Form 52-109F2 - Certification of Interim Filings

I , Bill Baird, the Chief Executive Officer of Atlanta Gold Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Atlanta Gold Inc. (the “issuer”) for the interim period ending June 30, 2008;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date and for the periods presented in the interim filings;

4. The issuer’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the issuer, and we have:

(a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared; and

(b) designed such internal control over financial reporting, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP; and

5. I have caused the issuer to disclose in the interim MD&A any change in the issuer’s internal control over financial reporting that occurred during the issuer’s most recent interim period that has materially affected, or is reasonably likely to materially affect, the issuer’s internal control over financial reporting.

Date: August 1, 2008

“Bill Baird”
Chief Executive Officer

ATLANTA GOLD INC.

(a development stage company)

Consolidated balance sheets

(Canadian dollars) (unaudited)

	As At June 30 2008	As At December 31 2007
	$	$
Assets		
Current assets		
Cash and cash equivalents	1,296,416	245,856
Receivables	15,086	97,907
Prepaid expenses	76,819	144,858
Supply inventory	-	30,000
	1,388,321	518,621
Mineral properties (note 4)	31,096,414	29,386,255
Property, plant and equipment (note 5)	626,339	410,947
Total assets	33,111,074	30,315,823
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	528,335	2,602,628
Future income tax liability	5,013,643	5,013,643
	5,541,978	7,616,271
Shareholders' equity		
Capital stock	72,785,177	67,001,029
Warrants (note 6(a))	-	19,865
	72,785,177	67,020,894
Contributed surplus	4,649,874	4,228,619
Accumulated deficit	(49,865,955)	(48,549,961)
	27,569,096	22,699,552
Total liabilities and shareholders' equity	33,111,074	30,315,823

Nature of operations and going concern (note 1)

Contingencies and commitments (note 10)

These consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2007 Annual Report.

ATLANTA GOLD INC.

(a development stage company)

Consolidated statements of loss, deficit, and comprehensive loss

(Canadian dollars) (unaudited)

	Cumulative, since Inception (March 6, 1985) to 30-Jun-08	**Three months ended June 30**		**Six months ended June 30**	
		2008	**2007**	**2008**	**2007**
	$	$	$	$	$
Interest and other income	***1,913,617***	12,906	12,580	36,408	20,855
General and administrative expenses :					
Salaries and management fees	***6,707,221***	125,229	86,963	248,307	136,516
Stock based compensation (note 7)	***1,474,175***	81,435	-	298,595	-
Professional fees	***4,278,559***	168,543	96,666	274,455	272,823
Investor relations	***2,901,919***	33,325	22,353	116,099	126,390
Interest	***319,206***	5,000	6,300	18,788	16,117
Administrative and office	***4,097,055***	92,088	49,769	148,683	114,077
Amortization	***155,982***	1,956	1,950	3,912	3,900
	19,934,117	507,576	264,001	1,108,839	669,823
Foreign exchange loss (gain)	***81,809***	1,665	(3,152)	8,140	6,379
Future income tax expense (recovery)	***1,979,470***	-	292,972	-	600,196
Mineral property costs	***29,784,176***	50,784	-	235,423	-
	51,779,572	560,025	553,821	1,352,402	1,276,398
Loss and comprehensive loss for the period	***49,865,955***	547,119	541,241	1,315,994	1,255,543
Accumulated deficit, beginning of period,	-	49,318,836	37,545,951	48,549,961	36,831,649
Accumulated deficit, end of period	***49,865,955***	49,865,955	38,087,192	49,865,955	38,087,192
Weighted average number of consolidated shares outstanding		28,072,750	17,372,044	28,072,750	17,372,044
Loss and comprehensive loss per share (basic and fully diluted)		0.02	0.03	0.05	0.07

Nature of operations and going concern (note 1)

These consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2007 Annual Report.

ATLANTA GOLD INC.

(a development stage company)

Consolidated statements of cash flow

(Canadian dollars) (unaudited)

	Cumulative, since Inception (March 6, 1985) to 30-Jun-08	Three months ended June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
CASH FLOW FROM (USED FOR):	$	$	$	$	$
Operating activities					
(Loss) earnings for the period	*(49,865,955)*	(547,119)	(541,241)	(1,315,994)	(1,255,543)
Add (deduct) items not involving cash:					
Amortization	*155,982*	1,956	1,950	3,912	3,900
Future income tax expense	*1,979,470*	-	292,972	-	600,196
Mineral property costs written off	*29,548,753*	-	-	-	-
Stock-based compensation expense (note 7)	*1,474,175*	81,435	-	298,595	-
Increase in non-cash working capital	*703,451*	(478,299)	(598,829)	(1,626,411)	(531,969)
	(16,004,124)	(942,027)	(845,148)	(2,639,898)	(1,183,416)
Financing activities					
Issuance of common shares, net of share issue costs	*65,638,405*	586,107	3,134,951	5,517,128	3,134,951
Issuance of flow through shares, net of share issue costs	*12,853,631*	-	-	-	-
	78,492,036	586,107	3,134,951	5,517,128	3,134,951
Investing activities					
Fixed asset additions	*(1,037,732)*	(293,652)	(229,643)	(293,652)	(232,059)
Mineral property expenditures					
Atlanta gold property	*(30,918,273)*	(952,318)	(854,807)	(1,533,018)	(1,683,615)
Abitibi gold property	*(1,445,378)*	-	11,114	-	(13,611)
Brodeur diamond property	*(12,408,394)*	-	(19,093)	-	(178,596)
Other mineral properties	*(15,381,719)*	-	-	-	-
	(60,153,764)	(952,318)	(862,786)	(1,533,018)	(1,875,822)
	(61,191,496)	(1,245,970)	(1,092,429)	(1,826,670)	(2,107,881)
(Decrease) increase in cash and cash equivalents	*1,296,416*	(1,601,890)	1,197,374	1,050,560	(156,346)
Cash and cash equivalents, beginning of period	*-*	2,898,306	331,385	245,856	1,685,105
Cash and cash equivalents, end of period	*1,296,416*	1,296,416	1,528,759	1,296,416	1,528,759

These consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2007 Annual Report.

ATLANTA GOLD INC.

(a development stage company)

Consolidated statements of shareholders' equity

(Canadian dollars) (unaudited)

	Shares issued and subscribed					
	Number of shares	**Ascribed value**	**Warrants value**	**Contributed Surplus value**	**Accumulated deficit**	**Total**
		$	$	$	$	$
Balance, December 31, 2005	12,065,615	59,056,603	3,071,847	898,998	(31,215,615)	31,811,833
Issue shares for demand notes at $2.70 per common share, net of share issue costs	81,481	182,907	-			182,907
Issue shares for accounts payable at $1.725 per common share, net of share issue costs	58,000	94,360	-			94,360
Issue shares for cash at $0.15 per common share, net of share issue costs	111,111	5,844	19,865			25,709
Issue shares for cash at $0.115 per common share, net of share issue costs	2,574,493	4,112,197	38,216			4,150,413
Share issue costs in respect of CEE renounced in prior years	-	48,176				48,176
Stock-based compensation (note 7)				213,483		213,483
Warrants expiring unexercised			(3,026,283)	3,026,283		
Loss and comprehensive loss for the year					(5,616,034)	(5,616,034)
Balance, December 31, 2006	14,890,700	63,500,087	103,645	4,138,764	(36,831,649)	30,910,847
Issue additional shares after consolidation	11	-				
Issue shares for cash, at $0.90 per common share, net of share issue costs	3,722,000	3,134,951		-		3,134,951
Issue shares for accounts payable at $0.39 per common shares, net of share issue costs	153,846	58,500				58,500
Issuance of shares for accounts payable at $0.39715 per common shares, net of share issue costs	360,000	139,287				139,287
Issue shares for settlement with former officer, at $0.40 per common share, net of share issue costs	600,000	236,137				236,137
Share issue costs in respect of CEE renounced in prior years	-	(67,933)				(67,933)
Stock-based compensation (note 7)				6,075		6,075
Warrants expiring unexercised			(83,780)	83,780		
Loss and comprehensive loss for the year					(11,718,312)	(11,718,312)
Balance, December 31, 2007	19,726,557	67,001,029	19,865	4,228,619	(48,549,961)	22,699,552
Issue shares for cash at $0.61 per common share, net of share issue costs (note 6(b))	8,196,456	4,938,356		-		4,938,356
Issue shares for accounts payable at $0.70 per common shares, net of share issue costs (note 6(b))	310,029	214,261				214,261
Issue shares for accounts payable at $0.71 per common shares, net of share issue costs (note 6(b))	70,422	45,424				45,424
Issue shares for demand notes at $0.61 per common share, net of share issue costs	983,606	586,107				586,107
Stock-based compensation (note 7)				401,390		401,390
Warrants expiring unexercised			(19,865)	19,865		
Loss and comprehensive loss for the period					(1,315,994)	(1,315,994)
Balance, June 30, 2008	***29,287,070***	***72,785,177***	***-***	***4,649,874***	***(49,865,955)***	***27,569,096***

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(a development stage company)

These consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements included in the 2007 Annual Report.

Notes to the Interim Consolidated Financial Statements

(Canadian dollars) (unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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 approvals 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 June 30, 2008, the Company has an excess of current assets over current liabilities of $859,986 and has recorded a second quarter loss of $547,119. 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. 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, 2007 consolidated financial statements, except as disclosed herein. For further information, see the Company's consolidated financial statements and the accompanying notes included in the 2007 Annual Report. Results for the three and six months ended June 30, 2008 are not necessarily an indication of the results that may be expected for the full fiscal year ending December 31, 2008.

a) Capital disclosures and financial instruments – disclosures and presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

b) Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in note 3 to these interim financial statements.

c) Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The adoption of these standards had no impact on the Company's financial statements as at June 30, 2008.

3. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company and its subsidiary will be able to continue as a going concern while attempting to maximize the return to shareholders through the optimization of an equity balance commensurate with current operating requirements. The capital structure consists of cash and cash equivalents

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(a development stage company)

and shareholders' equity. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure.

4. MINERAL PROPERTIES
(Canadian dollars) (unaudited)

	Cumulative, since Inception (March 6, 1985) to 30-Jun-08 $	As At June 30 2008 $	As At December 31 2007 $
Atlanta Gold Property			
Balance, beginning of period	-	29,386,255	25,421,729
Drilling, analysis, investigations and design	24,735,310	1,302,698	3,640,034
Project administration and general	3,736,551	347,461	218,492
Property acquisition and holding costs	3,338,067	60,000	106,000
Costs recovered during the year	(713,514)	-	-
Total expenditures during the period	31,096,414	1,710,159	3,964,526
Balance, end of period	31,096,414	31,096,414	29,386,255
Brodeur Diamond Property			
Balance, beginning of period	-	-	9,452,101
Drilling, assays and related field work	10,910,156	-	(105,955)
Project administration and general	448,338	-	14,329
Property acquisition and holding costs	1,183,200	-	150,000
Property costs written off	(12,541,694)	-	(9,510,475)
Total expenditures during the period	-	-	(9,452,101)
Balance, end of period	-	-	-
Abitibi Gold Property			
Balance, beginning of period	-	-	1,272,815
Drilling, assays and related field work	2,015,637	-	136,101
Project administration and general	26,506	-	7,962
Property acquisition and holding costs	75,000	-	25,000
Costs recovered during the year	(671,765)	-	-
Property costs written off	(1,445,378)	-	(1,441,878)
Total expenditures during the period	-	-	(1,272,815)
Balance, end of period	-	-	-
	31,096,414	31,096,414	29,386,255

a) *Atlanta Gold Property ("Atlanta")*

The Company holds a 100% interest in patented mining lands and unpatented mining claims , and paid or is expected to pay the following in 2008:

- $50,000 in May 2008 to lessor for its surface and mineral rights on the property in respect of some of the patented lands;
- $10,000 in May 2008 to a lessor as an annual advance royalty payment in respect of some of the patented lands;
- $15,000 in August 2008 to the Idaho Bureau of Land Management in respect of the annual maintenance fees on the unpatented mining claims;
- $40,000 in the fourth quarter of 2008 to four lessors as annual advance royalty payments in respect of some of the patented lands plus accrued interest of 5% per year on $94,500, which will be repaid in three annual instalments payable until December 2010.

During the second quarter, the Company paid $69,190 in respect of additional claims staked adjacent to Atlanta.

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(a development stage company)

4. MINERAL PROPERTIES (continued)

b) Brodeur Diamond Property ("Brodeur")

On December 31, 2007, the Company wrote off the carrying value of Brodeur after three successive years without undertaking any exploration work on it. During the first quarter of 2008, the Company paid Helix Resources Inc. ("Helix") $150,000 pursuant to the terms of a claims purchase agreement with Helix, as amended in May 2005.

c) Abitibi Gold Property ("Abitibi")

After making cash payments of $100,000 and incurring exploration expenditures totalling approximately $2,339,000 since 2004, the Company wrote off the carrying value of Abitibi. Annual cash payment of $25,000 is due in September 2008.

5. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2008			December 31, 2007		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	$	$	$	$	$	$
Office furniture and equipment	147,799	144,421	3,378	146,599	140,508	6,091
Vehicles and field equipment	884,069	261,108	622,961	591,617	186,761	404,856
	1,031,868	405,529	626,339	738,216	327,269	410,947

6. CAPITAL STOCK, WARRANTS, AND CONTRIBUTED SURPLUS

a) Authorized share capital, warrants and stock options

As at June 30, 2008, the Company had 29,287,070 common shares outstanding, as well as stock options to purchase 2,216,668 additional common shares at share prices ranging from $0.63 to $5.85. Stock options expire between August 2008 and February 2013. All outstanding share purchase warrants expired in May 2008.

Details of the stock options, and share purchase warrants issued, exercised, forfeited and expired since December 31, 2005 are as follows:

	Share purchase warrants			*Stock options*	
	No. of shares	*Weighted average price $*	*Fair market value of warrants $*	*No. of shares*	*Weighted average price $*
Balance, December 31, 2005	3,263,069	0.25	3,071,847	273,333	6.00
Securities issued, for cash from private offerings	55,556	0.24	17,125	-	-
Securities issued, as agents' fees *(note 6(b))*	111,868	0.13	40,956	-	-
Securities issued	-	-	-	216,667	2.40
Securities cancelled	-	-	-	(70,000)	6.75
Securities expired	(3,036,968)	0.24	(3,026,283)	(56,667)	4.35
Balance, December 31, 2006	393,525	0.20	103,645	363,333	4.05
Securities issued	-	-	-	10,000	0.90
Securities cancelled	-	-	-	(120,000)	3.62
Securities expired	(329,080)	0.24	(83,780)	(46,667)	9.16
Balance, December 31, 2007	64,445	3.45	19,865	206,667	2.90
Securities issued	-	-	-	2,050,000	0.63

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Securities cancelled	-	-	-	(26,666)	2.89
Securities expired	(64,445)	3.45	(19,865)	(13,333)	6.38
Balance, June 30, 2008	-		-	2,216,668	0.78

6. CAPITAL STOCK, WARRANTS, AND CONTRIBUTED SURPLUS (continued)

a) Authorized share capital, warrants and stock options (continued)

The weighted-average remaining contractual life of all stock options outstanding is 45 months as follows:

Expiry date	*No. of shares*	*Exercise price $*
August 19, 2008	3,333	5.25
November 13, 2008	16,667	5.85
November 24, 2009	13,334	4.28
February 11, 2010	20,000	3.30
June 30, 2010	6,667	2.70
February 13, 2011	13,334	2.85
June 28, 2011	10,000	1.80
September 28, 2011	50,000	1.65
November 6, 2011	13,333	1.50
December 11, 2011	10,000	1.35
August 10, 2012	10,000	0.90
February 28, 2013	2,050,000	0.63
	2,216,668	

b) Capital stock offering

In February 2008, the Company issued 8,196,456 common shares by private placement at $0.61 per share for gross proceeds of approximately $5.0 million, including 170,000 subscribed for by directors of the Company. In March 2008, the Company issued 380,451 shares in satisfaction of accounts payable of approximately $267,000 to suppliers of the Company. In April 2008, 983,606 shares were issued to another director after obtaining shareholder approval at the Company's Annual Meeting. Share issue costs were $68,817 in respect of the $5.0 million financings completed in February 2008, and $13,893 in respect of the $600,000 financings completed in April 2008.

7. STOCK BASED COMPENSATION

The Company issues stock options to employees, officers, directors and consultants to the Company. In February 2008, the Company granted options to purchase 2,050,000 shares at $0.63 per share exercisable until February 28, 2013, including 525,000 options granted to employees in Atlanta, resulting in a total fair market value of $729,800 for all stock options granted. 40% of the options vested at the date of grant; 30% vest one year from date of grant; and 30% vest two years from date of grant. During the first quarter of 2008, $217,160 was expensed and $74,760 was capitalized. During the second quarter of 2008, $81,435 was expensed and $28,035 was capitalized. The remaining fair market value will be recorded as stock-based compensation as follows:

- i $81,435 will be expensed and $28,035 will be capitalized in each of the last two quarters of 2008; and.
- ii $20,359 will be expensed and $7,009 will be capitalized in each quarter of 2009.

The fair value of all stock options granted since 2004 has been estimated at the date of grant using the Black-Scholes option pricing model. The current year's valuation was was calculated with the following assumptions: weighted-average risk free interest rate of 3.14%, expected volatility of the market price of the Company's common stock of 64%; and weighted average expected life of the options of 5 years.

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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 three and six months ended June 30, 2008 and 2007, and the assets identifiable to those segments for the interim quarters ended June 30, 2008 and 2007, are as follows:

	Canada	USA	Total	Canada	USA	Total
	$	$	$	$	$	$
	Six months ended June 30, 2008			Three months ended June 30, 2008		
Loss for the period	1,314,899	1,095	1,315,994	254,147	292,972	547,119
Identifiable assets	1,425,592	31,685,482	33,111,074			
	Balance, December 31, 2007					
Identifiable assets	749,935	29,565,888	30,315,823			
	Six months ended June 30, 2007			Three months ended June 30, 2007		
Loss for the period	656,920	598,623	1,255,543	248,269	292,972	541,241
Identifiable assets	12,474,646	27,659,343	40,133,989			

9. RELATED PARTY TRANSACTIONS

At June 30, 2008, the current liabilities include $11,987 due to officers and employees of the Company. In April 2008, 983,606 shares were issued to a director of the Company in satisfaction of a $600,000 demand note held by the director.

During the second quarter of 2008, the Company paid interest expenses of $5,000 to a director of the Company, and incurred $136,850 in respect of management fees to officers of the Company. During the same period in 2007, the Company paid interest expense of $6,000 to former directors of the Company, and incurred $76,400 in respect of management fees to former and current officers of the Company.

10. COMMITMENTS AND CONTINGENCIES

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

2008	$ 38,385
2009	$ 76,770
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 and six months ended June 30, 2008 has been prepared as of July 30, 2008. 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 six months ended June 30, 2008 and the audited consolidated financial statements of the Company for the year ended December 31, 2007. 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. Specifically, this document contains forward-looking information and statements regarding, among other things, the potential for the discovery of additional gold deposits at the Company's Atlanta property; the significance of exploration drill results at Atlanta; the Company's intended use of proceeds received from completed financings, the requirement of additional financings to complete planned work at Atlanta and the Company's ability to raise such financings; the Company's plans to rehabilitate the 900 Adit and to proceed with an underground drilling program; the Company's plans to obtain construction permits and commence a pilot scale mining and milling operation at Atlanta; the projected gold recovery rate and the anticipated use of cash flow to be generated from production; and the Company's plans for its Abitibi, Brodeur and Torngat properties.

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 has additional Canadian gold and diamond properties in its portfolio.

The Company’s principal asset is the Atlanta gold property in Idaho, U.S.A. (“Atlanta”). In historic mining operations conducted by previous operators at Atlanta, selective high-grade mining concentrated on extraction of 344,000 equivalent ounces of gold from high grade sections at gold prices of US$20-$35 per ounce using cut-off grades of 0.5 (15.6 grams) up to and including 1935 and 0.4 ounces (12.4 grams) per ton thereafter. Consequently, most of the resources along the Atlanta Shear Zone were not mined and remain in situ. The National Instrument 43-101 compliant 2007 Technical Report prepared in respect of Atlanta provided a reserve estimate of 747,000 recoverable ounces of open-pit heap-leachable gold. This was an increase of 222,000 ounces over the 2005 Feasibility Study due to an increase in the gold price from US$350 to US$550 per ounce. Additional resources were available at lower cut-off grades, and also in the inferred category.

The Company has changed the strategic focus of its Atlanta Gold project from bulk mining, cyanide heap leaching, to a combined shallow open-pit and an underground operation with an on-site milling facility with no cyanide circuit, producing both a gravity concentrate and a precious metal rich sulphide concentrate to be custom smelted. The strategy to develop Atlanta was revisited in late 2007 with the objective of diminishing the environmental permitting issues which had previously stalled the project for years. This alternative method of development includes:

- Outlining and mining small open pits on private lands
- Driving underground access tunnels to allow delineation drilling of potentially mineable resources, and sampling and testing of the potential of the Atlanta Shear Zone for profitable mining.
- Building a pilot plant with an expected design capacity of 800 tons-per-day to process ore without using cyanide. The optimal throughput of the plant will depend on the size of the resource and the level of future mining activity. To provide flexibility, the milling facility will require a concrete pad large enough to allow for a modular expansion in plant capacity.

This development method offers significant potential with the following benefits:

  - A relatively small capital cost risk at the front end
  - An environmentally friendly approach to the project which should make permitting achievable sooner

- A low cost way of testing the potential of the 8,000 foot long Atlanta Shear Zone to host a major gold inventory

Current Work Plan

The following work is underway to implement our new strategy for a pilot-scale mining and milling operation at Atlanta:

- A 25,000-foot exploration drilling program for 2008: 12,000 feet of core drilling from surface, 5,000 feet from the underground exploration decline and 8,000 feet from the historical 900 Adit

- A 12,000-foot surface definition drilling program commenced in 2008 to confirm the bottom of the East Monarch Mini-Pit and West Monarch Mini-Pit and complete infill drilling of the East Extension area. It is intended to expand upon previous findings of gold and silver. This portion of the program is currently progressing at a drilling rate of 2,000 feet per month and is expected to increase to 4,000 feet per month with addition of a second drill and crew in the third quarter of 2008. Assay results are currently pending for four NQ drill holes totalling 926 feet in length.

- A surface trenching and sampling program across the Atlanta Shear Zone will determine grades for shallow open pit mining. Trench samples are being taken to sample the overburden and expose the bedrock.

- Removing surface overburden to enable detailed sampling of the Atlanta Shear Zone. This overburden will be stockpiled for potential processing.

- Removing material from the surface within the previously-proposed Monarch pit design. This material, if determined to be ore grade, will be treated as a surface deposit. The Shear Zone under the surface is approximately 100 feet wide by 2,000 feet long and the excavated unconsolidated material is expected to be approximately 20,000 cubic yards. This will be followed by a 12,000 foot core drilling program (5,000 feet will be drilled within the parameters of the shallow pit from the underground exploration decline, and the remainder in early 2009), and small-pit benching to examine the shallow surface structure and access the higher grade portions of the reserves in the previously-proposed Monarch pit design.

- The face for a new portal has been established 6,876 feet above sea level at the east end of the Monarch structure. A 1,200 foot long, 10 by 14 foot underground exploration decline is being driven from the new portal to facilitate sampling of the Atlanta Shear Zone, and assessment of alternate mining methods.

- Rehabilitation of certain historical production openings is planned, starting with the 2,275 foot long historic 900 Adit, to provide access and safe working conditions for an 8,000-foot underground drilling program.

- Implementation of an engineered drainage system to maintain a constant flow of mine drainage water which the Company continues to treat through its Water Treatment Facility at the historic 900 Adit. The water will subsequently be recycled and treated through the gravity-flotation milling operation at a pilot plant with an expected design capacity of 800 tons-per-day.

Based on the work undertaken in 2006 and 2007 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

- Cleared the portal area, constructed a safety berm bench or horizontal interval and excavated a portal in preparation for driving an underground exploration decline parallel to the Atlanta Shear Zone in the footwall at the east end of the Atlanta Gold property in Idaho.

- Received the remainder of the assays for the 2007 core and reverse circulation drilling program at Atlanta which tested areas outside the current Idaho and Monarch open-pit designs and within the East Extension Zone. Significant assays include the following:

Hole Identification	From (Feet)	To (Feet)	Width (Feet)	True Width* (Feet)	Assay (opt Au)	True Width* (Meters)	Assay (gpt Au)
D0701W013 (1)	103.5	142.0	38.5	28.9	0.190	8.8	6.514
R0712E008 (2)	75.0	100.0	25.0	18.8	0.256	5.7	8.777
R0720E014 (3)	295.0	340.0	45.0	31.5	0.220	9.6	7.543
R0721E015 (4)	330.0	365.0	35.0	24.5	0.163	7.5	5.589
R0720E010(5)	145.0	165.0	20.0	15.0	0.131	4.57	4.502
R0722E009(6)	120.0	145.0	25.0	18.8	0.127	5.73	4.375
D0704W014(7)	153.5	192.5	39.0	31.2	0.103	9.51	3.542

** True widths are estimates based on current available data and may be subject to change.*

(1) *Includes 3.0 feet (0.9 meters) of 0.762 opt (26.13 gpt) Au*
(2) *Includes 5.0 feet (1.5 meters) of 1.115 opt (38.23 gpt) Au*
(3) *Includes 5.0 feet (1.5 meters) of 1.086 opt (37.23 gpt) Au*
(4) *Includes 5.0 feet (1.5 meters) of 0.547 opt (18.75 gpt) Au*
(5) *Includes 5.0 feet (1.5 meters) of 0.226 opt (7.749 gpt) Au*
(6) *Includes 5.0 feet (1.5 meters) of 0.324 opt (11.109 gpt) Au*
(7) *Includes 5.0 feet (1.5 meters) of 0.381 opt (13.063 gpt) Au*

The above holes are significant in that they confirm that the veins have continuity down dip and extend a significant distance from the Shear. These results indicate potential for expanding the East Extension Zone. A table showing the 2007 surface drilling results as well as additional information on Atlanta is available on the Company's website at http://www.atgoldinc.com

- Completed MSHA (Mine Safety and Health Administration) training for all employees and some prospective employees who will be working at Atlanta

- Appointed Idaho-based Evans Dewatering, Inc. as the underground development and surface drilling contractor to conduct surface exploration, collar and excavate the underground exploration decline and provide task-specific training to Company employees

- Secured accommodation for up to 35 people plus a kitchen facility to provide meals for up to 50 employees at Atlanta

- Filed location notices on contiguous lode unpatented claims at Rocky Bar which cover approximately 7,020 acres (10.97 square miles) 17 miles south west of Atlanta. Staking of these additional claims increases the total area of the Company's land holdings in Idaho by 437% to 9,101 acres (15.78 square miles).

- Secured all permits and licenses required to conduct the 2008 exploration and development programs

The Company filed a Form 15F with the United States Securities and Exchange Commission to terminate the registration of its common shares under section 12(g) of the United States Securities Exchange Act of 1934 (the "Exchange Act") and to terminate its reporting obligations under sections 13(a) and 15(d) of the Exchange Act, which are in addition to the Company's reporting obligations under Canadian law. This deregistration will not affect the Company's business strategy in the United States nor its commitment to high standards of corporate governance and financial reporting.

The future profitability and operating cash flow of the Company will be affected by various factors, including the quantity and quality of resources and reserves, production rates and costs, 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.

Environmental and Permitting Activities

During the second quarter of 2008, the Company provided the State of Idaho with a Notice of Exploration for 2008, which involved planned surface exploration activities including surface drilling, trenching, and surface stockpiling of materials. The U.S. Forest Service has granted a conditional approval to proceed with the Supplemental Plan of Operations for Underground Exploration at the 900 Adit. This permit approval is contingent upon the Company filing a reclamation bond for surface disturbance and water treatment. Presently the Company is engaged with the U.S. Forest Service in working out a mutually acceptable bond calculation. The National Pollution Discharge Effluent Standards (NPDES) permit for the standards of water quality that are allowed to discharge out of the Historic Adits is under review by the U.S. Environmental Protection Agency (EPA). A draft NPDES permit setting water quality standards to be met by the Company is expected in early 2009. Current permits or plans required by the agencies include a Nationwide #32 permit for wetlands impacted by construction of the water capture system outside the historical adits, storm water permits for both exploration and historic adit activities, a Plan of Operations for the Pilot Water Treatment Plant for Historic Adits, a Notice of Exploration to the State for surface exploration activities, a Temporary Water Right Approval for exploration activities and a Surface Exploration

Plan to the U.S. Forest Service for surface drilling As the project moves forward, other permits and plans will be required to meet future construction or mine plan needs.

The Company continues to pursue the historical water rights for the project. During the second quarter of 2008, the Governor of Idaho signed new legislation into law, which exempts historical water rights from forfeiture if mining claims have been properly maintained. Due to this new law, the Idaho Water Court has requested that the Company re-submit its case to the Department of Water Resources for review and reconsideration. The Department of Water Resources will issue a new Director's Report on the eligibility and acceptance of the Company meeting the requirements of the new law.

The Water Treatment Facility (WTF#1) at the historic 900 Adit continues to capture and treat approximately two million gallons of water per month from the 900 Adit. The Company has expanded the historic adit program by adding another historic adit to the treatment system. The Company continues to monitor baseline water quality data in the project area.

Overview of Financial Results

Equity Financing

In February 2008, the Company raised gross proceeds of approximately $5 million by completing a non-brokered private placement of 8,196,456 common shares of the Company at $0.61 per share. Insiders of the Company purchased 1,870,000 of the shares sold. Share issue costs of $69,000 in respect of the private placement included $41,000 paid as a finder's fee to an investment firm which employs a director of the Company.

In March 2008, the Company issued 380,451 shares in satisfaction of accounts payable of approximately $267,000 to suppliers of the Company.

In April 2008, the Company obtained the requisite approval of its shareholders and completed the issuance of 983,606 common shares to a director of the Company in satisfaction of $600,000 in demand loans.

This compares with gross proceeds of $3.35 million raised from private offerings during the second quarter of 2007. Share issue costs of $215,000 in respect of the 2007 private offerings consisted primarily of cash finders' fees of $181,000, including $93,000 that was paid to an investment firm of which a director of the Company was an officer.

The Company will use the net proceeds from the offering for exploration and development of Atlanta and for working capital purposes. It is anticipated that the Company will require additional funds before October 2008 to finance work on Atlanta for the remainder of the year. At that stage, it is anticipated that sufficient work and studies will be completed to enable the Company to secure sufficient project financing to bring Atlanta into production in 2009.

Liquidity and Capital Resources

Cash as at June 30, 2008 was $1,296,000 compared to $246,000 as at December 31, 2007 and $1,529,000 as at June 30, 2007. The increase of $1,050,000 during the first six months of 2008, compared to a decrease in cash of $156,000 for the comparative period in 2007, is attributable primarily to the $5.6 million in equity financing completed during the first six months of 2008, compared to $3,350,000 completed during the same period in 2007.

Cash used in operations for the first half of 2008 was $2,640,000 compared to $1,183,000 for the comparative period ended June 30, 2007, reflecting higher general and office expenses incurred during the first half of 2008 and significant payments to suppliers in respect of goods and services provided in prior periods.

However, this was more than offset by more cash being generated from financing activities of $5,517,000 for the first half of 2008 compared to $3,135,000 for the comparative six-month period ended June 30, 2007 and less cash used for capital asset purchases and mining activities for the first half of 2008 of $1,827,000 compared to $2,108,000 for the comparative period ended June 30, 2007.

Equity

As at June 30, 2008, the Company had 29,287,070 common shares outstanding, as compared to 19,726,557 common shares outstanding as at December 31, 2007. Shareholders' equity as at June 30, 2008 was $72,785,000 compared to $67,001,000 as at December 31, 2007. The Company has no share purchase warrants outstanding, following the expiry in May 2008 of warrants to purchase 64,445 shares.

A total of 2,216,668 (December 31, 2007 - 206,667) stock options were outstanding as at June 30, 2008, with a weighted average exercise price of $0.78 per share (December 31, 2007 - $2.90 per share) and a weighted average life of 45 months (December 31, 2007 – 34 months). 40% of the 2,050,000 options granted on February 28, 2008 vested at the date of grant. An additional 30% vests one year from date of grant and the remaining 30% vests two years from date of grant.

General and Administrative Expenses

Corporate overhead expenses were $1,109,000 for the first half of 2008 compared to $670,000 for the same period in 2007, with the increase over 2007 primarily due to: a) incurring a stock based compensation expense from the grant of options, b) higher salaries and consulting fees in respect of an additional officer at head office, and c) higher general and office expenses incurred in 2008 in respect of Part XII.6 tax incurred from 2005 and 2006 flow through financings. The higher expenses were partially offset by higher interest income earned during the first half of 2008 compared to the same period in 2007, reflecting higher cash balances held by the Company during the first half of 2008.

An $8,000 loss was realized from foreign exchange transactions during the first half of 2008, compared to a loss of $6,000 incurred during the first half in 2007, reflecting modest fluctuations of the Canadian dollar relative to the U.S. dollar. The Company's financings were completed in Canadian dollars and amounts due to Atlanta employees, contractors and suppliers are denominated in U.S. dollars No provision for future income taxes was taken during the first half of 2008 compared to a provision for future income taxes of $600,000 recorded in the first half of 2007, since accounting and tax treatments for all material accounts in 2008 are similar.

Capital Expenditures

<u>Atlanta gold property, Idaho, U.S.A.:</u>

Expenditures in the second quarter of 2008 increased by approximately $97,000 over the comparable period in 2007 to $952,000, and were incurred primarily in respect to: a) assessing the potential for surface drilling and trenching, and the option of underground drilling to assess the underground potential of the Atlanta resource, after providing the State of Idaho with an exploration plan for 2008; b) securing water rights for Atlanta; c) monitoring baseline water quality data in the project area and d) continuing to expand the historic adit program to add another historic adit to the treatment system. In comparison, expenditures of $855,000 were incurred in the second quarter of 2007, when work was focused predominantly on a) the purchase and set up of diamond drilling equipment, and drilling two surface exploration holes; b) preparing a 43-101 technical report and a Conceptual Design Study proposing parallel mining and processing systems for Atlanta, and for piping that connected six historic adits to the first water treatment facility ("WTF#1") at the 900-level historic Adit; and c) permitting and work on baseline environmental studies.

Brodeur diamond property, Baffin Island, Canada:

Expenditures in the second quarter of 2008 of $47,000 (2007 - $19,000) were expensed to income and reflect fuel supplies and drum deposits utilized in prior periods. The Company has incurred sufficient expenditures to keep its permits in good standing until 2010, and currently holds 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 gold property, Quebec, Canada:

Limited expenditures were incurred during the second quarter of 2008 ($3,000) and the second quarter of 2007 ($11,000 overcharge). The Company has incurred sufficient expenditures to keep its interest in the property in good standing until September 2008.

Torngat diamond property, Quebec, Canada:

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. The Company has incurred sufficient expenditures to keep its permit and claims in good standing until 2009, and holds 13.423 carats of high quality diamonds which were recovered in 2000 from 12 samples weighing a total of 343.01 tonnes.

Layuh gold property, Kalimantan, Indonesia:

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.

On December 31, 2007, the remaining carrying values of all properties, except Atlanta, were written off, and all expenditures incurred thereafter will be charged in the period incurred.

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	117	-	-
Atlanta (1)(2)	108	70	10
Abitibi	25	-	-
Brodeur (3)	300	300	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 four annual 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 exercisable until April 30, 2009 for $2,875,000.*
3. *Paid to Helix Resources Inc. on February 14, 2008. 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 the Company acquired from Breakwater Resources Ltd. (“Breakwater”) the exclusive right and option to earn up to an 80% interest in the Abitibi property (the “Property”), subject to certain net smelter and net profits royalty interests. The interest may in certain instances be increased to 100%. 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 to Breakwater aggregating $125,000 and by incurring exploration expenditures aggregating $3,500,000, in each case by September 1, 2008.

Upon earning a 60% interest in the Property, the Company has the right to acquire a further 10% interest by making an additional cash payment of $100,000 to Breakwater and within six months after completion of an independent feasibility study, the Company has the irrevocable right to acquire a further 10% 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.

As at June 30, 2008 the Company has made cash payments totaling $100,000 and has incurred exploration expenditures totaling approximately $2,339,000 (which includes a 10% overhead component on all exploration expenditures incurred). A final cash payment of $25,000 and expenditures of approximately $1.2 million by September 1, 2008 are required to exercise the option.

Contingencies and commitments are described in Note 10 to the Company’s interim unaudited consolidated financial statements for the six months ended June 30, 2008.

Summary of Quarterly Results

Head office expenses of $508,000 incurred during the second quarter of 2008 increased from $264,000 incurred during the same period in 2007, reflecting primarily a) an increase in salaries and management fees arising from adding an officer at the Company’s head office in 2008; b) recording a stock-based compensation charge in respect of stock options granted in February 2008; c) an increase in professional fees in respect of closing the February and April private financings and issuing shares to satisfy accounts payable in March; and d) accruing Part XII.6 tax in respect of flow through shares issued in 2005 and 2006. Interest income earned in the second quarter of 2008 was higher compared to the same period in 2007, reflecting higher cash levels after the Company completed the equity financings in February and April 2008. The Canadian dollar has remained relatively unchanged relative to the U.S. dollar resulting in the Company realizing a small foreign exchange loss during the second quarter of 2008, as compared to a small gain realized during the second quarter of 2007.

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)*
June 30, 2008	-	508	547 *(1)(2)*	0.02
March 31, 2008	-	601	769 *(1)(2)*	0.03
December 31, 2007	-	303	9,274 *(1)*	0.56
September 30, 2007	-	353	739 *(2)*	0.04
June 30, 2007	-	264	541 *(2)*	0.03
March 31, 2007	-	406	714 *(1)*	0.04
December 31, 2006	-	276	4,240 *(1)*	0.31
September 30, 2006	-	612	586 *(2)*	0.05

1. *Includes: (a) mineral property costs written off or expensed as follows: $51 during the second quarter in 2008, $184 during the first quarter of 2008, $10,952 during the fourth quarter of 2007, $4,895 during the fourth quarter of 2006, and (b) future income tax recoveries of $504 taken during the fourth quarter of 2007, and $931 taken during the fourth quarter of 2006.*
2. *Includes stock based compensation expense charged as follows : $81 during the second quarter of 2008; $217 during first quarter of 2008, $6 during the fourth quarter of 2007, $16 during the fourth quarter of 2006, and $38 during the third quarter of 2006.*
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 the basis of one consolidated share for fifteen pre-consolidation shares, which became effective in March 2007.*
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. The Company has an interest in five mineral properties. Three are gold properties and two are diamond properties**.** The Company's activities since the start of 2007 have focused on Atlanta.

The level of the Company's development activities at Atlanta is 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 is expected to be reduced.

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. After having written off in 2007 the carrying value of its projects other than Atlanta, the Company has determined that no charges had to be taken against Atlanta during the second quarter of 2008.

Outlook

Atlanta Gold Property

The Company's objective is to initiate production in 2009 and become a profitable and substantial gold producer at Atlanta. The Company plans to commence a pilot-scale mining and milling operation which will process ore from underground and from shallow open pits in an environmentally-sensitive manner. This pilot operation will test the potential for a much larger underground resource, while generating positive cash flow, the necessary technical and economic data to plan the future operation and demonstrating Atlanta's ability to operate in an environmentally responsible manner.

The Company expects to complete most of its 12,000 foot surface exploration program in 2008 and has added a double shift and, subject to availability, plans to add a second drill in the third quarter.

In the third quarter of 2008, the Company will drive a 10 foot by 14 foot by 1,000-1,200 foot underground exploration decline from the east end of the patented property 6,876 feet above sea level (approximately 700 vertical feet above the 900 Adit). The exploration decline will provide access for a 12,000-foot underground definition drilling program of which 5,000 feet will be drilled in 2008 and the remainder in early 2009, bulk sampling and geotechnical studies. Underground infill drilling from drill stations at 200 foot intervals will commence when the length of the decline exceeds 800 feet. These additional drill intercepts will be part of an updated resource estimate expected to be completed in 2009. Plans are to advance the decline at a -15% slope. A bulk sample will be collected from the Atlanta Shear Zone for metallurgical tests. The decline, crosscuts into mineralization, and underground drilling are designed for detailed definition of the geometry of the Shear Zone, evaluation of grade continuity and assessment of ground stability conditions, all necessary for detailed planning of production stope mining.

The Company plans to rehabilitate and dewater some of the historical production openings, starting with replacement of timber supports and scaling of loose rock from the roof and walls of the 900 Adit (the “Adit”) to provide safe working conditions. This will allow the Company to proceed with this phase of its 2008 underground drilling program and obtain bulk samples from the former production veins. The Adit was originally driven by previous operators and subsequently rehabilitated and extended in 1994 and 1995 to allow diamond drilling of the underground extension of the ore body. It extends for approximately 2,275 feet and, after rehabilitation, the average cross section will be approximately 10 feet wide by 10 feet high. The Adit is at the deepest accessible level of the existing underground workings and it is the most recently developed level which provides access to a significant mineralized vein system.

A Water Treatment Facility is located at the portal to the Adit. When the pilot mill is constructed in 2009, recycling and treatment of the water will be an integral part of processing the ore.

Rehabilitation of the 900 Adit is an important phase of the Company’s 2008 underground exploration program which is expected to include up to 8,000 feet of core drilling. The Company intends to explore and examine areas accessible through the Adit to determine continuity of ore at that horizon by fan drilling. The Company will begin drilling from underground stations in the Adit to confirm the up-dip and down-dip extent of mineralization. Drilling is expected to commence in the third quarter of 2008 and will continue until the end of 2008 weather permitting.

By the end of 2008, the Company expects to have the permits needed to commence construction. This will allow installation of the required infrastructure and construction of a pilot-scale mining and gravity-flotation milling operation to start at the earliest opportunity. The mill will process high grade ore bulk samples taken from underground and medium grade ore mined selectively from shallow pits. The shallow pits will access the higher grade portions of the reserves in the previously proposed Monarch and Idaho open pit designs. The mill will begin processing ore-grade material at 400 tons-per-day and gradually increase to 800 tons per day when the optimum metallurgical blend of field materials and recoveries has been determined. The final throughput rate will be dependent to a significant extent on converting the large shallow and deeper indicated and inferred resource at

Atlanta to reserves. The pilot mill, all supporting infrastructure and mining activities will be on private land. No cyanide will be utilized in the pilot mill which will produce both a gravity concentrate and a precious metal rich sulphide concentrate to be custom smelted. Based on historic data and modern laboratory test work, the mill is expected to achieve a gold recovery rate of approximately 90%. This approach to the Atlanta resource will significantly reduce the environmental footprint of the project.

Cash flow from the pilot-scale operation will be used in part to extend the underground access and development, further define mineable resources, collect the data required for mine design and costing, and develop its plan for future expansion.

Environmental management will be fundamental through every planning step including remediation of the historic 900 Adit and continued treatment of the water from this adit.

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 June 30, 2008, included $12,000 due to directors of the Company. Current liabilities owing as at June 30, 2007, included $139,000 due to a former officer and two current officers of the Company. During the second quarter of 2008, $600,000 in respect of unsecured demand notes bearing interest of 5% per annum that was payable to a director was retired by the issuance of 983,606 shares of the Company. Also, consulting fees of $137,000 were paid to three officers and interest expense of $5,000 was paid to a director of the Company in respect of a loan made to the Company. During the second quarter of 2007, consulting fees of $76,400 were paid to two officers and interest expense of $6,000 was paid to two former directors of the Company in respect of outstanding loans made to the Company.

Changes to Significant accounting policies

In 2007, the Company adopted four new accounting policies in respect of standards 3855, 3865, 3251, and 1530 issued by the Canadian Institute of Chartered Accountants (“CICA”), and in 2008, there were three more significant accounting policies adopted, in respect of standards 1535, 3031 and 3862 issued by CICA. The adoption of these new standards had no impact on the Company’s interim financial statements for the quarter ended June 30, 2008.

Critical 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, stock options and warrants.

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 current 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 second quarter of 2008 that have affected or which are reasonably likely to materially affect the Company's internal control over financial reporting.

Share Capital

As at July 30, 2008, the Company had 29,287,070 common shares outstanding, incentive stock options outstanding to purchase 2,216,668 common shares at prices ranging from $0.63 to $5.85 per share for terms ending between August 2008 and February 2013. 40% of the 2,050,000 options granted on February 28, 2008 vested at the date of grant. An additional 30% vests one year from date of grant and the remaining 30% vests two years from the date of grant.

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 second quarter of 2008.

July 30, 2008