

ATLANTA GOLD INC.

(formerly Twin Mining Corporation)

(a development stage company)

Interim Report - First Quarter

March 31, 2007

ATLANTA GOLD INC.
(formerly Twin Mining Corporation)
 (a development stage company)

Consolidated balance sheets

(Canadian dollars) (unaudited)

| | As At March 31 2007 \$ | As At December 31 2006 \$ |
|---|---------------------------------|------------------------------------|
| Assets | | |
| <i>Current assets</i> | | |
| Cash and cash equivalents | 331,385 | 1,685,105 |
| Receivables (note 3) | 36,511 | 27,736 |
| Prepaid expenses | 185,415 | 319,152 |
| Supply inventory | 136,657 | 136,657 |
| | <u>689,968</u> | <u>2,168,650</u> |
| Mineral properties (note 4) | 37,173,190 | 36,146,645 |
| Fixed assets | <u>81,295</u> | <u>94,308</u> |
| | <u>37,944,453</u> | <u>38,409,603</u> |
| Total assets | | |
| Liabilities | | |
| <i>Current liabilities</i> | | |
| Accounts payable and accrued liabilities | 1,990,931 | 2,049,003 |
| Future income tax liability | <u>5,765,841</u> | <u>5,449,753</u> |
| | 7,756,772 | 7,498,756 |
| Nature of operations and going concern (note 1) | | |
| Contingencies and commitments (note 10) | | |
| Shareholders' equity | | |
| Capital stock | 63,491,223 | 63,500,087 |
| Warrants (note 7) | <u>95,505</u> | <u>103,645</u> |
| | 63,586,728 | 63,603,732 |
| Contributed surplus | 4,146,904 | 4,138,764 |
| Accumulated deficit | <u>(37,545,951)</u> | <u>(36,831,649)</u> |
| | <u>30,187,681</u> | <u>30,910,847</u> |
| | <u>37,944,453</u> | <u>38,409,603</u> |
| Total liabilities and shareholders' equity | | |

These consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2006 Annual Report.

ATLANTA GOLD INC.
(formerly Twin Mining Corporation)
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Consolidated statements of loss, deficit, and comprehensive loss

(Canadian dollars) (unaudited)

| | Cumulative, since Inception (March 6, 1985) to 31-Mar-07 \$ | Three months ended March 31 | |
|--|---|-----------------------------|-------------------|
| | | 2007 \$ | 2006 \$ |
| Interest and other income | 1,859,019 | 8,275 | 9,465 |
| General and administrative expenses : | | | |
| Salaries and management fees | 5,991,140 | 49,553 | 102,265 |
| Stock based compensation | 929,505 | - | 151,719 |
| Professional fees | 4,004,577 | 176,157 | 82,245 |
| Investor relations | 2,736,729 | 104,037 | 74,385 |
| Interest | 276,604 | 9,817 | 13,449 |
| Administrative and office | 3,818,095 | 64,308 | 46,635 |
| Depreciation | 148,115 | 1,950 | 8,175 |
| | <u>17,904,765</u> | <u>405,822</u> | <u>478,873</u> |
| Foreign exchange loss (gain) | 113,068 | 9,531 | (43,992) |
| Future income tax expense (recovery) | 2,790,737 | 307,224 | - |
| Mineral property costs written off | 18,596,400 | - | - |
| | <u>39,404,970</u> | <u>722,577</u> | <u>434,881</u> |
| Loss and comprehensive loss for the period | 37,545,951 | 714,302 | 425,416 |
| Accumulated deficit, beginning of period, | - | 36,831,649 | 31,215,615 |
| Accumulated deficit, end of period | 37,545,951 | 37,545,951 | 31,641,031 |
| Weighted average number of post consolidation shares outstanding (note 6) | | <u>14,890,711</u> | <u>12,078,448</u> |
| Loss per share (basic and fully diluted) | | <u>0.048</u> | <u>0.035</u> |

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ATLANTA GOLD INC.
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Consolidated statements of cash flow

(Canadian dollars) (unaudited)

| | Cumulative, since Inception (March 6, 1985) to 31-Mar-07 \$ | Three months ended March 31 | |
|---|---|-----------------------------|--------------------|
| | | 2007 \$ | 2006 \$ |
| CASH FLOW FROM (USED FOR): | | | |
| <i>Operating activities</i> | | | |
| (Loss) earnings for the period | (37,545,951) | (714,302) | (425,416) |
| Add (deduct) items not involving cash: | | | |
| Depreciation & amortization | 148,115 | 1,950 | 8,175 |
| Future income tax expense | 2,790,737 | 307,224 | - |
| Mineral property costs written off | 18,596,400 | - | - |
| Stock-based compensation expense (note 7) | 929,505 | - | 151,719 |
| Increase in non-cash working capital | 2,278,493 | 66,890 | (1,693,703) |
| | <u>(12,802,701)</u> | <u>(338,238)</u> | <u>(1,959,225)</u> |
| <i>Financing activities</i> | | | |
| Issuance of common shares, net of share issue costs | 56,146,256 | - | 182,907 |
| Issuance of flow through shares, net of share issue costs | 12,853,631 | - | - |
| | <u>68,999,887</u> | <u>-</u> | <u>182,907</u> |
| <i>Investing activities</i> | | | |
| Fixed asset additions | (333,107) | (2,446) | (1,653) |
| Mineral property expenditures | | | |
| Abitibi Gold Property | (1,278,147) | (24,725) | (306) |
| Atlanta Gold Property, Idaho, USA | (26,264,047) | (828,808) | (408,178) |
| Brodeur Diamond Property | (12,611,604) | (159,503) | (253,605) |
| Torngat Diamond Property | (3,601,563) | - | (87) |
| Other Mineral Properties | (11,777,333) | - | - |
| | <u>(55,532,694)</u> | <u>(1,013,036)</u> | <u>(662,176)</u> |
| | <u>(55,865,801)</u> | <u>(1,015,482)</u> | <u>(663,829)</u> |
| (Decrease) increase in cash | 331,385 | (1,353,720) | (2,440,147) |
| Cash beginning of period | - | 1,685,105 | 2,952,674 |
| Cash end of period | 331,385 | 331,385 | 512,527 |

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ATLANTA GOLD INC.
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Consolidated statements of shareholders' equity

(Canadian dollars) (unaudited)

| | Shares issued and subscribed | | Warrants value \$ | Contributed Surplus value \$ | Accumulated deficit \$ | Total \$ |
|--|------------------------------|----------------------|----------------------|---------------------------------|---------------------------|-------------|
| | Number of shares | Ascribed value \$ | | | | |
| Balance, December 31, 2004 | 132,363,542 | 53,355,502 | 3,182,866 | 691,968 | (28,986,438) | 28,243,898 |
| Issue of shares for cash | | | | | | |
| - at \$0.22 per common share, net of share issue costs | 318,181 | 60,435 | 8,140 | | | 68,575 |
| - at \$0.18 per common share, net of share issue costs | 4,836,665 | 776,699 | 23,901 | | | 800,600 |
| - at \$0.18 per flow thru share, net of share issue costs | 2,001,664 | 325,685 | - | | | 325,685 |
| - at \$0.14 per common share, net of share issue costs | 110,000 | 15,037 | 303 | | | 15,340 |
| - at \$0.12 per common share, net of share issue costs | 36,400,000 | 4,208,433 | 13,220 | | | 4,221,653 |
| - at \$0.12 per flow thru share, net of share issue costs | 4,954,168 | 553,802 | - | | | 553,802 |
| Share issue costs regarding CEE renounced | | (238,990) | | | | (238,990) |
| Stock-based compensation | | | | 50,447 | | 50,447 |
| Warrants expiring unexercised | | | (156,583) | 156,583 | | |
| Loss for the year | | | | | (2,229,177) | (2,229,177) |
| Balance, December 31, 2005 | 180,984,220 | 59,056,603 | 3,071,847 | 898,998 | (31,215,615) | 31,811,833 |
| Issue of shares for debt | | | | | | |
| - at \$0.18 per common share, net of share issue costs | 1,222,222 | 182,907 | - | | | 182,907 |
| - at \$0.115 per common share, net of share issue costs | 870,000 | 94,360 | - | | | 94,360 |
| Issue of shares for cash | | | | | | |
| - at \$0.15 per flow thru share, net of share issue costs | 1,666,666 | 5,844 | 19,865 | | | 25,709 |
| - at \$0.115 per common share, net of share issue costs | 38,617,393 | 4,112,197 | 38,216 | | | 4,150,413 |
| Share issue costs recovered in respect of CEE renounced in prior years | - | 48,176 | | | | 48,176 |
| Stock-based compensation | | | | 213,483 | | 213,483 |
| Warrants expiring unexercised | | | (3,026,283) | 3,026,283 | | |
| Loss for the year | | | | | (5,616,034) | (5,616,034) |
| Balance, December 31, 2006 | 223,360,501 | 63,500,087 | 103,645 | 4,138,764 | (36,831,649) | 30,910,847 |
| Share consolidation, on a basis of 15 pre-existing shares for 1 post consolidation share (note 6) | (208,469,790) | - | | | | - |
| Share issue costs regarding CEE renounced | - | (8,864) | | | | (8,864) |
| Warrants expiring unexercised (note 7) | | | (8,140) | 8,140 | | - |
| Loss for the period to date | | | | | (714,302) | (714,302) |
| Balance, March 31, 2007 | 14,890,711 | 63,491,223 | 95,505 | 4,146,904 | (37,545,951) | 30,187,681 |

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ATLANTA GOLD INC.
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Consolidated statements of mineral properties

(Canadian dollars) (unaudited)

| | Cumulative, since Inception (March 6, 1985) to 31-Mar-07 \$ | As At March 31 2007 \$ | As At December 31 2006 \$ |
|---|---|---------------------------------|------------------------------------|
| TORNGAT Diamond Property | | | |
| Balance, beginning of period | - | - | 2,683,505 |
| Drilling, assays and related field work | 3,514,429 | - | 2,760 |
| Project administration and general | 299,017 | - | 5,925 |
| Costs recovered during the year | (203,196) | - | - |
| Property costs written off | (3,610,250) | - | (2,692,190) |
| Total expenditures during the period | - | - | (2,683,505) |
| Balance, end of period | - | - | - |
| Brodeur Diamond Property | | | |
| Balance, beginning of period | - | 9,452,101 | 11,080,554 |
| Drilling, assays and related field work | 11,025,327 | 9,216 | 398,105 |
| Project administration and general | 434,296 | 287 | 23,442 |
| Property acquisition and holding costs | 1,183,200 | 150,000 | 150,000 |
| Property costs written off | (3,031,219) | - | (2,200,000) |
| Total expenditures during the period | 9,611,604 | 159,503 | (1,628,453) |
| Balance, end of period | 9,611,604 | 9,611,604 | 9,452,101 |
| Abitibi Gold Property | | | |
| Balance, beginning of period | - | 1,272,815 | 1,058,842 |
| Drilling, assays and related field work | 1,896,299 | 16,763 | 187,414 |
| Project administration and general | 26,506 | 7,962 | 5,059 |
| Property acquisition and holding costs | 50,000 | - | 25,000 |
| Costs recovered during the year | (671,765) | - | - |
| Property costs written off | (3,500) | - | (3,500) |
| Total expenditures during the period | 1,297,540 | 24,725 | 213,973 |
| Balance, end of period | 1,297,540 | 1,297,540 | 1,272,815 |
| Atlanta Gold Property | | | |
| Balance, beginning of period | - | 25,421,729 | 23,549,988 |
| Drilling, analysis, investigations and design | 20,608,200 | 815,622 | 1,606,147 |
| Project administration and general | 3,197,293 | 26,695 | 148,772 |
| Property acquisition and holding costs | 3,172,067 | - | 116,822 |
| Costs recovered during the year | (713,514) | - | - |
| Total expenditures during the period | 26,264,046 | 842,317 | 1,871,741 |
| Balance, end of period | 26,264,046 | 26,264,046 | 25,421,729 |
| | 37,173,190 | 37,173,190 | 36,146,645 |

These consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2006 Annual Report.

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Notes to the Interim Consolidated Financial Statements

(Canadian dollars) (unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Effective March 22, 2007, the Company's name was changed from Twin Mining Corporation to Atlanta Gold Inc. (the "Company") and the Company's outstanding common shares were consolidated on the basis of one consolidated share for each fifteen pre-consolidated shares..

The Company's two diamond properties, located in Northern Quebec and on Baffin Island, and its gold property, located in Eastern Quebec are currently in the exploration stage. The Atlanta Gold Property, located in Idaho, U.S.A., and which has completed its feasibility study in 2004, is in the development phase awaiting completion of the permitting process and the beginning of mine construction. To date, the Company has not earned significant revenues and is not considered to be in operation.

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

As at March 31, 2007, the Company has an excess of current liabilities over current assets of \$1,300,963 and has recorded a first quarter loss of \$714,302. In May 2007, the Company completed a private placement for gross proceeds of \$3,079,800, and management continues to explore financing alternatives to raise capital. It is not possible to determine with any certainty, the success or adequacy of these initiatives.

The financial statements of the Company have been prepared on the basis that the Company will continue as a going concern, which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

2. UNAUDITED INTERIM FINANCIAL INFORMATION

These interim consolidated financial statements of the Company have been prepared by the Company 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, 2006 consolidated financial statements, except as disclosed herein. For further information, see the Company's consolidated financial statements and the accompanying notes included in the 2006 Annual Report. Results for the quarter ended March 31, 2007 are not necessarily an indication of the results that may be expected for the full fiscal year ended December 31, 2007.

3. RECEIVABLES

The receivables at March 31, 2007 and 2006 are in respect of input sales tax credits arising from the first quarter of 2007 and 2006, respectively.

4. MINERAL PROPERTIES

a) *Torn gat Diamond Property ("TORNGAT")*

On December 31, 2006, the Company wrote off the carrying value of TORNGAT. Renewal fees, which are due to the Quebec Ministry of Natural Resources ("QMNR") in July 2007, are expected to be unchanged from 2006 and 2005.

b) *Brodeur Diamond Property ("Brodeur")*

On December 31, 2006, the Company wrote down the carrying value of Brodeur after allowing certain claims to lapse at the end of fiscal 2006. However, during the first quarter of 2007, the Company has applied for a one year extension on all of its claims. In addition, it paid Helix Resources Inc. ("Helix") \$150,000 pursuant to the terms of a claims purchase agreement entered into with Helix in 2000, as amended by agreement entered into in 2005.

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c) *Atlanta Gold Property ("Atlanta")*

The Company holds a 100% interest in patented mining lands and unpatented mining claims, and is expected to pay the following in 2007:

- \$50,000 in May 2007 to Monarch Greenback for its surface and mineral rights on the property in respect of some of the patented lands
- \$10,000 in May 2007 to a lessor as an annual advance royalty payment in respect of some of the patented lands;
- \$15,000 in August 2007 to the Idaho Bureau of Land Management in respect of the annual maintenance fees on the unpatented mining claims;
- \$35,000 in the fourth quarter of 2007 to four lessors as annual advance royalty payments in respect of some of the patented lands plus accrued interest of 5% per year on \$119,500, which will be repaid in four instalments, commencing with \$25,000 payable in December 2007.

d) *Abitibi Gold Property ("Abitibi")*

The Company retains an option to earn 60% interest on mining claims pursuant to an option agreement entered into in August 2003 and a 100% interest on additional claims staked in December 2003. The option requires that the Company make annual payments of \$25,000 to Breakwater Resources Ltd. ("Breakwater") and to undertake exploration expenditures until September 1, 2008.

In July 2005, the Company entered into an option agreement with Stellar Pacific Ventures Inc. ("Stellar"), whereby Stellar paid the Company \$15,000 upon signing, and \$25,000 a in respect of the 2005 annual rental payment to Breakwater. Stellar forfeited the option in May 2006.

As at March 31, 2007, the Company had made cash payments of \$75,000 and incurred exploration expenditures totalling approximately \$2,234,000, including \$108,000 incurred by Stellar on behalf of the Company. This includes a 10% overhead component on all exploration expenditures incurred.

In February 2007, the Company paid annual renewal fees of \$6,812 in respect of its own claims in the Bousquet region, adjacent to the Abitibi property.

5. PRIVATE OFFERING

In May 2007, the Company completed a private offering by issuing 3,422,000 common shares of the Company for gross proceeds of \$3,079,800 (see notes 5 and 9 below) and paid finders' fees of \$173,988 in respect of this offering, of which \$92,988 was paid to a company, one of whose officers is a director of the Company.

6. CAPITAL STOCK, WARRANTS, AND CONTRIBUTED SURPLUS

Effective March 22, 2007, the Company's outstanding common shares were consolidated on the basis of one consolidated share for each fifteen pre-consolidated shares. Consequently, the Company had 14,890,711 common shares outstanding, as well as stock options to purchase 316,667 additional common shares at prices ranging from \$1.35 to \$7.65 per share and warrants to purchase 372,312 additional common shares at prices ranging from \$1.95 to \$3.60 per share. Stock options expire between May 2007 and December 2011. Warrants expire between July 2007 and May 2008.

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Details of the stock options, and share purchase warrants issued, exercised, forfeited and expired since January 1, 2005 are as follows:

| | <i>Share purchase warrants</i> | | | <i>Stock options</i> | |
|--|--------------------------------|----------------------------------|---|----------------------|----------------------------------|
| | <i>No. of shares</i> | <i>Weighted average price \$</i> | <i>Fair market value of warrants \$</i> | <i>No. of shares</i> | <i>Weighted average price \$</i> |
| Balance, December 31, 2004 | 47,054,524 | 0.26 | 3,182,866 | 4,350,000 | 0.46 |
| Securities issued, for cash from private offerings | 2,991,512 | 0.22 | 34,743 | - | - |
| Securities issued | 400,000 | 0.12 | 10,821 | 950,000 | 0.20 |
| Securities cancelled | - | - | - | (50,000) | 0.39 |
| Securities expired | (1,500,000) | 0.40 | (156,583) | (1,150,000) | 0.44 |
| Balance, December 31, 2005 | 48,946,036 | 0.25 | 3,071,847 | 4,100,000 | 0.40 |
| Securities issued, for cash from private offerings | 833,333 | 0.24 | 17,125 | - | - |
| Securities issued, as agents' fees (<i>note 6(b)</i>) | 1,678,027 | 0.13 | 40,956 | - | - |
| Securities issued | - | - | - | 3,250,000 | 0.16 |
| Securities cancelled | - | - | - | (1,050,000) | 0.45 |
| Securities expired | (45,554,524) | 0.24 | (3,026,283) | (850,000) | 0.29 |
| Balance, December 31, 2006 | 5,902,872 | 0.20 | 103,645 | 5,450,000 | 0.27 |
| Securities expired | (318,181) | 0.24 | (8,140) | (700,000) | 0.61 |
| Securities reduced on a basis of 15 pre-consolidation securities for 1 post consolidation security | (5,212,379) | - | - | (4,433,333) | - |
| Balance, March 31, 2007 | 372,312 | 2.96 | 95,505 | 316,667 | 3.24 |

The weighted-average remaining contractual life of all stock options outstanding is 40 months as follows:

| <i>Expiry date</i> | <i>No. of shares</i> | <i>Exercise price \$</i> |
|--------------------|----------------------|--------------------------|
| May 17, 2007 | 13,333 | 7.65 |
| January 17, 2008 | 6,667 | 6.75 |
| January 29, 2008 | 3,333 | 6.00 |
| February 5, 2008 | 3,333 | 6.00 |
| August 19, 2008 | 13,333 | 5.25 |
| November 13, 2008 | 16,667 | 5.85 |
| November 24, 2009 | 26,667 | 4.28 |
| February 11, 2010 | 30,000 | 3.30 |
| June 30, 2010 | 6,667 | 2.70 |
| February 13, 2011 | 100,001 | 2.85 |
| June 28, 2011 | 10,000 | 1.80 |
| September 28, 2011 | 50,000 | 1.65 |
| November 6, 2011 | 26,666 | 1.50 |
| December 11, 2011 | 10,000 | 1.35 |
| | 316,667 | |

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7. STOCK BASED COMPENSATION

The Company issues stock options from time to time to its employees, officers, directors and consultants to the Company. During the first quarter of 2007, there were no options granted, resulting in no charge taken to stock-based compensation expense for the quarter.

The fair value of common share purchase warrants ("Warrants") is charged directly to shareholders' equity against the corresponding share capital issued. The Company did not issue any Warrants during the first quarter of 2007.

Options and warrants that are exercised are recorded as share capital in the year that they are exercised and those that expire unexercised are recorded as contributed surplus. The fair value of the Warrants that expired unexercised during the first quarter of 2007 was \$8,140.

8. SEGMENTED INFORMATION

The Company operates in two geographical segments: Canada and United States. Corporate administrative activities are carried out from Canada.

The comparative interest and other income and loss incurred for the three months ended March 31, 2007 and 2006, and the assets identifiable to those segments as at the most recent annual fiscal year ended are as follows:

| | Canada | USA | Total |
|--|------------|------------|------------|
| | \$ | \$ | \$ |
| Three months ended March 31, 2007 | | | |
| Interest and other income | 8,275 | - | 8,275 |
| Loss for the period | 408,651 | 305,651 | 714,302 |
| Identifiable assets | 11,450,761 | 26,493,692 | 37,944,453 |
| Balance, December 31, 2006 | | | |
| Identifiable assets | 12,667,868 | 25,741,735 | 38,409,603 |
| Three months ended March 31, 2006 | | | |
| Interest and other income | 9,465 | - | 9,465 |
| Loss for the period | 407,989 | 17,427 | 425,416 |

9. Related party transactions

Included in the current liabilities is \$550,706 due to two former directors, and a former and current officer of the Company, consisting of:

| | |
|-----------|--|
| \$490,046 | notes payable and accrued interest due to two former directors of the Company, bearing interest at 5% per annum; and |
| \$63,823 | accrued fees and expenses due to current and former officers of the Company. |

During the first quarter of 2007, the Company paid interest expenses of \$6,100 to two former directors of the Company.

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10. CONTINGENCIES AND COMMITMENTS

In November 1999, the Company and Atlanta Gold Corporation of America, Inc., the wholly owned U.S. subsidiary of the Company ("Atlanta Gold"), were named as third party defendants in a lawsuit commenced by Monarch against Doe Run Resource Corporation ("Doe Run") with respect to environmental liability on the Butler Ranch, which is adjacent to the Atlanta Property. In 2002, the Company obtained an order from the U.S. District Judge in Boise, Idaho, summarily dismissing the claims against the Company and Atlanta Gold. Doe Run has appealed that order to the United States Court of Appeals for the Ninth Circuit. On April 10, 2006, the Appeal was dismissed.

On May 25, 2005, the Idaho Conservation League ("ICL") filed a complaint alleging that the Company's wholly-owned subsidiary in the United States, Atlanta Gold Corporation ("Atlanta Gold") was in violation of the United States Clean Water Act by allowing drainage from a historic underground mine adit to discharge into a local creek. The U.S. Environmental Protection Agency ("EPA") and the U.S Forest Service ("USFS") have indicated satisfaction with the initiatives taken to date by Atlanta Gold, including commencement in May 2005 of the installation of water treatment facilities (WTF) for this historic mine drainage. On December 8, 2005, an out-of court settlement on the complaint was approved by the federal district court, which confirmed Atlanta Gold's requirement to complete construction of the WTF by December 1 2005, and required Atlanta Gold to create a fund of US\$25,000 to be used for additional environmental projects benefiting water quality in the area and to pay \$6,000 towards ICL's legal fees. In January 2006, the Company paid US\$31,000 project fund and the legal fees of ICL. In 2006, the Company installed two water treatment ponds at the 900 Adit projects, and undertook additional modifications, including reinstalling a liner in one of the two ponds, as requested by ICL. During the first quarter of 2007, the Company installed an erosion control system to prevent any sediment from reaching the local creek at the bottom, and submitted a Plan of Study to the USFS in respect of the WTF project, incurring total costs of almost \$115,000 in respect of the ICL claim.

In September 2006, an equipment supplier brought an action against the Company seeking damages of approximately \$970,000. The Company filed a statement of defence in October 2006.

After incurring almost \$37,000 in qualifying exploration expenditures in Canada ("CEE") during the first quarter of 2007, the Company is committed to incur almost \$138,000 by December 31, 2007.

The Company has operating lease commitments in respect of its head office space and office equipment until January 2010 as follows:

| | | |
|------|----|--------|
| 2007 | \$ | 55,312 |
| 2008 | \$ | 73,750 |
| 2009 | \$ | 73,750 |
| 2010 | \$ | 2,198 |

11. 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. (formerly Twin Mining Corporation) (the "Company") and its subsidiaries for the three months ended March 31, 2007 has been prepared as of May 14, 2007. 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 months ended March 31, 2007 and the audited consolidated financial statements of the Company for the year ended December 31, 2006. The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in financial tables, except per share amounts, are expressed in thousands of Canadian or U.S. dollars unless otherwise indicated.

Additional information relating to the Company, including the Company's most recent Annual Information Form, are filed with securities regulatory authorities in Canada and are available on SEDAR at www.sedar.com

Cautionary Statement on Forward Looking Information

This document includes "forward-looking information" and "forward-looking statements", within the meaning of applicable securities legislation. All statements other than statements of historical fact are forward-looking statements. Forward-looking information and statements are 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 and statements are 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 and statements involve 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 statements and readers are cautioned not to unduly rely on such forward-looking information and statements. Such risks and uncertainties include, but are not limited to, 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; the uncertainty of 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 all permits, consents or authorizations required for its operations and activities; and health, safety and environmental risks), the risk of resource prices and foreign exchange rate fluctuations, the Company's limited financial resources and its ability to fund the capital and operating expenses necessary to achieve its business objectives. Further information on the risks and uncertainties is described herein under "Uncertainties and Risk Factors" and in the Company's Annual Information Form under "Risk Factors".

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

Overview

The Company is engaged in the development of an advanced-stage gold property in the United States with proven reserves and favourable economics, and in the evaluation and exploration of gold and diamond properties in Canada.

The Company's principal asset is the Atlanta gold property in Idaho, U.S.A. ("Atlanta"), with over 0.5 million proven and probable gold ounces assuming open-pit mining methods, and underground resources which could more than double the gold production potential. Exploration properties include the Abitibi gold property in eastern Quebec ("Abitibi"), the Jackson Inlet diamond property on the Brodeur peninsula of Baffin Island ("Brodeur"), the Torngat diamond property in northern Quebec ("Torngat") and the Layuh gold property in Kalimantan, Indonesia ("Layuh").

Based on the work undertaken in 2006 on Atlanta, which demonstrated significant potential for improvement in the project's economics, the Company developed a strategic focus on Atlanta. The property has attractive geology, as evidenced by historical mine production, and is considered to have excellent potential for additional discoveries of gold deposits.

Highlights from Operations include the following:

During the first quarter of 2007, the Company designed two surface exploration programs for the Atlanta gold project area. The first program will focus on exploration drill holes which can be sited on private, patented claims and will commence in June of 2007. A Hagby 1003 diamond core drilling rig, suitable for both surface and underground exploration, was purchased in May 2007. A chief geologist with over 30 years exploration experience and a drilling foreman with over 25 years experience were retained to lead these programs.

The second surface exploration program will focus on exploration drill holes which can be sited on unpatented claims. For proposed gold and silver targets on unpatented claims, an exploration Plan of Operations was submitted to the U.S. Forest Service on April 4, 2007, seeking approval for drilling operations.

The Company plans to examine the viability of an underground mine, operating in parallel with the open pit mine. A combined open pit and underground mining operation could significantly increase the total ounces of gold projected in the 2004 Feasibility Study. This combined operation would have the potential for a longer production life, enabling underground development work to maintain pace with the open pit mine.

Subject to the availability of financing in 2007, the Company will drive a decline from the existing 600 Level platform (elevation 6,400 feet above sea level) westward along the south side of the Atlanta Shear Zone. This decline will provide drill stations that can probe beneath the deepest mining previously undertaken at Atlanta. Two crosscuts from the decline and underground drilling will test modern underground mining methods and provide valuable economic and technical information.

The Company designed a conceptual 300 ton-per-day mill for processing high-grade ore, from both underground and open-pit mining. This mill would have gravity and flotation recovery circuits. The mill tailings would be blended into the heap leach feed so that residual gold in the mill tailings would be leached.

New Monarch and Idaho open pit mines were also designed using a US\$550 gold price and current estimates for operating costs.

Environmental and administrative offices were established in the Mountain Home district in Idaho. The Water Treatment Facility #1 at the historic 900 Adit continued to successfully operate and achieved targeted arsenic removal throughout the first quarter of 2007.

The future profitability and operating cash flow of the Company will be affected by various factors, including the amount of reserves and resources, production rates, the market prices of minerals, interest rates, the costs of regulatory and environmental compliance, general and administrative costs, the level of exploration and capital expenditures, and other discretionary costs. While the Company seeks to manage the level of risk associated with its business, many of the factors affecting these risks are beyond the Company's control.

Effective March 22, 2007, the Company amended its Articles of Incorporation to consolidate its common shares on the basis of one consolidated common share for each fifteen pre-consolidation common shares and to change the name of the Company from Twin Mining Corporation to Atlanta Gold Inc.

Overview of Financial Results

Subsequent Events

Equity Financing

On May 1, 2007 the Company completed a private placement offering of 3,422,000 common shares at a price of \$0.90 per share for aggregate gross proceeds of \$3,079,800. The Company paid agent's fees of \$173,988 in connection with the offering. The Company will use the net proceeds from the offering to explore Atlanta and for working capital purposes.

Liquidity and Capital Resources

Cash as at March 31, 2007 was \$331,000 compared to \$1,685,000 as at December 31, 2006. The decrease in cash was \$1,354,000 for the quarter ended March 31, 2007 compared to a decrease in cash of \$2,440,000 for the comparative quarter ended March 31, 2006.

Working capital deficiency as at March 31, 2007 was \$1,301,000 compared to a surplus of \$120,000 as at December 31, 2006. Cash used in operations for the first quarter of 2007 was \$338,000 compared to \$1,959,000 for the comparative quarter ended March 31, 2006, with the higher 2006 expenditures reflecting significant payments to suppliers in respect of services provided in prior periods. Cash generated from financing activities was nil for the first quarter of 2007 compared to \$183,000 for the comparative quarter ended March 31, 2006. Cash used for investing activities for the first quarter of 2007 was \$1,015,000 compared to \$664,000 for the comparative quarter ended March 31, 2006. These are summarized below.

(Canadian dollars in 000's)

| Investing Activity | Quarter Ended | |
|---------------------------------------|----------------|----------------|
| | March 31, 2007 | March 31, 2006 |
| Fixed asset additions | \$ 2 | \$ 2 |
| Mineral property expenditures: | | |
| Atlanta gold | 829 | 408 |
| Brodeur diamond | 159 | 254 |
| Abitibi gold | 25 | - |
| | 1,013 | 662 |
| Total | \$1,015 | \$664 |

Subsequent to March 31, 2007, the Company's cash and working capital positions improved with the completion on May 1, 2007 of the private placement of common shares for gross proceeds of \$3,079,800. The Company will use the net proceeds of approximately \$2.9 million from the offering to explore its Atlanta gold property located in Idaho, U.S.A. and for working capital purposes. The Company anticipates that additional funds will be required prior to carrying out its planned programs in the third and fourth quarters of 2007.

Equity

As at March 31, 2007 and December 31, 2006 the Company had 14,890,711 (pre-consolidated 223,360,501) common shares outstanding. Shareholders' equity as at March 31, 2007 was \$63,491,223 compared to \$63,500,087 as at December 31, 2006.

During the first quarter of 2006, the Company issued a total of 1,222,222 (pre-consolidated) common shares to two directors of the Company in February 2006 to retire demand notes totaling \$220,000. The demand notes bore interest of 5% per year. Share issue costs of \$37,000 were incurred in the first quarter of 2006.

As at March 31, 2007, the Company had a total of 372,312 (December 31, 2006 – 393,525) share purchase warrants outstanding with a weighted average exercise price of \$2.96 (December 31, 2006 - \$3.00) per share and a weighted average life of 6 months (December 31, 2006 – 9 months).

A total of 316,667 (December 31, 2006 - 363,333) stock options were outstanding as at March 31, 2007. Stock options outstanding as at March 31, 2007 had a weighted average exercise price of \$3.24 per share (December 31, 2006 - \$4.05 share) and a weighted average life of 34 months (December 31, 2006 – 37 months). An aggregate of 700,000 (post-consolidated – 46,667) stock options expired during the quarter ended March 31, 2007.

General and Administrative Expenses

Corporate overhead expenses were \$406,000 for the quarter ended March 31, 2007 compared to \$479,000 for the quarter ended March 31, 2006. The decrease of \$73,000 was mainly due to decreases in salaries, management fees and no stock-based compensation which more than offset increases in professional fees, investor relations fees and administrative and office expenses.

A loss of \$10,000 was realized from foreign exchange transactions during the quarter because amounts due to Atlanta contractors and suppliers were denominated in U.S. dollars and paid in Canadian dollars converted at less favourable exchange rates than in previous periods, compared to the \$44,000 gain realized during the quarter ended March 31, 2006. A provision for future income taxes of \$307,000 was recorded in the quarter ended March 31, 2007 compared to nil for the quarter ended March 31, 2006.

Capital Expenditures

Atlanta Gold:

Expenditures in the first quarter of 2007 of \$829,000 focused on preparing for a surface drilling exploration program and sending a Plan of Operations (“POO”) for the drilling program to the US Forest Service for approval, as well as undertaking additional baseline field studies during the winter and analyzing waste rock geochemistry. Drill preparations included setting up a trailer park for the drilling crews and hiring a chief geologist and drill foreman. In comparison, expenditures of \$408,000 were incurred in the first quarter of 2006, when work was focused predominantly on redesign (by the Atlanta staff and Vector Engineering) of the site layout in response to comments from the permitting agencies and the public.

Brodeur Diamond Project:

Expenditures in the first quarter of 2007 of \$160,000 were primarily in respect of the annual payment of \$150,000 made to Helix Resources Inc. (“Helix”), pursuant to the terms of the existing claims agreement with Helix as amended in 2005. This compares to the \$254,000 incurred during the first quarter of 2006 when the annual payment of \$150,000 was paid to Helix and expenditures were also incurred for data processing and map production with respect to an airborne survey conducted in the summer of 2005 and laboratory work carried out on samples collected from the 2005 reverse circulation (RC) drill program and till frost boil surfaces of magnetic anomalies. The Company has a total of 51.1 carats of high quality diamonds which were recovered at the Freightrain kimberlite in 2001 and 2002 from 12 samples weighing a total of 248.4 tonnes.

Abitibi:

The Company holds an option to acquire a minimum 60% interest in 62 claims from Breakwater Resources Ltd. (“Breakwater”) in August 2003, and holds a 100% interest in 13 Bousquet claims covering 20.3 square kilometres (5,018 acres), located adjacent to the Breakwater claims.

In the first quarter of 2007, the Company incurred exploration expenditures of \$25,000, primarily in respect of geological consulting fees to review results of the 1,500-metre drilling program completed on the Normar claim block in December 2006 and to determine priority exploration targets for future exploration programs. The Company also paid renewal fees of \$7,000 in respect of 13 Bousquet claims.

Torngat:

Torngat has been on a care and maintenance since 2003 and the remaining book value of \$2,692,000 was written off in December 2006 to comply with CICA Accounting Guideline No. 11 (AcG 11). The Company has incurred sufficient expenditures to keep its permit and claims in good standing until 2009, and has 13.423 carats of high quality diamonds which were recovered in 2000 from 12 samples weighing a total of 343.01 tonnes.

Layuh:

The Company's Layuh gold property in Kalimantan, Indonesia ("Layuh") had been on care and maintenance since 1999. The Company wrote-off Layuh's carrying value in 2004.

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).

Upon raising flow-through share financing, the Company is obligated to incur qualifying exploration expenditures in Canada ("CEE") within 24 months of the date of renouncement of the associated tax deductions. As at March 31, 2007, the Company is committed to incur \$138,000 in CEE by December 31, 2007 arising from flow-through share financing raised in May 2006.

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 | 149 | 76 | - |
| Atlanta (1)(2) | 195 | 105 | 60 |
| Abitibi | 50 | - | - |
| Brodeur (3) | 150 | 150 | 150 |

1. Pursuant to an amendment to one of the Atlanta lease-purchase option agreements a final option payment of \$120,000 which was due in December 2006, will be repaid in equal installments to December 2010, and include accrued simple interest of 5% per year.
2. Pursuant to the Lease / Option to Purchase agreement with Monarch Greenback, LLC ("Monarch"), the Company has an option to purchase Monarch's surface and mineral rights on February 2, 2009 for \$2,875,000.
3. Paid to Helix Resources Inc. on January 3, 2007. Payments are to be made annually until the production of 500,000 carats of diamonds or the termination of the existing claims purchase agreement with Helix.

By agreement dated August 29, 2003 between the Company and Breakwater Resources Ltd. ("Breakwater"), the Company has the exclusive right and option to earn up to a 100% interest in the Abitibi property (the "Property"), subject to certain net smelter and net profits royalty interests. The Company can earn a minimum 60% interest in the Property by paying annual taxes and otherwise maintaining the Property in good standing and by making cash payments aggregating \$125,000 and by incurring exploration expenditures aggregating \$3,500,000 by September 1, 2008.

When the Company has earned a minimum 60% interest in the Property, it will have the irrevocable right to acquire a further 10% undivided interest by making an additional cash payment of \$100,000 to Breakwater. Within six months after preparation of an independent feasibility study, the Company will have the irrevocable right to acquire a further 10% undivided interest in the Property by making an additional cash payment of \$500,000 to Breakwater.

Upon the Company earning a 60% interest in the Property, a Joint Venture will be formed between the Company and Breakwater and expenditures will be shared by the parties in accordance with their respective percentage ownership interests. If a party fails to contribute its proportionate share of expenditures, then such party's interest will be diluted accordingly. If Breakwater's interest is reduced to or below a 10% interest, such interest will be converted to a 1.5% net smelter royalty interest (the "NSR"). The Company has the right to purchase this NSR by making a cash payment of \$1,500,000 to Breakwater. Since September 1, 2004, the Company paid \$25,000 per year to Breakwater for the annual option fee. In July 2005, the Company signed an option agreement with

Stellar Pacific Ventures Inc (“Stellar”) whereby Stellar paid to the Company \$15,000 upon execution of the agreement and \$25,000 in respect of the 2005 annual rental payment to Breakwater.

As at March 31, 2007 the Company has made cash payments totaling \$75,000 and incurred exploration expenditures totaling approximately \$2,234,000. This includes a 10% overhead component on all exploration expenditures including approximately \$108,000 incurred by Stellar Pacific Ventures Inc. on behalf of the Company. As at March 31, 2007, the Company has incurred sufficient exploration expenditures to maintain the Property in good standing until September 1, 2007. Additional cash payments of \$50,000 and expenditures of approximately \$1.3 million are required to maintain the option through September 2008 and to earn an initial 60% interest.

Contingencies and commitments are described in Note 10 to the Company’s interim unaudited consolidated financial statements for the three months ended March 31, 2007.

Summary of Quarterly Results

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 (5) | General and Administrative Expenses | Net Loss (3) | Loss per share (4) |
|----------------------|-----------------------------------|--|-------------------------|-------------------------------|
| March 31, 2007 | - | 406 | 714 (1) | 0.05 |
| December 31, 2006 | - | 276 | 4,240 (1) | 0.33 |
| September 30, 2006 | - | 612 | 586 (2) | 0.05 |
| June 30, 2006 | - | 326 | 364 (2) | 0.03 |
| March 31, 2006 | - | 479 | 425 (2) | 0.04 |
| December 31, 2005 | - | 96 | 876 (1) | 0.09 |
| September 30, 2005 | - | 266 | 38 (2) | 0.00 |
| June 30, 2005 | - | 326 | 1,027 (1)(2) | 0.12 |

1. Includes write down of mineral property costs of \$4,895 taken in the fourth quarter of 2006, \$800 taken in the fourth quarter of 2005, and \$700 taken in the second quarter of 2005, and future income tax recovery of \$237 taken in the fourth quarter of 2005 and \$307 taken in the first quarter of 2007.
2. Includes stock based compensation expense of \$16 incurred in the fourth quarter of 2006, \$38 incurred in the third quarter of 2006; \$7 incurred in the second quarter of 2006, \$152 incurred in the first quarter of 2006, \$3 incurred in the third quarter of 2005; and \$5 incurred in the second quarter of 2005.
3. The Company has not incurred any losses arising from discontinued operations or extraordinary items in the last eight quarters
4. Loss per share adjusted to reflect share consolidation on a basis on one consolidated share for fifteen pre-consolidation shares.
5. 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. Corporate administrative activities are carried out in Canada. The Company has an interest in four mineral properties. Two are gold properties and two are diamond properties. The Company’s activities to date during 2007 have focused on its Atlanta gold project.

Exploration work, particularly at the Company's diamond properties, is significantly affected by the weather and light conditions that prevail in the Canadian Arctic in the fall and winter seasons. The level of the Company's activities at the Atlanta and Abitibi gold properties are also somewhat impacted by winter weather conditions. These factors result in lower overall levels of activity on the Company's properties during these seasons. However, as Atlanta advances toward the production stage and permanent facilities are constructed, the impact of adverse weather conditions will be reduced.

The Company assesses, regularly, 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. During the first quarter of 2007, the Company has determined that no charges had to be taken against any of its mining properties.

Outlook

Atlanta Gold Property

The Company has commissioned an independent National Instrument 43-101 compliant technical report to provide an updated resource / reserve estimate at Atlanta using prevailing gold and silver prices. This report is expected to be completed in the second quarter of 2007.

Due to the much improved gold and silver prices which prevailed throughout 2006 and the potential to expand reserves and resources at Atlanta, exploration of the deep underground targets continues to be the focus in 2007. The Company proposes to begin exploration drilling from surface in June 2007 as site conditions become favourable for equipment and drilling. The initial program will drill 39 drill holes, totalling 12,800 feet of core, only on patented claims focusing on the historic mining sites, and will therefore be probing areas along and near the Atlanta Shear Zone. The initial program is expected to require all of the second quarter of 2007.

The Company also proposes to conduct exploration drilling on unpatented mine claims in an area that is bounded by Yuba, Decker, Flint and Montezuma Creeks within the footprint of historic mining and drilling. This second exploration program from surface requires drill holes to be sited on U.S. Forest Service ("USFS") ground, on unpatented claims. An exploration drilling proposal has been submitted to USFS for their approval in the first quarter of 2007, and USFS approval is expected in the second quarter of 2007.

The drilling exploration work will entail the use of a small skid-mounted Hagby 1003 drill rig with a 4x4 support vehicle. Impacts from this small drilling rig equipment will be significantly less than that typically used in the mining industry. The drilling equipment is specifically designed for low impact drilling in environmentally sensitive areas. Mineral exploration operations to be conducted in the area will help to identify the presence or absence of additional ore deposits. The Company's drilling will facilitate development of future mine plans and facilitate more comprehensive modeling of hydrogeologic conditions and mineralization. The Company will construct new, low standard, roads in the project area to facilitate exploration operations.

Existing exploration access routes will be used wherever possible. Prior to constructing a new, low standard road, the location will be flagged, ground conditions evaluated and erosion control practices will be evaluated and specified.

Upon completion of drilling, reclamation and stabilization will proceed in late 2007. Drilling operations will be completed utilizing the wagon or skid-mounted diamond coring drill. Upon completion, all holes will be filled with a bentonite-cement mixture designed to effectively seal and stabilize down hole conditions. At the surface, each will be topped with a cement plug. Drill hole abandonment will meet or exceed State of Idaho and U.S. Forest Service (USFS) drill hole abandonment requirements. The Company will use several types of synthetic polymer or bentonitic mud products for drilling. These additives are non-toxic. Material Safety Data Sheet (MSDS) information will be available for all products used on site and this information will be provided to the Forest Service on request. Plastic or steel tanks will be used to store or hold mixed drill fluids and for storage of make up water at the drill site. Water tanks may also be used at drill sites. Exploration drilling is planned to be conducted using Company staff and equipment.

Road maintenance will include erosion control practices, seeding disturbed areas, and water management activities to prevent off-site impacts. As indicated above, Atlanta Gold is committed to maintain access roads in a stable condition and prevent off-site impacts through the use of best management practices.

Subject to availability of funding, the underground exploration program at Atlanta is expected to be initiated in the third quarter of 2007. Surveying for locating the East Portal will be done in May 2007 and excavation of the East Decline is expected to be initiated in the third quarter of 2007.

The East Decline will be 10 feet wide and 13 feet high. It will be driven parallel to the Atlanta Shear, about 100 feet south of the Shear, to keep the decline in structurally sound granodiorite rock. The decline will descend at 15% slope (15 feet down for every 100 foot advance). Drilling from underground stations will commence when the decline has advanced 400 feet. This initial drilling will probe the shear zone, to evaluate rock mechanics, and to precisely locate the shear zone in cross-section. When the decline is at 750 feet in length, we plan to drive a horizontal cross-cut directly across the Shear zone and 25 feet beyond. This cross-cut will provide us will valuable bulk ore samples, of varying grades and rock character.

Permitting and Environmental Improvements at Atlanta

The Company continues to make environmental improvements at Atlanta including treatment of water discharges from historic adits and development of a pilot-scale composting system to provide topsoil for reclamation purposes.

A Storm Water Pollution Prevention Plan (“SWPPP”) will be prepared in the second quarter of 2007 to identify potential sources of pollution that could affect the quality of storm water discharges associated with mining exploration activities and ensure implementation of measures to minimize and control pollutants in the storm water discharges associated with industrial activity from the facility.

A 2007 Supplementary Plan of Operations (the “2007 SPOO”) for the Atlanta project is expected to be delivered to the permitting agencies in the third or fourth quarter of 2007. The 2007 SPOO will be based on a gold price of US\$550 per ounce which will result in a longer life project with larger reserves than the September 2006 SPOO which was based on a gold price of US\$350 per ounce.

The next major permitting objective will be an Erosion Control Plan for the entire Atlanta project area.

Abitibi Gold Properties

The Company plans to continue exploration on the Abitibi properties by the Company or through joint venture partners

Brodeur and Torngat Diamond Properties

The Company continues to investigate alternatives to unlock the value of the Brodeur and Torngat diamond properties.

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

Current liabilities owing as at March 31, 2007, includes \$551,000 due to two former directors, a current and a former officer of the Company, and to a company controlled by an officer of Atlanta Gold Corporation, a wholly-owned subsidiary of the Company. Of this total, \$490,000 relates to demand notes (the "Notes") and accrued interest payable to the two former directors. During the quarter ended March 31, 2006, the Company retired Notes held by two directors in the aggregate amount of \$220,000 by issuing 1,222,222 (pre-consolidated) common shares of the Company, leaving Notes payable as at March 31, 2006 totalling \$464,000. In addition, two (now former) officers of the Company were owed as at March 31, 2006, \$194,000 in respect of accrued payables, and unpaid salaries and benefits. Interest expense of \$7,000 was incurred to the current and former directors in respect of their Notes, compared to interest of \$6,000 incurred during the same period in 2006. The Notes are unsecured, due on demand and bear interest at 5% per year.

Changes to Significant accounting policies

During the first quarter of 2007, there were no changes to significant accounting policies from those followed during the same period in 2006.

Significant accounting estimates

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

From time to time, the Company may be subject to lawsuits or threatened lawsuits. When management believes that the likelihood is that a plaintiff will be awarded damages against the Company or that a monetary settlement will be reached, a provision is made for amounts claimed.

Critical estimates used in preparing the consolidated financial statements were unchanged during the quarter from those applied in preparing the statements for the year ended December 31, 2007.

Changes to Internal controls over financial reporting

There were no changes in the Company's internal control over financial reporting that occurred during the first quarter of 2007 that have affected or which are reasonably likely to materially affect the Company's internal control over financial reporting.

Share Capital

As at May 14, 2007, the Company had 18,312,711 common shares outstanding. The Company also had incentive stock options outstanding to purchase 210,000 common shares at prices ranging from \$1.35 to \$6.75 per share for terms ending between January 2008 and December 2011. The Company also has warrants outstanding to purchase 372,312 common shares at prices ranging from \$1.80 to \$3.60 per share, exercisable for terms expiring between July 2007 and May 2008.

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 complying with such licenses, permits and all applicable laws and regulations, such licenses, permits and laws are subject to change and there can be no assurance that the Company will 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 first quarter of 2007.

May 14, 2007