12
Options expired or cancelled	(245,000)	0.36
Outstanding as at December 31, 2012	5,435,000	0.36
Options expired or cancelled	(1,330,000)	0.63
Outstanding as at June 30, 2013	4,105,000	0.28
Exercisable at June 30, 2013	4,015,000	0.28

ATLANTA GOLD INC.

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Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

6. Stock options (continued)

4,015,000 of the stock options outstanding as at June 30, 2013, having a weighted average price of C\$0.28 per share are exercisable immediately. The remaining 90,000 stock options will vest on September 19, 2013. All stock options expire between February 2014 and September 2015. During the six months ended June 30, 2013, 1,330,000 (June 30, 2012 – 1,100,000) stock options granted to consultants and employees expired. 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 14 months (June 30, 2012 – 22 months).

Expiry Date	Number of Stock Options	Exercise Price C\$
February 11, 2014	2,050,000	0.32
April 20, 2014	250,000	0.30
April 20, 2014	250,000	0.60
April 21, 2015	110,000	0.23
December 19, 2014	360,000	0.12
September 27, 2015	1,085,000	0.18
Outstanding at June 30, 2013	4,105,000	0.28

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, 2013 expire at various dates until September 27, 2015. During the six months ended June 30, 2013, the Company charged a stock-based compensation expense of \$490 (June 30, 2012 - \$12,702).

The Company did not grant any stock options during the six months ended June 30, 2013 and 2012.

7. Loss per share

Basic loss per share

The calculation of basic loss per share for the six months ended June 30, 2013 was based on the loss attributable to common shareholders of \$1,019,206 (June 30, 2012 – loss of \$834,049), and a weighted average number of common shares outstanding of 253,441,565 (June 30, 2012 - 195,010,918).

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, 2013 and 2012, 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.

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Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Six months ended June 30, 2013 and 2012

8. Related party transactions

The remuneration of key management personnel during the six months ended June 30, 2013 was \$268,128 (June 30, 2012 - \$232,918). The Company also incurred \$45,282 in consulting fees for services provided by a Director for the period from January 16, 2012 to June 30, 2013. Shareholders' loans of \$1,001,301 (December 31, 2012 - \$110,255) were payable to various directors, officers and shareholders of the Company. All transactions with related parties are in the normal course of business and are measured at fair value.

9. Commitments and contingencies

As at June 30, 2013, the Company had accrued current rehabilitation provisions of \$523,839 (December 31, 2012 - \$523,839) and accrued non-current rehabilitation provisions of \$1,472,650 (December 31, 2012 - \$1,472,560) relating to reclamation of the properties in the United States and Canada. This amount represents the Company's best estimate of the costs expected to fulfill the obligation resulting from the conditions of the permit.

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, as subsequently amended, orders AGC to implement measures to come into compliance with the National Pollutant Discharge Elimination System ("NPDES") Permit by December 15, 2012. Initial results from the pilot water treatment facility ("PWTF"), including weekly water sampling and independent lab analysis, demonstrate that PWTF is currently removing better than 99.9% of the arsenic, and approximately 99% of the iron from the water prior to discharge into Montezuma Creek. Testing of the system is continuing and there can be no assurance that full compliance will be maintained until testing has been completed and the SPOO is completed in 2014.

On November 28, 2012 the Court granted AGC an extension to pay the penalty by April 30, 2013. AGC subsequently requested and on May 17, 2013 the Court granted a further extension to pay the penalty by July 31, 2013.

In August, 2013 AGC and all parties to the compliance litigation brought under the Clean Water Act agreed to a payment plan whereby AGC will pay the \$2,000,000 penalty in quarterly installments over a five year period, with the installment amounts increasing on an annual basis. The unpaid balance of the penalty will bear interest at the rate of 0.1% per annum and will be secured by recording a Consent Judgment against AGC's East Amity Road property located in Boise, Idaho and by a security interest, granted to the U.S. Attorney's office, in four generators owned by AGC located on the property.

The parties to the litigation, including the U.S. Attorney as intervenor in the matter, have signed an Unopposed Motion for Consent Judgment and approved a proposed Consent Judgment for signature by the Court. The Motion and proposed Consent Judgment have not been filed, as the parties are awaiting an Order from the Court approving the U.S. Attorney's intervention in the case, to which all parties stipulated. Following the filing of the Motion and proposed Consent Judgment, it is anticipated that the Court will sign and enter the Consent Judgment. AGC has made an initial payment of \$50,000 pursuant to the provisions of the Motion.

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Six months ended June 30, 2013 and 2012

9. Commitments and contingencies (continued)

On November 12, 2012, AGC reached a settlement agreement with the Idaho Conservation League and the Northwest Environmental Defense Center, two environmental groups, in respect of reimbursement of their attorney fees and litigation costs incurred in their legal action against AGC. The total cost is \$240,000. AGC paid the first and second installments of \$60,000 each on December 15, 2012 and April 15, 2013, respectively, and the remaining \$120,000 is to be paid in two equal \$60,000 installments in the third and fourth quarters of 2013.

10. Subsequent events

- (a) On August 19, 2013, the Company completed a private placement of Units comprised of senior secured notes ("Notes") and warrants to purchase common shares, for gross proceeds of \$4 million. Each Unit consisted of \$1.00 principal amount Notes and one common share purchase warrant.

The Notes bear interest at 10% per annum and the principal will be amortized at 25%, 35% and 40%, which will be repayable in cash installments on August 31, 2014, August 31, 2015 and August 31, 2016, respectively. The Notes will be secured by the limited recourse guarantee by AGC and by a mortgage of AGC's interest in its Atlanta Project.

Each warrant entitles the holder to purchase one common share of the Company for C\$0.10 per share until August 31, 2016. The Company will have the right to accelerate the expiry date of the warrants if the closing price of the Company's common shares on the TSX Venture Exchange exceeds C\$0.25 for 20 consecutive days on which the Company's shares trade.

Noteholders received options exercisable until August 31, 2016 to purchase an aggregate of 3,800 troy ounces of gold (being 95.0 ounces of gold for each 100,000 Units purchased (\$100,000)) at a price of \$1,125 per ounce. Of the total ounces optioned, 25% will vest on August 31, 2014, 35% will vest on August 31, 2015 and 40% will vest on August 31, 2016.

Net proceeds from the offering will be used for exploration, excavating and test processing of bulk samples, environmental permitting, engineering and development in respect of the Atlanta Project, payment of liabilities, implementation of the Supplement Plan of Operations and for general working capital purposes.

- (b) In August, 2013, all parties to the compliance litigation brought under the Clean Water Act agreed to a payment plan whereby AGC will pay the \$2,000,000 penalty in quarterly installments over a five-year period. Reference should be made to Note 9 hereof.