ATLANTA GOLD INC.

(a development stage company)

Interim Report - Third Quarter

September 30, 2010

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

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

ATLANTA GOLD INC.

(a development stage company)

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Consolidated balance sheets

(Canadian dollars) (unaudited)

	As At September 30 2010 $	As At December 31 2009 $
Assets		
Current assets		
Cash and cash equivalents	4,223,131	1,406,916
Marketable securities	26,382	25,251
Recoverable taxes and other receivables	131,232	38,624
Prepaid expenses	48,510	82,260
	4,429,255	1,553,051
Mineral properties (note 4)	39,577,038	35,918,661
Property, plant and equipment (note 5)	1,307,128	490,688
Total assets	45,313,421	37,962,400
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	57,005	153,341
Future income tax liability	4,015,960	4,015,960
	4,072,965	4,169,301
Shareholders' equity		
Capital stock	84,854,781	79,303,843
Warrants	3,184,651	539,658
Contributed surplus	5,698,546	5,384,410
Accumulated other comprehensive income	12,060	10,929
	93,750,038	85,238,840
Accumulated deficit	(52,509,582)	(51,445,741)
	41,240,456	33,793,099
Total liabilities and shareholders' equity	45,313,421	37,962,400

Nature of operations and going concern (note 1)

ATLANTA GOLD INC.

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Consolidated statements of loss, comprehensive loss and deficit

(Canadian dollars) (unaudited)

	Cumulative, since inception (March 6, 1985) to September 30, 2010	Three months ended September 30		Nine months ended September 30	
		2010	2009	2010	2009
	$	$	$	$	$
Interest and other income	1,926,948	20	57	5,981	16,651
General and administrative expenses :					
Salaries, benefits and management fees	7,513,809	113,066	74,887	263,243	264,866
Stock based compensation	2,368,933	125,650	49,484	248,147	454,823
Professional fees	5,229,030	75,046	136,803	253,258	382,016
Investor relations	2,494,563	43,500	35,066	168,204	110,243
Travel	859,592	7,540	-	18,767	-
Interest	344,142	-	-	-	-
Foreign exchange loss	197,014	(514)	(1,245)	11,407	1,941
Administrative and office	4,373,472	27,314	34,095	95,288	140,694
Amortization	169,891	-	2,025	2,928	6,075
	23,550,446	391,602	330,915	1,061,242	1,380,658
Future income tax expense	981,787	-	-	-	65,110
Mineral property costs	29,904,297	2,120	146,810	8,580	151,834
	54,436,530	393,722	477,725	1,069,822	1,577,602
Loss for the period	52,509,582	393,702	477,668	1,063,841	1,560,951
Accumulated deficit, beginning of period	-	52,115,880	51,068,740	51,445,741	49,985,457
Accumulated deficit, end of period	52,509,582	52,509,582	51,546,408	52,509,582	51,546,408
Weighted average number of consolidated shares outstanding		114,552,653	56,305,043	114,552,653	56,305,043
Loss per share - basic and diluted		0.00	0.01	0.01	0.03
Loss for the period	52,509,582	393,702	477,668	1,063,841	1,560,951
Other comprehensive income:					
Unrealized gain on available-for-sale marketable securities	(12,060)	(4,523)	-	(1,131)	-
Comprehensive loss for the period	52,497,522	389,179	477,668	1,062,710	1,560,951

Nature of operations and going concern (note 1)

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Consolidated statements of cash flow

(Canadian dollars) (unaudited)

	Cumulative, since inception (March 6, 1985) to September 30, 2010	Three months ended September 30 2010	Three months ended September 30 2009	Nine months ended September 30 2010	Nine months ended September 30 2009
CASH FLOW FROM (USED FOR):	$	$	$	$	$
Operating activities					
Loss for the period	(52,509,582)	(393,702)	(477,668)	(1,063,841)	(1,560,951)
Add (deduct) items not involving cash:					
Amortization	169,891	-	2,025	2,928	6,075
Mineral property cost written off	29,667,525	-	144,023	-	144,023
Future income tax expense	981,787	-	-	-	65,110
Stock-based compensation expense	2,368,933	125,650	49,484	248,147	454,823
Unrealized (gain) / loss on available-for-sale marketable securities	1,131	(4,523)	-	1,131	-
Increase in non-cash working capital	(135,164)	(151,400)	189,569	(154,121)	(17,658)
	(19,455,479)	(423,975)	(92,567)	(965,756)	(908,578)
Financing activities					
Issuance of common shares, net of share issue costs	78,999,079	4,945,518	-	7,163,787	837,550
Liability to issue common shares	-	-	250,000	-	750,000
Issuance of flow through shares, net of share issue costs	12,853,631	-	-	-	-
	91,852,710	4,945,518	250,000	7,163,787	1,587,550
Investing activities					
Fixed asset additions	(1,390,576)	(20,160)	(11,887)	(172,326)	(11,887)
Mineral property expenditures	(66,783,524)	(1,557,592)	(492,308)	(3,209,490)	(1,051,849)
	(68,174,100)	(1,577,752)	(504,195)	(3,381,816)	(1,063,736)
Increase / (decrease) in cash and cash equivalents	4,223,131	2,943,791	(346,762)	2,816,215	(384,764)
Cash and cash equivalents, beginning of period	-	1,279,340	380,095	1,406,916	418,097
Cash and cash equivalents, end of period	**4,223,131**	**4,223,131**	**33,333**	**4,223,131**	**33,333**

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Consolidated statements of shareholders' equity

(Canadian dollars) (unaudited)

	Shares issued and subscribed				Accumulated		
	Number of shares	Ascribed value $	Warrants value $	Contributed Surplus value $	other comprehensive income $	Accumulated deficit $	Total $
Balance, December 31, 2008	46,872,876	74,496,463	219,677	4,793,273	-	(49,985,457)	29,523,956
Issue shares for cash at $0.10 per common share unit, net of share issue costs (note 6)	8,676,000	622,274	213,481				835,755
Issue shares for cash at $0.12 per common share unit, net of share issue costs (note 6)	28,749,998	3,153,744	106,500				3,260,244
Issue shares at $0.18 per common share to reacquire 1% Royalty, net of share issue costs (note 6)	5,750,000	1,031,362					1,031,362
Stock-based compensation (note 7)				591,137			591,137
Unrealized market gains on available-for-sale marketable securities					10,929		10,929
Loss for the year						(1,460,284)	(1,460,284)
Balance, December 31, 2009	90,048,874	79,303,843	539,658	5,384,410	10,929	(51,445,741)	33,793,099
Issue shares at $0.22 per common share to acquire Newmont assets, net of share issue costs (note 5)	4,535,600	980,338					980,338
Issue shares for cash at $0.16 per common share unit, net of share issue costs (note 6)	14,916,100	1,367,752	897,818				2,265,570
Issue shares for cash at $0.16 per common share unit, net of share issue costs (note 6)	34,375,000	3,139,831	1,780,375				4,920,206
Issue shares at $0.13 per common share on the exercise of warrants	229,360	63,017	(33,200)				29,817
Stock-based compensation (note 7)				314,136			314,136
Unrealized market gain on available-for-sale marketable securities					1,131		1,131
Loss for the period						(1,063,841)	(1,063,841)
Balance, September 30, 2010	***144,104,934***	***84,854,781***	***3,184,651***	***5,698,546***	***12,060***	***(52,509,582)***	***41,240,456***

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Notes to the Interim Consolidated Financial Statements

(Canadian dollars) (unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company's primary property is its Atlanta Gold Property ("Atlanta"), located in Idaho, U.S.A. Atlanta is in the development phase currently awaiting the beginning of mine construction. During the development phase, ongoing exploration continues to upgrade and increase its mineral inventory. The Company's other properties being diamond properties, located on Baffin Island and in Northern Québec and its Québec gold properties, which are in the exploration phase, have been written off. To date, the Company has not generated production revenue and is therefore not considered to be in operation.

Recoverability of exploration and development expenditures is dependent upon the further development of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, it's ability to obtain necessary financing, obtain government approval and attain profitable production, or alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying amounts of deferred exploration expenditures.

As at September 30, 2010, the Company's current assets exceeded its current liabilities by $4,372,250 and the Company recorded a third quarter loss of $393,702. Management will continue to explore financing alternatives to raise capital. It is not possible to determine with any certainty, the success or adequacy of these initiatives.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements have been prepared by Company's management in accordance with Canadian generally accepted accounting principles ("GAAP"). The consolidated financial statements do not include all the information and disclosure required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair and consistent presentation of these interim financial statements have been included. The accounting policies and their methods of application are consistent with those used in the December 31, 2009 consolidated financial statements, except as disclosed herein. For further information, see the Company's consolidated financial statements and the accompanying notes included in the 2009 Annual Report. Results for the quarter ended September 30, 2010 are not necessarily an indication of the results that may be expected for the full fiscal year ended December 31, 2010.

3. CAPITAL MANAGEMENT

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

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

ATLANTA GOLD INC.

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4. MINERAL PROPERTIES

(Canadian dollars) (unaudited)

	Cumulative, since inception (March 6, 1985) to 30-Sep-10	As At September 30 2010	As At December 31 2009
	$	$	$
Atlanta Gold Property			
Balance, beginning of period	-	35,918,661	33,100,045
Drilling, analysis, investigations and design	*29,734,511*	1,958,649	963,837
Project administration and general	*5,489,862*	1,362,228	524,167
Property acquisition and holding costs	*4,352,665*	337,500	1,330,612
Total expenditures during the period	*39,577,038*	3,658,377	2,818,616
Balance, end of period	*39,577,038*	39,577,038	35,918,661
Rocky Bar Gold Property			
Balance, beginning of period	-	-	144,023
Drilling, assays and related field work	*26,143*	-	-
Project administration and general	*117,880*	-	-
Project administration and general	*(144,023)*	-	(144,023)
Total expenditures during the period	-	-	(144,023)
Balance, end of period	-	-	-
	39,577,038	39,577,038	35,918,661

<u>*Atlanta Gold Property ("Atlanta")*</u>

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

i) Pursuant to an agreement with Monarch Greenback, LLC ("Monarch"), the Company extended its lease and option to purchase the Monarch property to April 30, 2011 by making lease payments of US$50,000 per year and option payments of US$20,000 per month. During the third quarter of 2010, the Company paid US$60,000, and is expected to make monthly lease payments of US$60,000 to Monarch during the fourth quarter of 2010;

ii) $21,700 was paid in August 2010 to the Idaho Bureau of Land Management for annual maintenance fees on the unpatented mining claims; and

iii) Payments totalling $39,500 are due in the fourth quarter of 2010 to four lessors as annual advance royalty payments in respect of some of the patented lands plus accrued interest of $1,225.

5. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2010			December 31, 2009		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	$	$	$	$	$	$
Office furniture and equipment	164,329	158,779	5,550	158,329	155,401	2,928
Vehicles and field equipment	2,259,105	957,527	1,301,578	1,053,534	565,774	487,760
	2,423,434	1,116,306	1,307,128	1,211,863	721,175	490,688

On February 1, 2010, the Company completed the purchase from Newmont USA Limited ("Newmont"), of certain mine buildings and equipment, pursuant to an agreement dated December 1, 2009. The Company issued as consideration for the purchased assets, 4,535,600 common shares to Newmont, valued at approximately US $1 million. Relocation of the purchased assets by the Company from Newmont's properties is required to be completed by October 31, 2010. Share issue cost incurred in respect of the shares issued for the purchased assets was $19,662.

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6. CAPITAL STOCK, WARRANTS, AND CONTRIBUTED SURPLUS

a) Issued and outstanding share capital, warrants and stock options

As at September 30, 2010, the Company had 144,104,934 common shares outstanding, stock options to purchase 6,686,667 additional common shares at exercise prices ranging from $0.18 to $2.85 and warrants to purchase 48,655,888 additional common shares at an exercise prices ranging from $0.13 to $0.25. Stock options expire between February 2011 and Septemberl 2015. Warrants expire between November 2010 and September 2012, but certain warrants may expire earlier at the Company's election, if the Company's share price exceeds $0.50 for 20 consecutive trading days.

Details of the stock options, and share purchase warrants issued, exercised, forfeited and expired since December 31, 2008 are as follows:

	Share purchase warrants			*Stock options*	
	No. of shares	*Weighted average exercise price $*	*Fair market value of warrants $*	*No. of shares*	*Weighted average exercise price $*
Balance, December 31, 2008	8,162,000	0.25	219,677	2,016,668	0.74
Securities issued	5,321,360	0.23	319,981	2,850,000	0.34
Securities cancelled	-	-	-	(700,000)	0.53
Securities expired	-	-	-	(13,334)	4.28
Balance, December 31, 2009	13,483,360	0.24	539,658	4,153,334	0.49
Securities issued	35,401,888	0.25	2,678,193	2,560,000	0.18
Securities exercised	(229,360)	0.13	(33,200)	-	-
Securities expired	-	-	-	(26,667)	3.15
Balance, September 30, 2010	48,655,888	0.25	3,184,651	6,686,667	0.36

The weighted-average remaining contractual life of all stock options outstanding is 44 months as follows:

Expiry date	*No. of shares*	*Exercise price $*
February 13, 2011	13,334	2.85
June 28, 2011	10,000	1.80
September 28, 2011	50,000	1.65
November 6, 2011	13,333	1.50
December 11, 2011	10,000	1.35
February 28, 2013	1,405,000	0.63
February 11, 2014	2,125,000	0.32
April 20, 2014	250,000	0.30
April 20, 2014	250,000	0.60
March 25, 2015	1,100,000	0.18
April 21, 2015	200,000	0.23
September 27, 2015	1,260,000	0.18
	6,686,667	

b) Capital stock offering

In August and September 2010, the Company completed the sale by private placement of 34,375,000 units at 0.16 per unit for gross proceeds of $5,500,000. Each unit consisted of one one common share and one half of one share purchase warrant, with each whole warrant exercisable at a price of $0.25 per share for 24 months from date of issuance. The Company has the right to accelerate the expiry date of the warrants if the closing trading price of the Company's common shares exceeds $0.50 for twenty consecutive trading days. In connection with this financing, the Company paid finder's fees totaling $376,928, and issued 2,355,800 compensation warrants, exercisable to purchase 2,355,800 common shares for 12 months from date of issue, at a price of $0.25 per share. 1,565,000 units were purchased by officers and directors of the Company.

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7. STOCK BASED COMPENSATION

The Company issues stock options to employees, officers, directors and consultants to the Company.

In September 2010, the Company granted options to purchase 1,260,000 shares to various employees, officers, and directors exercisable at $0.18 per share until September 2015. 684,000 of the options vest immediately; 288,000 of the options vest in September 2011, and 288,000 of the options vest in September 2012. The fair market value of these options is $224,260.

During the third quarter of 2010, $125,650 of the fair value of all outstanding options was expensed and $36,546 was capitalized. The remaining fair value of the options will be recorded as stock-based compensation as follows: a) In 2010, $46,935 will be expensed and $14,340 will be capitalized during the year; and b) In 2011, $57,391 will be expensed during fiscal 2011 and $26,347 will be capitalized during the year; and c) In 2012, $12,702 will be expensed and $5,764 will be capitalized during the year.

The fair value of all stock options granted has been estimated at the date of grant using the Black-Scholes option pricing model. The current quarter's valuation was calculated with the following assumptions: weighted-average risk free interest rate of 2.37%, expected volatility of the market price of the Company's common stock of 225%; and weighted average expected life of the options of 5 years.

8. SEGMENTED INFORMATION

The Company operates in two geographical segments: Canada and United States.

The comparative interest and other income and loss incurred for the nine months ended September 30, 2010 and 2009, and the assets identifiable to those segments as at the most recent quarterly interim period ended are as follows:

	Nine months ended September 30, 2010			*Nine months ended September 30, 2009*		
	Canada	*USA*	*Total*	*Canada*	*USA*	*Total*
	$	*$*	*$*	*$*	*$*	*$*
Interest and other income	5,981	-	5,981	16,651	-	16,651
Stock-based compensation	248,147	65,989	314,136	454,823	58,327	513,150
Loss and comprehensive loss for the period	1,063,841	-	1,063,841	1,416,928	144,023	1,560,951
Identifiable assets	4,069,971	41,243,450	45,313,421	1,564,466	34,514,815	36,079,281
Expenditures for additions to:						
Mineral properties	-	3,658,377	3,658,377	-	2,149,169	2,149,169
Property,plant and equipment	-	1,211,571	1,211,571	-	76,008	76,008
	Balance, December 31, 2009					
Identifiable assets	1,554,780	36,407,620	37,962,400			

9. COMPARATIVE FIGURES

Certain comparative figures may have been reclassified to conform with the presentation adopted in the current period.

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, 2010 has been prepared as of October 20, 2010. 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, 2010 and the audited consolidated financial statements of the Company for the year ended December 31, 2009. 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 is filed with securities regulatory authorities in Canada and is available on SEDAR at www.sedar.com.

Cautionary Statement on Forward Looking Information

This document includes "forward-looking information" and "forward-looking statements" (collectively, "forward-looking information"), within the meaning of applicable securities legislation, concerning the Company's business, operations, financial performance, condition and prospects, as well as management's objectives and strategies. Forward-looking information is based on assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors which the Company believes to be relevant and reasonable in the circumstances.

Forward-looking information is frequently identified by the use of words such as "may", "will", "could", "believe", "intend", "expect", "seek", "anticipate", "plan", "continue", "estimate", "predict", "potential" and similar terminology suggesting outcomes or statements regarding an outlook. Forward-looking information is included in the "Outlook" section of this MD&A as well as elsewhere in this document. Specifically, this document contains forward-looking information regarding, among other things, the effects of the Company's mining strategy on gold recovery rates and the environmental impact at its Atlanta project; the interpretation of results received to date from the Company's 2010 exploration program and the expected enhancement of the gold resource at Atlanta following completion of additional exploration; the extent and completion of the Company's 2011 exploration program; the development of a gold mine and potential gold production levels at Atlanta; the completion of resource estimate, advanced scoping and pre-feasibility studies on the Atlanta project, the respective timing and parameters thereof, including in respect of production levels and life-of-mine estimates; the completion of and use of proceeds from future financings and the adequacy thereof to complete the Company's objectives for 2011; the continuance and enhancement of environmental initiatives, including the timing to complete enhanced water treatment facilities at Atlanta and the effectiveness thereof; the continuance of developmental initiatives including securing requisite permits; the impact on the Company of the asset acquisition from and the agreements in principle with Newmont USA Limited, the subsequent completion of the transactions contemplated thereby and the time to complete the reassembly of the acquired assets for use at the Atlanta project; and the time needed prior to commencement of mining and production at Atlanta.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual events and the Company's actual results to differ materially from those predicted, expressed or implied by the forward-looking information and readers are cautioned not to unduly rely on such forward-looking information and to carefully consider the risks and uncertainties involved with respect to such forward-looking information. Such risks and uncertainties include, but are not limited to, the Company's limited financial resources and its ability to raise sufficient funds on a timely basis to fund the capital and operating expenses necessary to achieve its business objectives and to continue as a going concern; risks associated with the mining industry (including operational risks in exploration, development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; uncertainties relating to the interpretation of the geology, continuity, grade and size estimates of the mineral 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 2009 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 additional financings as required to fund the Company's operations, the expected timelines necessary to complete and the successful completion of the exploration, development, permitting and pre-production activities, the level and volatility of the price of gold, the accuracy of reserve and resource estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which they are based, the ability to achieve capital and operating cost estimates and general business and economic conditions. Should one or more risks materialize or should any assumptions prove to be incorrect, then actual results could vary materially from those expressed or implied by the forward-looking information.

Readers are cautioned that the foregoing list of risks, uncertainties, assumptions and other factors is not exhaustive. The Company undertakes no obligation to update publicly or revise any forward-looking information or the foregoing list of factors, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Overview

The Company is engaged in the exploration and development of the Atlanta Gold project ("Atlanta"), an advanced-stage gold property in a historic mining district 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 85% and increase expected metal recovery rates from 63% to 90%. Each of these improvements is critical to the sustainable development of the Atlanta gold mine.

This more selective method of ore extraction positively addresses environmental concerns identified during previous permitting efforts. Management is confident that by continuing to work closely with environmental groups, the town of Atlanta and surrounding communities, federal, state and local agencies as well as other stakeholders, it will be successful in obtaining the regulatory approvals necessary to develop a combined shallow open pit mine and an underground mine at Atlanta in a timely manner.

The Company continues to hold other lower priority exploration properties including the Abitibi gold property in northwestern Québec ("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 – 2010 and 2011:

The Company commenced a major exploration program at Atlanta in May and expects to complete the program in early November. Positive results from exploration work to date demonstrate the presence of a significant gold mineralized system. So far, every one of the intermediate depth drill holes (to a vertical depth of 1,000 to 2,000 feet [305 to 610 metres] below the surface) has intercepted epithermal style mineralization across attractive widths. Based on drilling to date, the main shear appears to split into two mineralized zones which seem to widen at depth. This discovery could eventually double the tonnage per vertical foot and the economic potential of the resource.

Drilling has intersected a number of mineralized zones of significant thicknesses at vertical depths down to 2,200 feet (671 metres) below surface and confirmed the presence of a second gold-bearing structure parallel to the main shear. Intermediate depth drilling of the Newmont and Glaspey zones to date confirms that the main shear continues at depth with alteration and gold mineralization within, between and below these respective zones. Both zones warrant further drilling and the 1,300 foot (396 metre) + section between the easternmost hole in the Newmont zone (below the Monarch area) and the westernmost hole in the Glaspey zone (below the East Extension area) is very sparsely drilled. Results from Atlanta's recent drilling east of the Newmont zone and west of the Glaspey zone also support the hypothesis that the shear zone splits and increases in width with alteration that continues between the two zones. With the presence of alteration characteristically associated with gold mineralization elsewhere in the Atlanta deposit, management is optimistic that continued drilling will continue to intersect gold mineralization.

Historic results together with the confirmation in 2010 of continuity at depth, discovery of a possible parallel gold-bearing structure north of the Atlanta Shear Zone and a possible connection to the 4,000 foot (1,219 metre) long Tahoma structure which is located approximately half a mile (805 metres) north of the main Shear warrant an aggressive follow up drilling program in 2011. The Company plans to complete up to 60,000 feet (18,300 metres) of core drilling during Q2 and Q3 of 2011.

The Company intends to finance future exploration programs with cash on hand and proceeds from future equity financings. The timing and the extent of drilling, exploration and other activities for 2011 are dependent upon availability of additional funding.

The Company's internal NI 43-101 Technical Report and Resource Estimate completed in March 2009 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) (1.71 grams per ton or gpt) gold for the mini-pit resource and 0.10 opt (3.43 gpt) gold for the underground resource with an average grade of 0.154 opt (5.28 gpt) gold and 0.357 opt (12.24 gpt) silver, that contain 460,338 ounces (13,050,000 grams) of gold and 1,069,900 ounces (30,331,000 grams) of silver, respectively, or approximately 474,900 equivalent ounces (13,463,000 grams) of gold (including silver resources as a gold equivalent using a gold to silver price ratio of 73.7:1). The objective of the Company's 2010 exploration program is to increase the gold mineral resource inventory at Atlanta by the end of 2010.

The Company expects that P&E Mining Consultants Inc. will provide an independent NI 43-101 technical report and resource estimate in the first quarter of 2011, which will reflect assay results from the 2010 exploration program. This updated resource estimate will form the basis for a NI 43-101 Advanced Scoping Study (Preliminary Economic Assessment) planned for completion in the second quarter of 2011 and a Pre-Feasibility Study expected in the third quarter of 2011. Completion of these Studies was delayed so that they would reflect the results from the 2010 drilling program.

Drilling to date has extended the length of the Atlanta Shear Zone to 11,400 feet (3.5 kilometres) and the zone remains open to the east and west and down dip. The majority of the current Measured and Indicated 474,900-gold equivalent ounce (13,463,000 gram) resource (including silver resources as a gold equivalent), as estimated by the Company's March 2009 NI 43-101 Technical Report and Resource Estimate, is located between the surface and the 6,200-foot 1,890-metre elevation (a vertical depth of 1,000 feet [610 metres] from the top of Atlanta Hill).

Historic gold production from Atlanta of 344,000 equivalent ounces (9,752,000 grams) of gold was shallow high grade mining from surface to a vertical depth of 1,000 feet (610 metres) below surface. Most of this was mined using cut-off grades of 0.5 opt (17.1 gpt) and 0.4 opt (13.7 gpt).

The 2010 exploration program has been focused on the Atlanta Shear Zone which has a surface expression that is 11,400 feet (3,475 metres) long, 30 to 120 feet (9 to 37 metres) wide and extends from surface to a known vertical depth of 1,850 feet (564 metres) with numerous splays branching off to the northwest and southeast of the main Shear. The Company is also investigating possible satellite mineralization systems in areas surrounding the main Shear, including the Tahoma structure which is located approximately half a mile north of the main Shear.

Both shallow and deep drilling are focused on upgrading and increasing the existing resource base and testing other identified targets. The overall objective of the Company's 2010 exploration program is to increase the gold mineral resource inventory at Atlanta by the end of the year.

Definition drilling was conducted with infill holes to better define open pit and underground potential by increasing the density of drilling in mineralized zones which increases confidence in, and confirms continuity of, higher grade portions of the resource, and with step-out holes which test areas outside and below previously interpreted limits.

To date in 2010, the Company has drilled 42 diamond drill holes totaling approximately 34,000 feet (10,363 metres) comprised of 37 shallow confirmation drill holes totaling 24,989 feet (7,616 metres) and five intermediate depth holes totaling 9,574 feet (2,918 metres). A minimum of 34 additional holes totaling approximately 21,000 feet (6,400 metres) are planned of which two holes totaling approximately 4,000 feet (1,219 metres) are expected to be intermediate depth holes. The Company plans to complete the 2010 drilling program in November.

For the first phase of the surface drilling program at Atlanta, the Company focused two drills on shallow confirmation holes in the Monarch area above the Newmont Zone and in the East Extension area above the Glaspey Zone. The larger drill was then employed to commence drilling intermediate depth holes to explore deeper horizons east of the Newmont Zone (below the Monarch area) and west of the Glaspey Zone (below the East Extension area). The smaller drill continued to drill for shallow confirmation holes above these zones.

The Company completed its 2010 surface trenching program by surveying, sampling and assaying approximately 2,500 feet (762 metres) of trenches and assaying approximately 500 soil samples to further evaluate the near surface potential of the Atlanta Shear Zone. Exploration trench samples will also be used to assist in the identification of additional drill targets on splays north and south of the main shear. The 2008 and 2009 trenching programs exposed and identified significant gold-bearing mineralization in 95% of the returned samples.

Gold-bearing intercepts from intermediate depth drill holes east of the Newmont Zone (below the Monarch area) combined with the intercepts from such holes west of the Glaspey zone show that the related structures are potentially more extensive than initially expected and have the potential to support higher grade mineralization. The wider and deeper intervals of mineralization in these holes resulted in the Company drilling deeper holes than originally anticipated and the 2010 surface drilling program was modified to reflect the additional footage being drilled.

Assay results from the intermediate depth holes indicate gold mineralization between and below the previously known mineralized zones. Significant assays from these holes confirm the potential for higher grade gold mineralization at depth.

Assay results of the core from several holes including those from an un-mined and un-drilled area below the old 900 foot level east of the Newmont zone are pending. Inspection of the drill core indicates that alteration of the surrounding host rock is consistent with other gold-bearing intercepts in the main shear, confirming the potential of the Atlanta property to host a significant gold epithermal system.

The most significant assays received to date in 2010 from the shallow confirmation and intermediate depth surface drilling ranged from 0.031 ounces per ton (1.06 grams per tonne) over

5.0 feet (1.5 metres) to 1.267 opt (43.44 gpt) over 5.0 feet (1.5 metres). These assay results are summarized in the table below and assays are currently pending for a number of additional drill holes.

Hole Identification	From (Feet)	To (Feet)	Width (Feet)	True Width (Feet)*	True Width (Metres)*	Gold		Silver	
						Assay (opt Au) **	Assay (gpt Au)	Assay (opt Ag)	Assay (gpt Ag)
MONARCH AND EAST EXTENSION AREAS – SHALLOW CONFIRMATION HOLES (Reported on July 13th)									
D09130E01 (1)	377.0	382.0	5.0	3.5	1.1	0.549	18.823	3.124	107.00
	488.0	490.0	2.0	1.4	0.4	0.111	3.806	0.091	3.10
	533.0	543.0	10.0	7.0	2.1	0.172	5.897	0.047	1.60
MONARCH AND EAST EXTENSION AREAS – SHALLOW CONFIRMATION HOLES (Reported on July 22nd)									
D10231E04(2)	395.0	405.0	10.0	6.5	2.1	0.476	16.32	2.910	99.77
D10101W01(3)	745.0	755.0	10.0	6.5	2.0	0.152	5.21	0.570	19.54
	785.0	795.0	10.0	6.5	2.0	0.136	4.66	0.085	2.91
D10085W03(4)	600.0	620.0	20.0	14.0	4.3	0.087	2.99	0.834	28.59
	955.0	960.0	5.0	3.5	1.1	0.040	1.37	0.012	0.41
	975.0	990.0	15.0	10.5	3.2	0.031	1.07	0.027	0.93
	1000.0	1010.0	10.0	7.0	2.1	0.035	1.19	0.244	8.36
D09125E04 (5)	448.0	453.0	5.0	3.5	1.1	0.287	9.840	0.704	24.10
MONARCH AND EAST EXTENSION AREAS – SHALLOW CONFIRMATION HOLES (Reported on August 11th)									
D10194E07(6)	305.0	310.0	5.0	2.5	0.8	0.297	10.17	0.020	0.70
D10194E10	370.0	375.0	5.0	3.5	1.1	0.130	4.46	0.067	2.30
D10078W07	1145.0	1160.0	15.0	15.0	2.3	0.114	3.91	0.044	1.51
D10060W09	470.0	475.0	5.0	2.5	0.8	0.112	3.84	0.452	15.50
EAST EXTENSION AREA – SHALLOW CONFIRMATION HOLES (Reported on August 19th)									
D10060E13(7)	280.0	290.0	10.0	5.0	1.5	0.424	14.54	0.089	3.05
	635.0	655.0	20.0	10.0	3.0	0.418	14.34	1.318	45.19
D10214E16(8)	145.0	150.0	5.0	3.5	1.1	0.162	5.55	0.058	1.99
D10164E22(9)	405.0	410.0	5.0	3.5	1.1	0.031	1.06	0.035	1.20
	435.0	440.0	5.0	3.5	1.1	0.054	1.85	0.003	0.10
	555.0	630.0	75.0	52.5	16.0	0.078	2.69	0.637	21.08
NEWMONT ZONE – INTERMEDIATE DEPTH HOLES (Reported on September 2nd)									
D10026E15 (10)	685.0	695.0	10.0	4.5	1.4	0.052	1.78	0.073	2.50
	700.0	705.0	5.0	2.3	0.7	0.392	13.44	0.583	19.99
D10026E17 (11)	215.0	220.0	5.0	1.9	0.6	0.263	9.02	0.397	13.61
	1020.0	1025.0	5.0	1.9	0.6	0.401	13.75	0.111	3.81
	1030.0	1035.0	5.0	1.9	0.6	0.131	4.49	0.026	0.89
NEWMONT ZONE – INTERMEDIATE DEPTH HOLES (Reported on October 7th)									
D10026E21 (12)	965.0	980.0	15.0	5.6	1.7	0.203	6.96	1.774	60.82
	1560.0	1565.0	5.0	1.9	0.6	0.174	5.97	0.012	0.41
EAST EXTENSION AREA – SHALLOW CONFIRMATION HOLES (Reported on October 12th)									
D10184E30	530.0	535.0	5.0	3.5	1.1	0.219	7.51	0.029	0.99
D10154E36	515.0	520.0	5.0	3.0	0.9	1.267	43.44	2.097	71.90
	580.0	585.0	5.0	3.0	0.9	0.231	7.92	0.029	0.99

* *True widths are estimates based on current available data and may be subject to change.*
** *Assays of less than 0.020 opt (0.69 gpt) Au have not been reported.*

(1) Includes 3.5 feet (1.1 metres) of 0.287 opt (9.84 gpt) Au
(2) Includes 3.3 feet (1.0 metres) of 0.729 opt (24.99 gpt) Au
(3) Includes 3.3 feet (1.0 metres) of 0.247 opt (8.47 gpt) Au
(4) Includes 3.5 feet (1.1 metres) of 0.214 opt (7.34 gpt) Au
(5) Includes 3.5 feet (1.1 metres) of 0.287 opt (9.84 gpt) Au
(6) Includes 2.5 feet (0.7 metres) of 0.297 opt (10.17 gpt) Au
(7) Includes 2.5 feet (0.8 metres) of 0.814 opt (27.91 gpt) Au
Includes 2.5 feet (0.8 metres) of 1.196 opt (41.01 gpt) Au
(8) Includes 3.5 feet (1.1 metres) of 0.162 opt (5.55 gpt) Au
(9) Includes 3.5 feet (1.1 metres) of 0.619 opt (21.22 gpt) Au
(10) Includes 2.3 feet (0.7 metres) of 0.392 opt (13.44 gpt) Au
(11) Includes 1.5 feet (0.5 metres) of 0.401 opt (13.75 gpt) Au
Includes 1.5 feet (0.5 metres) of 0.131 opt (4.51 gpt) Au
Includes 1.5 feet (0.5 metres) of 0.171 opt (5.86 gpt) Au
(12) Includes 2.3 feet (0.7 metres) of 0.445 opt (15.26 gpt) Au

All assay results are length-weighted averages, weighting each assay interval according to the core length for that respective interval. All assay intervals above the cut-off grade of 0.020 opt (0.69 gpt) Au are included in the average. True widths of mineralization in these drill holes are not precisely known as there is insufficient drill hole density at this time to estimate true widths. True widths are estimated with trigonometric functions utilizing the inclination of the drill hole and the drilled length of the intercept. Each drill hole is oriented / angled from each side (i.e. north or south of the 30 to 120 foot [9 to 37 metre] wide Atlanta Shear Zone) to try to avoid underground workings. Where workings are intercepted and / or no core is recovered, grades of nil are assigned and those intervals of no value are separated from the weighted average grades.

Most of the current and historic deep drill holes penetrated gold mineralization above a cut-off grade of 0.020 opt (0.69 gpt) Au generally over short intercepts. The best historical assay noted was 1.71 opt (58.63 gpt) Au over a core width of 9.5 feet (2.9 metres) from hole R8713W272. This deep hole was drilled prior to National Instrument 43-101. While the quality and accuracy of such historical assays cannot currently be verified, it is believed that they indicate potential for higher grade mineralization at depth and are therefore relevant to ongoing exploration.

While the distribution of high-grade values within the Atlanta Shear Zone is not yet fully understood, drill intercepts show that the mineralized system contains attractive grades and widths for a combined open pit and underground mining operation. There are numerous other prospective zones and areas to drill test throughout this large mineralized system. With each set of drill results, Company management will learn more and be able to more effectively focus subsequent rounds of drilling on these targets.

Results from the 2010 exploration program combined with historical geological data regarding the relatively unexplored area in the 900 to 1,200 foot (274 to 366 metre) horizon between the Newmont Zone in the west and the Glaspey Zone in the east (below the East Extension), suggests the existence of a significant epithermal gold system at deeper levels which has encouraged the Company to focus its intermediate depth drilling on these targets.

Although the results from the 35 drill holes assayed to date under the 2010 surface program are insufficient at this time to draw any conclusions, most of the reported holes penetrated intervals of gold mineralization and approximately 40% of these holes had one or more intervals above 0.10 opt, which was the cut-off grade used for the underground resource in the March 2009 NI 43-101 Technical Report. The assays above 0.10 opt (3.43 gpt) and the large number of assays above the cut-off of 0.02 opt (0.7 gpt) Au in the intermediate depth holes confirm the potential for new gold mineralization at depth and are viewed by management as very encouraging for the first intermediate holes drilled on new showings.

As the intermediate depth holes are the first holes drilled in the new mineralized zones, the shape, orientation and true width of these zones cannot yet be determined with certainty. Reported core widths are down hole widths.

The Company has continued to act in the best interests of the surrounding communities and environment by voluntarily continuing to improve the health of the Boise River through treating 2 to 2.5 million gallons of discharge water per month (46 to 58 gallons per minute) through the pilot water treatment facility (“PWTF#1”) constructed and operated by the Company’s wholly-owned subsidiary, Atlanta Gold Corporation (“AGC”) near the portal of the 900 Adit of the historic Atlanta mine.

In February, 2010 the United States Environmental Protection Agency (“EPA”) advised AGC that discharge monitoring reports received from AGC since August 2009 indicated certain effluent limit violations and expressed concern that arsenic and iron concentrations could continue to exceed effluent limitations until additional treatment or other corrective actions are implemented. The EPA conducted an audit of AGC’s records in order to evaluate compliance with the United States Clean Water Act. The EPA acknowledged AGC’s plan, submitted in October 2009, to install a complete water treatment plant, which was then contemplated to be initiated sometime in the spring or summer of 2011. Upon securing all required water rights, permits and authorizations and completion of a milling facility, the plant would be fully commissioned in 2012. The water treatment plant would be an integral part of the mill design.

AGC has also submitted a draft Plan of Operations (POO) for an enhanced / expanded PWTF#1 to the U.S. Forest Service. The POO proposes an addition / enhancement to the existing PWTF#1 consisting of the construction of two additional water treatment storage basins east of the two existing PVC-lined water treatment ponds. Each basin has a design volume of approximately 100,000 gallons and the combined volume will double the capacity of the existing PWTF#1. Sediment control is the primary tool for the control of water quality and the final containment and treatment prior to discharge. Discharge water is captured inside the portal and piped to a chemical treatment process where it then flows through a series of settlement ponds allowing suspended solids to precipitate. The addition / expansion of PWTF#1 will greatly increase sediment control and is expected to result in the meeting of effluent limits for suspended solids.

The Company has sufficient funds to complete all of its planned expenditures for the fourth quarter of 2010 and the first quarter of 2011.

Based on a 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, and requisite permits, the Company plans to begin mining at Atlanta in late 2012 and produce concentrates in the first half of 2013. However, should the Company experience delays in obtaining sufficient funding or the requisite permits, the current timeline for completion of the Studies and the commencement of mining operations and production may be adversely affected.

The Company continues to pursue several alternative sources of funding which may include equity and/or debt components. The Company expects to increase the mineral resource inventory at Atlanta to 600,000 equivalent ounces of gold by December 31, 2010 and complete an updated technical report and resource estimate reflecting the results from the 2010 drilling program in the first quarter of 2011. Subject to receipt of requisite permits and assuming that additional financing is obtained in a timely manner, the Company expects to remain on schedule to commence mining at Atlanta in late 2012, and to produce concentrates in the first half of 2013.

Like all similar mining projects, Atlanta has its challenges but the combination of a proven record of historical production, a Shear Zone with an 11,400-foot (3,475-metre) strike length, a 30 to 120 foot (9 to 37 metre) width, a known vertical depth of 1,850 feet and numerous splays branching off to the northwest and southeast 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 December 2009, AGC entered into a definitive agreement with Newmont USA Limited (“Newmont”), a wholly owned subsidiary of Newmont Mining Corporation, to purchase certain fixed assets, including a building, four 2,200-horsepower diesel-powered generators, two water treatment plants and other equipment. The transaction was completed on February 1, 2010 and the Company issued 4,535,600 common shares in satisfaction of the US$1 million purchase price. In September 2010, AGC completed the dismantling and shipment of the buildings and equipment from three Newmont sites in Nevada to Idaho and expects to commence the re-assembly of same in the fourth quarter of 2010.

In the second quarter of 2009, Newmont also agreed in principle to sell up to an additional US$500,000 in plant and equipment to be agreed upon. Newmont also agreed in principle to 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.

The Company believes that completing these transactions with Newmont represents 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 Atlanta, allow the Company to conserve cash, significantly reduce the Company's future capital costs and support the Company's on-going financing efforts.

Overview of Financial Results

Equity Financing

During the third quarter of 2010, the Company raised gross proceeds of $5,500,000 by means of a non-brokered private placement of 34,375,000 common share units ("Units") priced at $0.16 per Unit. Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant exercisable at $0.25 per share for up to 24 months. The Company has 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 ("TSXV") exceeds $0.50 for twenty consecutive trading days. In comparison, the Company did not complete any financing during the third quarter of 2009, and received gross proceeds of only $867,600 in the first ten months of 2009, until completing private placements in the last two months of 2009 for gross proceeds of $3.45 million.

The timely completion of this $5.5 million financing has enabled the Company to substantially achieve its objectives for 2010 and remain on track for commencement of mining at Atlanta in late 2012.

Proceeds from the placement will principally be used for permitting and exploration expenditures at Atlanta, and for general working capital purposes.

Liquidity and Capital Resources

Cash as at September 30, 2010 was $4,223,000 compared to $1,407,000 as at December 31, 2009, and $33,000 as at September 30, 2009. The $2,816,000 increase in cash during the first nine months of 2010 compares to a $385,000 decline in cash during the first nine months of 2009. This increase principally reflects the completion of $7,887,000 in equity financings during the second and third quarters of 2010, as compared to only $868,000 raised during the first ten months of 2009.

Working capital surplus as at September 30, 2010 was $4,372,000, compared to a deficiency of $337,000 as at September 30, 2009. Cash used in operations for the first nine months of 2010 was $966,000 compared to $908,000 for the comparative period ended September 30, 2009, reflecting relatively stable head office expenses and cash payments to Atlanta suppliers during the first nine months of 2010. Cash generated from financing activities was $7,164,000 for the first nine months of 2010 compared to $1,588,000 for the comparative period ended September 30, 2009. Cash used for investing activities for the first nine months of 2010 was $3,382,000 compared to $1,063,000 for the comparative period ended September 30, 2009.

Shareholders' Equity

As at September 30, 2010, the Company had (a) 144,104,934 common shares issued and outstanding (December 31, 2009 – 90,048,874); (b) stock options outstanding to purchase 6,686,667 common shares (December 31, 2009 – 4,153,334) at exercise prices ranging from

$0.18 to $2.85 per share and expiring between February 2011 and September 2015; and (c) warrants to purchase 48,655,888 common shares of the Company at exercise prices between $0.13 and $0.25 per share, expiring between December 2010 and September 2012. In certain instances, the expiry dates of certain of the warrants may be accelerated by the Company. Shareholders' equity as at September 30, 2010 was $93,750,000 compared to $85,239,000 as at December 31, 2009. Stock options outstanding as at September 30, 2010 had a weighted average exercise price of $0.36 per share (December 31, 2009 - $0.49 per share) and a weighted average life of 44 months (December 31, 2009 – 45 months).

In connection with the financing completed during the third quarter of 2010 (details are provided in the "*Equity Financing*" section above), the Company incurred share issue costs of $480,000, including payment of cash finders' fees totaling $377,000 and issuance of 2,355,800 compensation options to registrants. Each compensation option entitles the holder to purchase one common share of the Company at a price of $0.25 per share for one year.

General and Administrative Expenses

Corporate overhead expenses incurred during the first nine months of 2010 were $1,061,000, compared to $1,361,000 incurred during the first nine months of 2009. The $300,000 decline is primarily due to lower stock-based compensation expense during 2010, and also reflects the Company's continued cost reduction program which reduced professional fees and head office administration expenses. This reduction was partially offset by an increase in investor relations expense, reflecting additional investor relations initiatives in fiscal 2010.

An $11,000 loss was realized from foreign exchange transactions during the first nine months of 2010, compared to a loss of $2,000 incurred during the first nine months in 2009, reflecting a weaker Canadian dollar relative to the U.S. dollar. The Company's equity financings are completed in Canadian dollars and its expenses are primarily incurred 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 2010 of $1,558,000 were focused on substantial completion of the 2010 surface drilling program, dismantling, removal and relocation of purchased buildings and equipment from Newmont's premises in Nevada to Idaho, property lease payments, environmental and permitting expenditures, instalment payments on purchase of a royalty interest and an independent audit of the assay database in preparation for the independent NI 43-101 technical report and resource estimate. By comparison, expenditures in the third quarter of 2009 of $492,000 were incurred primarily with 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.

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). The Company continues to hold a total of 51.1 carats of diamonds which were recovered at Brodeur in 2001 and 2002 from 12 samples weighing a total of 248.4 tonnes.

Abitibi gold property, Quebec, Canada:

During the third quarter of 2010, the Company's option was exercised and it acquired from Breakwater Resources Ltd. a 60% interest on a portion of the Abitibi property comprised of the Normar and Mouskor claims. The acquisition was completed upon Niogold Mining Corp. completing $1.2 million in exploration expenditures on the Malartic portion of the Abitibi property. The Company may, in certain circumstances, have the opportunity to increase its interest to up to 80% in the Normar and Mouskor claims and to also acquire a 2% royalty interest in the Malartic claims, which are jointly owned by Niogold Mining and Breakwater Resources. The Company wrote off the remaining carrying value of Abitibi in 2007. The Company also has renewed its 100% interest in an additional 13 mining claims in the Abitibi area until November 2012.

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	8	11	-
Atlanta *(1)(2)(3)*	220	20	10

1. *Pursuant to an amendment to one of the Atlanta lease-purchase option agreements, US$29,500 of a final option payment will be paid in December 2010, plus 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 a two-year period to maintain the Option in good standing. The Company paid US$210,000 in 2009, and US$230,000 in 2010 (including US$90,000 during the third quarter of 2010) and the remaining US$140,000 balance is payable in monthly installments to April 2011.*
3. *Pursuant to an agreement signed on September 23, 2009 with Canadian American Mining Company, 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$70,000 was paid in 2009 and US$90,000 was paid in the first nine months of 2010. The remaining balance of US$40,000 is payable in monthly installments to January 2011.*

Summary of Quarterly Results

Head office expenses of $392,000 incurred during the third quarter of 2010 were slightly higher than expenses of $331,000 incurred during the same quarter in 2009, primarily due to higher stock-based compensation and due to the decision made in 2010 to restore to previous levels salaries of certain officers of the Company who had voluntarily agreed to salary reductions during the previous years. Interest and other income earned in the third quarter of 2010 was lower compared to the same period in 2009, reflecting both lower cash levels and lower interest rates in the second quarter of 2010. During the third quarter of 2010, the Canadian dollar was relatively unchanged compared to the U.S. dollar resulting in the Company realizing a nominal foreign exchange gain, as compared to a gain of $1,000 realized during the third quarter of 2009.

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 (Gain) per share**
September 30, 2010	-	392	394*(1)(2)*	0.00
June 30, 2010	-	362	364 *(1)(2)*	0.01
March 31, 2010	-	308	306 *(1)(2)*	0.00
December 31, 2009	-	310	(101)*(1)(2)*	(0.01)
September 30, 2009	-	331	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)(2)*	(0.02)

1. *Includes: (a) mineral property costs written off or expensed as follows: $2 during the third quarter of 2010, $3 during the second quarter of 2010, $3 during the first quarter of 2010, $14 during the fourth quarter of 2009, $133 during the third quarter of 2009, $3 during the second quarter of 2009, and $2 during the first quarter of 2009; and (b) future income tax provisions (recoveries) taken as follows: ($422) during the fourth quarter of 2009, $65 during the first quarter of 2009; and ($688) during the fourth quarter of 2008.*
2. *Includes stock based compensation expense charged as follows: $126 during the third quarter of 2010; $56 during the second quarter of 2010, $66 during the first quarter of 2010, $38 during the fourth quarter of 2009, $49 during the third quarter of 2009, $80 during the second quarter of 2009; $325 during first quarter of 2009; and $38 during the fourth quarter of 2008.*
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. Although the Company has an interest in two gold properties and two diamond properties, it has focused its activities since early 2008 on Atlanta.

The level of the Company's development activities at Atlanta is impacted by winter weather conditions, resulting in lower overall levels of activity on the Company's properties during that season. However, as Atlanta advances toward the production stage and permanent facilities are constructed, the impact of adverse weather conditions is expected to be reduced as the Company expects to conduct exploration, development, mining and milling activities on a year-round basis.

The Company assesses, on a regular basis, whether any impairment has occurred in the carrying value of its mineral properties. If such impairment has occurred, a write-down is charged in the period that the impairment took place. In 2007, the Company wrote off the carrying value of its Brodeur, Torngat and Abitibi projects, and in 2009, the Company wrote off the carrying value of its Rocky Bar mineral properties, adjacent to Atlanta. The Company has determined that no charges had to be taken against Atlanta during the third quarter of 2010.

Outlook

Atlanta Gold Property

Over the past five years, gold has been unique as a commodity which has consistently increased in value year over year. In the current period of economic recession, as governments worldwide utilize deficit financing to provide economic stimulus, there is a consensus building that the price of gold will continue to increase over the long term. Major gold mining companies are having difficulty maintaining 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. Silver has actually outperformed gold in 2010 with prices hitting new record highs. Fundamentals for silver remain very strong which add to the Company's value given the measurable silver content alongside the gold mineralization at Atlanta.

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 completion of the asset acquisition from and additional agreements in principle with Newmont USA. The worldwide economic downturn has significantly increased the availability of new and used equipment and skilled personnel. By investing now to acquire necessary infrastructure on favourable terms, the Company will reduce future capital and operating expenses at Atlanta and further advance the Atlanta Project.

Management expects that the job creation potential for projects such as Atlanta, which embrace the highest standards of environmental and social responsibility, will be recognized by the various governmental regulatory agencies.

The 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.

Between November 2009 and September 2010, the Company completed equity financings for gross proceeds of $11,350,000. Proceeds from these financings are being used to provide short-term funding for permitting, exploration and development expenditures at Atlanta, and for general working capital purposes. The Company remains on track to commence mining at Atlanta in late 2012 and to produce concentrate in the first half of 2013.

Priorities for the 2011 exploration program will be based on the compilation and geological interpretation of the 2010 drilling and trenching data.

Off-Balance Sheet Arrangements
The Company does not have any off-balance sheet arrangements.

Transactions with Related Parties
The Company does not have any amounts owing to or from related parties as at September 30, 2010, and 2009. Three directors and officers of the Company participated in the financing completed by the Company in the third quarter of 2010, purchasing a total of 1,565,000 units for an aggregate subscription price of $250,400.

International Financial Reporting Standards
In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP ("CGAAP") 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 2010 interim periods and for the year ended December 31, 2010 using CGAAP. In 2011, the Company will be required to restate for comparative purposes amounts reported for 2010 using CGAAP to reflect contemporary IFRS. To accomplish this, commencing in fiscal 2010, the Company is currently maintaining accounting records in accordance with both CGAAP and IFRS in order to have comparative financial statements upon full implementation of IFRS in 2011.

The Company's first financial statements to be completed under IFRS will be the interim financial statements for the three months ending March 31, 2011, and will include notes disclosing extensive transitional information and full disclosure of all new IFRS policies, beginning with a new set of significant accounting policies which will be approved by the Company's Audit Committee.

Significant accounting policies are not expected to differ materially between current CGAAP and pro forma IFRS except as follows:

(i) Valuations of investments at fair value
Under CGAAP, portfolio investments are reported at fair market value. Market value investments in publicly traded securities are determined based on the period end final bid prices reported on recognized securities exchanges and over-the-counter markets. Portfolio

investments, classified as available-for-sale, are re-valued to market value each reporting period and the resulting gain or loss is recorded as an adjustment to Other Compensation Income (“OCI”). Investments are evaluated for impairment based on the market values and consideration of the circumstances affecting the Company’s investment portfolio. Where there has been a loss in value of a portfolio investment that is determined to be other than a temporary decline, the investment is written down to recognize the loss. The recognition of a decline that is other than temporary results in a charge to the statement of earnings. The average cost basis is used to determine cost for calculation of the gain or loss on sales of portfolio investments. Gains and losses realized on sales are recorded in the statement of earnings in the period in which they occur. Under IFRS, the Company must decide if such fair value valuations are to be recorded in the statement of earnings or shareholders’ equity. Presently, the only portfolio investment of the Company are shares of Niogold Mining Corp. and it is expected that gains or losses resulting from such valuations will be recorded in shareholders’ equity.

(ii) Property, plant and equipment

Under CGAAP, property, plant, and equipment (“PPE”) including office furniture, fixtures, equipment and computer hardware and software are recorded at cost. The office furniture, fixtures and equipment are depreciated over ten years and vehicles, computer hardware and software are depreciated over three years. All PPE are depreciated on a straight-line basis. The Company performs regular reviews of the carrying values of its PPE. To the extent that impairment conditions exist, carrying values are written down to their fair value. IFRS permits the use of either carrying cost or fair market value determined periodically. If fair market value is used, this will require that the Company obtain a third party valuation for its material assets, particularly the assets acquired from Newmont. To the extent a fair market value determination requires that an asset be carried at a higher value, this will increase depreciation expense in future years. Also, the costs to dismantle, move and re-assemble the equipment acquired from Newmont should appropriately be added to the carrying value of these assets. It is expected that the Company will value substantially all of its assets on the carrying cost basis.

(iii) Mineral properties

Under CGAAP, direct exploration and development costs are deferred in the accounts, net of amounts recovered from third parties, including option payments received. At production, these costs will be amortized using the units-of-production method based on estimated reserves. Costs relating to properties abandoned are written off when the decision to abandon is made, or earlier if a determination is made that the property does not have economically recoverable reserves. Costs relating to lease/option, and rental fees are deferred in the accounts. Costs relating to annual renewal fees are expensed in the year incurred. The Company reviews the carrying values of deferred mineral property acquisition and exploration expenditures on a regular basis with a view to assessing whether there has been any impairment in value. When impairment conditions are identified, reviews of exploration properties and properties under development are conducted including an assessment of drilling and exploration results, and revenues. The carrying values, which are impaired, are written down to fair value. Under IFRS, the deferred costs previously charged to the Atlanta property will be carefully reviewed to determine whether or not it is appropriate to write down any of those costs which are no longer applicable to the Company's current plans for that property. The carrying value should be based on the present value of discounted future cash flows to be generated from the Atlanta property.

(iv) Translation of foreign currencies

Under CGAAP, monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at exchange rates in a manner that produces substantially the same reporting amounts that would have resulted had the underlying transactions been translated on the dates they occurred. Exchange gains or losses arising on translation are included in income or loss for the year. Under IFRS, companies are required to use foreign exchange rates as at the balance sheet date for all assets and liabilities. The Company is presently considering changing its reporting currency to U. S. dollars, since its principal assets are located in the United States. Such a change would have a minimum impact on the Company's financial statements with respect to foreign currency translation.

(v) Stock options

Under CGAAP, the Company accounts for stock-based compensation based on the fair value method of accounting. Under this method, the fair value of stock-based compensation is determined based on the Black-Scholes valuation model and is recognized based on the vesting of options granted under the stock option plan. Amounts recognized are charged to expense in the statement of earnings and credited to Contributed Surplus on the balance sheet. Consideration paid on the exercise of stock options is credited to Capital Stock on the balance sheet. Under IFRS, the Company requires the addition of a forfeiture rate when calculating stock-based compensation. The applicable forfeiture rate must be re-evaluated at the time of each grant. The Company does not anticipate any material changes to its consolidated financial statements resulting from the granting or exercise of stock options.

(vi) *Asset retirement obligations*

Under CGAAP, the Company records asset retirement obligations ("ARO") at fair value in the period in which the liability is incurred. Fair value is determined based on the estimated future cash flows required to settle the liability discounted at the Company's credit adjusted risk free interest rate. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and increases over time to its full value. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset. Under IFRS, the Company must take into consideration, in addition to any legal obligation, any constructive obligations. The clean-up obligation at the Company's Brodeur property is currently being quantified but is not expected to be material and currently, the Company does not believe that any obligation exists in respect of its Abitibi property. The Corporation currently has a number of bonded (fully funded) obligations at its Atlanta property. Management will re-evaluate constructive or legal liabilities at Atlanta on a regular basis.

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 2010 which have affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Share Capital

As at October 20, 2010, the Company had 144,378,294 common shares outstanding, incentive stock options outstanding to purchase 6,686,667 common shares at prices ranging from $0.18 to $2.85 per share and expiring between February 2011 and September 2015, and warrants outstanding to purchase 48,382,528 common shares at prices between $0.13 and $0.25 per share, exercisable between December 2010 and September 2012.

Uncertainties and Risk Factors

The Company does not currently hold any interest in a mining property in production and its future success depends upon its ability to find, develop, exploit and generate revenue from mineral deposits. Exploration and development of mineral deposits involve significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and there can be no assurance that any of the Company's current projects will ultimately be developed into a profitable mining operation. A number of factors beyond the control of the Company may affect the marketability of any diamonds, gold or any other minerals discovered. Resource prices have fluctuated widely and are beyond the Company's control. Revenue and profitability will be determined by the relationship of the Company's production costs and in respect of diamonds, the relative quality of the diamonds extracted and in respect of gold, the recovered grade of gold, to resource prices. The effect of these factors cannot accurately be predicted. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible dilution or loss of such interests. The operations of the Company require licenses and permits from various governmental authorities and while the Company currently holds all necessary licenses and permits required to carry on its activities and believes it is in substantial compliance 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 in future be able to obtain all necessary licenses and permits. 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 2010.

October 20, 2010