



Atlanta Gold Inc.

Condensed Interim Consolidated Financial Statements

June 30, 2015

(Expressed in U.S. Dollars)

(Unaudited)

Notice of no auditor review of condensed interim consolidated financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee of the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

August 19, 2015

ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in U.S. Dollars)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 32,541	\$ 24,354
Marketable securities	29,662	79,843
Recoverable taxes	21,670	10,609
Prepaid expenses	33,473	62,416
	117,346	177,222
Exploration and evaluation assets (note 3)	46,365,009	45,821,963
Property, plant and equipment (note 4)	1,319,472	1,577,266
	\$ 47,801,827	\$ 47,576,451
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,909,413	\$ 1,868,670
Penalty payable to U.S. Treasury (note 10)	1,800,000	1,850,000
Promissory note (note 5(b))	424,717	424,717
Shareholders' loans (note 8)	1,059,468	986,275
Convertible loan (note 5(d))	672,001	540,140
Convertible loan - embedded derivatives (note 5(d))	111,455	111,461
Rehabilitation provisions (notes 9 and 10)	259,723	264,141
Senior secured notes - current	-	1,000,000
Convertible debenture	-	2,586,000
Convertible debenture - embedded derivatives	-	261,580
	6,236,777	9,892,984
Non-current liabilities		
Rehabilitation provisions (notes 9 and 10)	965,000	965,000
Senior secured notes (note 5(c))	6,462,888	3,204,065
Convertible debenture (note 5(a))	343,087	-
	\$ 14,007,752	\$ 14,062,049

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

ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Financial Position (continued)

(Unaudited - Expressed in U.S. Dollars)

	June 30, 2015	December 31, 2014
EQUITY		
Capital stock (notes 6(a)(c))	\$ 89,671,149	\$ 89,671,149
Warrants	1,000,109	1,000,109
Contributed surplus	10,817,901	9,927,722
Accumulated deficit	(55,526,094)	(59,078,815)
Accumulated other comprehensive loss	(12,168,990)	(8,005,763)
	33,794,075	33,514,402
	\$ 47,801,827	\$ 47,576,451

Nature of operations and going concern (note 1)

Commitments and contingencies (note 10)

Subsequent events (note 11)

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

ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of (Income) Loss and Comprehensive Loss

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

	For the three months ended		For the six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
General and administrative expenses:				
Professional fees	\$ 115,968	\$ 117,038	\$ 160,120	\$ 190,016
Salaries and management fees (note 8)	26,785	39,782	53,362	70,406
Administrative and office	20,883	29,279	38,863	58,593
Investor relations	48,135	64,308	66,272	93,778
Travel and accommodation	141	85	454	168
	211,912	250,492	319,071	412,961
Exploration and evaluation expense	395	-	858	975
	212,307	250,492	319,929	413,936
Finance items:				
Finance costs	224,932	147,707	383,976	285,721
Unrealized loss on marketable securities	15,143	-	44,994	-
Accretion of convertible debenture, senior secured notes and convertible loan (notes 5(a)(c)(d))	141,544	197,669	244,654	382,303
Financial assets at fair value through profit or loss				
- Embedded derivatives (notes 5(a)(d))	(245,679)	-	(245,679)	-
- Gold options (notes 5(c)(d))	114,117	116,089	72,039	197,334
Loss (Gain) from foreign currency transactions	1,025,180	1,957,643	(4,372,634)	(177,107)
	1,275,237	2,419,108	(3,872,650)	688,251
Net (income) loss	1,487,544	2,669,600	(3,552,721)	1,102,187
Other comprehensive loss				
Items that may subsequently be reclassified through profit and loss				
Foreign currency translation adjustment	(856,979)	(1,835,534)	4,163,227	194,480
Net (income) loss and comprehensive (income) loss for the period	\$ 630,565	\$ 834,066	\$ 610,506	\$ 1,296,667
Weighted average number of consolidated shares outstanding (note 7)				
Basic	26,604,826	25,704,157	26,604,826	25,704,157
Diluted	26,573,923	28,972,244	26,908,516	28,838,941
Net (income) loss per share (note 7)				
Basic	\$ 0.06	\$ 0.10	\$ (0.13)	\$ 0.04
Diluted	\$ 0.06	\$ 0.09	\$ (0.13)	\$ 0.04

Nature of operations and going concern (note 1)

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

ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Cash Flow

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

	For the three months ended		For the six months ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cash provided by (used in)				
Operating activities:				
Net income (loss) for the period	\$ (1,487,544)	\$ (2,669,600)	\$ 3,552,721	\$ (1,102,187)
Add (deduct) items not involving cash:				
Unrealized loss on marketable securities	15,143	-	44,994	-
Finance costs	188,457	-	346,807	-
Financial assets at fair value through profit or loss				
- Embedded derivatives	(245,679)	-	(245,679)	-
- Gold options (notes 5(c)(d))	114,117	116,089	72,039	197,334
Accretion of convertible debenture and senior secured notes (notes 5(a)(c)(d))	141,544	197,669	244,654	382,303
Foreign exchange	932,786	1,910,501	(4,831,862)	(192,449)
Net change in non-cash working capital	52,891	345,474	415,518	334,357
Net cash used in operating activities	(288,285)	(99,867)	(400,808)	(380,642)
Financing activities:				
Loans from shareholders	1,071	84,874	77,083	351,836
Promissory notes	-	(20,000)	-	-
Proceeds from convertible loan	-	600,000	-	600,000
Proceeds from senior secured notes	600,000	-	600,000	-
Net cash from financing activities	601,071	664,874	677,083	951,836
Investing activities:				
Exploration and evaluation asset	(284,725)	(376,798)	(300,324)	(631,986)
Payment of rehabilitation provisions	-	(110,351)	-	(166,480)
Property, plant and equipment	(7,483)	(65,865)	32,236	(257,726)
Net cash used in investing activities	(292,208)	(553,014)	(268,088)	(1,056,192)
Increase (Decrease) in cash and cash equivalents				
	20,578	11,993	8,187	(484,998)
Cash and cash equivalents, beginning of period	11,963	224,421	24,354	721,412
Cash and cash equivalents, end of period	\$ 32,541	236,414	\$ 32,541	\$ 236,414
Interest paid	\$ 455	931	\$ 734	\$ 16,424

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ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Cash Flow (continued)

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

	For the three months ended		For the six months ended	
	June 30,	June 30,	June 30,	June 30,
	2015	2014	2015	2014
Net change in non-cash working capital items				
Recoverable taxes	\$ (10,020)	\$ (23,408)	\$ (11,061)	\$ (21,671)
Prepaid expenses	12,911	14,794	28,943	17,839
Accounts payable and accrued liabilities	-	379,088	347,636	388,189
Penalty payable to U.S. Treasury	50,000	(25,000)	50,000	(50,000)
	\$ 52,891	345,474	\$ 415,518	\$ 334,357
Significant non-cash financing and investing activities				
Capitalized depreciation (note 4)	\$ 94,014	\$ 112,900	\$ 206,793	\$ 225,008

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

ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in U.S. Dollars, except for shares and per share amounts)

Three and Six Months Ended June 30, 2015 and 2014

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance - January 1, 2014	25,704,157	\$ 89,340,632	\$ 910,205	\$ 10,017,626	\$(61,362,397)	\$ (3,421,484)	\$ 35,484,582
Issue of convertible loan with convertible option	-	-	-	314,528	-	-	314,528
Net loss for the period	-	-	-	-	(1,102,187)	-	(1,102,187)
Foreign currency translation adjustment	-	-	-	-	-	(194,480)	(194,480)
Balance - June 30, 2014	25,704,157	\$ 89,340,632	\$ 910,205	\$ 10,332,154	\$(62,464,584)	\$ (3,615,964)	\$ 34,502,443
Shares issued in satisfaction of senior secured notes interest - at C\$0.50 per consolidated common share	900,669	330,517	-	-	-	-	330,517
Issue of convertible loan with convertible option	-	-	-	(314,528)	-	-	(314,528)
Warrants extension	-	-	89,904	(89,904)	-	-	-
Net income for the period	-	-	-	-	3,385,769	-	3,385,769
Foreign currency translation adjustment	-	-	-	-	-	(4,389,799)	(4,389,799)
Balance - December 31, 2014	26,604,826	\$ 89,671,149	\$ 1,000,109	\$ 9,927,722	\$(59,078,815)	\$ (8,005,763)	\$ 33,514,402

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

ATLANTA GOLD INC.

(An exploration stage company)

Condensed Interim Consolidated Statements of Changes in Equity (continued)

(Unaudited - Expressed in U.S. Dollars, except for shares and per share amounts)

Three and Six Months Ended June 30, 2015 and 2014

	Number of Shares (adjusted for share consolidation)	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance - January 1, 2015	26,604,826	\$ 89,671,149	\$ 1,000,109	\$ 9,927,722	\$(59,078,815)	\$ (8,005,763)	\$ 33,514,402
Issue of convertible debenture with convertible option (note 5(a))	-	-	-	890,179	-	-	890,179
Net income for the period	-	-	-	-	3,552,721	-	3,552,721
Foreign currency translation adjustment	-	-	-	-	-	(4,163,227)	(4,163,227)
Balance - June 30, 2015	26,604,826	\$ 89,671,149	\$ 1,000,109	\$ 10,817,901	\$(55,526,094)	\$(12,168,990)	\$ 33,794,075

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

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

1. Nature of operations and going concern

Atlanta Gold Inc. (the "Company") was incorporated on March 6, 1985 under the laws of British Columbia and continued into Ontario on March 15, 2000. The Company is domiciled in Canada and its registered head office is 5600 – First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1C9. Its common shares are listed on the TSX Venture Exchange (the "Exchange") trading under the symbol "ATG", and on the OTC Pink Market under the symbol "ATLDF".

The Company's primary property is its Atlanta Gold Property ("Atlanta"), located in Idaho, U.S.A. Atlanta is in the advanced exploration phase. The Company holds a five year lease on the Neal Property and has staked an additional seven contiguous claims on public land that were open to mineral entry, also located in Idaho, U.S.A. The Company sold its Québec gold properties in November 2014. Other than completion of the second phase of a restoration program on a previously owned property of the Company located on Baffin Island which is expected to be completed in 2016, no further work is planned on the Quebec and Baffin Island properties and as a result, the carrying values had been previously written off.

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

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they become due. As at June 30, 2015, the Company had a deficit of \$55,526,094, no source of operating cash flows and reported a net income of \$3,552,721 for the six months ended June 30, 2015. The Company's current liabilities exceeded its current assets by \$6,119,431 as of June 30, 2015. The holder of the Company's convertible debenture called for its repayment effective December 2014. On December 19, 2014, the Company reached a forbearance agreement with the holder until January 31, 2015 and subsequently the forbearance agreement was extended to March 1, 2015 and March 31, 2015. On April 1, 2015, the Company negotiated a refinancing agreement with the lender, and completion of such refinancing transaction is expected to occur during the third quarter of 2015. The Company's wholly owned subsidiary, Atlanta Gold Corporation ("AGC"), failed to make partial environmental penalty payments due on December 31, 2014 and payments due on March 31, 2015 and June 30, 2015 on time. United States Attorney may potentially enforce proceedings against AGC for collection of the judgment. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires additional immediate financing to settle its existing liabilities and to complete its planned exploration and evaluation program on Atlanta and the Neal Property, and will continue to explore financing alternatives to raise capital. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Company will achieve profitable operation.

These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

2. Basis of preparation

(i) Basis of presentation and measurement

The Company prepares its unaudited condensed interim consolidated financial statements in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements have been prepared under the historical cost method, except for certain financial instruments measured at fair value.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2014 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods adopted are consistent with those disclosed in note 3 to the Company's consolidated financial statements for the year ended December 31, 2014.

These unaudited condensed interim consolidated financial statements were approved by the board of directors for issue on August 19, 2015.

(ii) Critical accounting estimates and judgments

Areas of critical accounting estimates and judgments that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are disclosed in note 3 of the Company's consolidated financial statements for the year ended December 31, 2014.

3. Exploration and evaluation assets

Balance at January 1, 2014:	\$ 44,274,702
Additions	856,995
Balance at June 30, 2014	45,131,697
Additions	690,266
Balance at December 31, 2014	45,821,963
Additions	543,046
Balance at June 30, 2015	\$ 46,365,009

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

Atlanta was initially held as a joint venture between AGC with an 80% interest and Canadian American Mining Company, LLC ("CAMC") with a 20% participating interest. CAMC transferred its 20% participating interest in the joint venture to AGC, and retained a 2% NSR royalty (the "Royalty") on Atlanta. In September 2009, the Company purchased one-half of the Royalty (1%) from CAMC.

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

3. Exploration and evaluation assets (Continued)

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

Atlanta consists of owned and leased patented and unpatented claims, as described below.

(a) **Monarch Greenback LLC**

In June 2011, AGC purchased a 100% interest in a property comprised of 33 mining claims totaling approximately 430 acres (the "Monarch Property") from Monarch Greenback LLC ("Monarch") for \$3,075,000. Monarch retained a variable net smelter return royalty, varying from 0.5% to a maximum rate of 3.5% for gold prices exceeding \$665 per ounce. As at June 30, 2015, advance royalty payments of \$1,500,000 had been paid by AGC to Monarch and will be deducted from future royalty payments to Monarch.

(b) **Hill & Davis**

The Hill & Davis patented mining claim was purchased for \$139,500 in five annual payments, with the final payment being made in December 2010.

(c) **F. C. Gardner**

AGC leases lode claims pursuant to a lease agreement, as amended, with F. C. Gardner. The lease expires on April 18, 2016. The \$10,000 annual lease payment due in May 2015 is outstanding. Lease payments are currently \$10,000 per year and are treated as minimum annual advance royalties. If these claims go into commercial production before expiry of the lease, then the annual minimum advance royalty will be \$20,000. If this property is mined, F. C. Gardner will receive a 6% NSR, from which all advance royalty payments shall be deducted. As at June 30, 2015, advance royalty payments of \$208,500 (December 31, 2014 - \$208,500) have been made and will be deducted from any future royalty payments to F. C. Gardner.

(d) **Hollenbeck Properties LLC**

AGC leases 10 patented and 5 unpatented claims pursuant to a lease agreement with Hollenbeck Properties LLC. The lease expires on November 14, 2015. The Company is in the process of negotiating the purchase of the properties. Lease payments of \$10,000 per year are treated as minimum advance royalties. If this property goes into commercial production, then the annual minimum advance royalty will be \$20,000. If it is mined, Hollenbeck will receive a 4.25% NSR, from which all advance royalty payments shall be deducted. As at June 30, 2015, advance royalty payments of \$322,500 (December 31, 2014 - \$312,500) had been paid and will be deducted from any future royalty payments to Hollenbeck.

Annual rental and advance royalty payments are required to keep lease agreements in good standing for the properties that collectively comprise Atlanta. Advance royalty payments to lessors are credited against future royalty payments payable on production. As at June 30, 2015, advance royalty payments totaling \$2,031,000 (December 31, 2014 - \$2,021,000) will be deducted from any future royalty payments to lessors / royalty holders.

Neal Property, Idaho, U.S.A.

AGC holds a five-year lease of 5 patented claims known as the Neal Property and has staked an additional seven contiguous claims on public land that were open to mineral entry. The annual lease payments consist of a \$3 per dry ton tonnage royalty and a 3% net smelter return royalty, with a minimum annual payment of \$10,000. AGC has advanced \$15,000 which payment will be deducted from future lease payments and/or production/royalty payments.

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

4. Property, plant and equipment

	Land	Building, Field Equipment and Other	Total
At January 1, 2014:			
Cost	\$ 833,969	\$ 3,252,904	\$ 4,086,873
Accumulated depreciation	-	(2,300,958)	(2,300,958)
Opening Net Book Value at January 1, 2014	833,969	951,946	1,785,915
Year ended December 31, 2014:			
Opening Net Book Value at January 1, 2014	833,969	951,946	1,785,915
Additions	67,602	190,124	257,726
Depreciation	-	(225,008)	(225,008)
Closing Net Book Value at June 30, 2014	901,571	917,062	1,818,633
Additions	14,952	120,724	135,676
Disposals	-	(170,000)	(170,000)
Depreciation	-	(207,043)	(207,043)
Closing Net Book Value at December 31, 2014	\$ 916,523	\$ 660,743	\$ 1,577,266
At January 1, 2015:			
Cost	\$ 916,523	\$ 3,393,752	\$ 4,310,275
Accumulated depreciation	-	(2,733,009)	(2,733,009)
Opening Net Book Value at January 1, 2015	916,523	660,743	1,577,266
Six months ended June 30, 2015:			
Opening Net Book Value at January 1, 2015	916,523	660,743	1,577,266
Additions	14,952	10,599	25,551
Disposals	-	(76,552)	(76,552)
Depreciation	-	(206,793)	(206,793)
Closing Net Book Value at June 30, 2015	\$ 931,475	\$ 387,997	\$ 1,319,472
At June 30, 2015:			
Cost	\$ 931,475	\$ 3,327,799	\$ 4,259,274
Accumulated depreciation	-	(2,939,802)	(2,939,802)
Closing Net Book Value at June 30, 2015	\$ 931,475	\$ 387,997	\$ 1,319,472

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Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

4. Property, plant and equipment (continued)

All depreciation charges during the six months ended June 30, 2015 and 2014 were capitalized to exploration and evaluation assets.

As of June 30, 2015, AGC's East Amity Road property located in Boise, Idaho, four generators located on the same property and an excavator have security interests against them (notes 8 and 10).

5. Convertible debenture, promissory note, senior secured notes and convertible loan

(a) Convertible debenture

In connection with the purchase of the Monarch Property, the Company issued to Concept Capital Management Ltd. ("CCM") a 6% convertible debenture (the "Debenture") in the principal amount of C\$3 million having a five-year term. The Company and AGC also entered into a gold option agreement pursuant to which CCM received an option to purchase an aggregate of 4,000 troy ounces of gold produced from Atlanta, at a price of \$1,400 per ounce. The option will vest after AGC has completed production of 20,000 troy ounces from Atlanta and will be exercisable for five years from the date of vesting.

The Debenture is subordinated in right of payment of principal and interest to all secured debt of the Company, whether outstanding on or after the date of issue of the Debenture, which includes the Company's Senior Secured Notes. AGC has provided a guarantee of the Debenture, with recourse under the guarantee limited to a mortgage on the Monarch Property (Note 3(a)). The Company will not permit AGC to incur additional secured debt in excess of \$10 million (subject to certain exceptions) without the prior consent of CCM, such consent not to be unreasonably withheld, conditioned or delayed.

By notice dated August 25, 2014, CCM requested that the Company redeem the Debenture on December 15, 2014, in accordance with the Debenture's early redemption provisions, which permit CCM to request redemption at any time after December 14, 2014.

On April 1, 2015, the Company reached agreement with CCM to refinance the Debenture (the "Refinancing"). Under the terms of the refinancing agreement, principal and accrued interest on the Debenture totaling C\$3,250,000 will be satisfied by the issuance to CCM of an amended and restated convertible debenture in the principal amount of C\$1,500,000 (the "Amended Debenture") and the issuance to CCM of the Company's Senior Secured Notes in the principal amount of \$1,500,000 (note 5(c)). The Amended Debenture will bear interest of 10% per annum from April 1, 2015, mature April 1, 2018 and will be convertible at CCM's option at a conversion price of C\$0.10 per consolidated common share (note 6(c)).

The issuance of the Amended Debenture to CCM and the consolidation of the Company's common shares on a one for ten basis were each approved by shareholders of the Company at the annual and special meeting of shareholders held on June 24, 2015 and the consolidation became effective on June 25, 2015.

The Amended Debenture involves two components: host debt and conversion options. The principal face value was allocated as follows:

- i) Conversion options were valued at C\$1,103,110 as of June 25, 2015 and classified as equity.
- ii) The host debt of C\$396,890 was recorded as non-current liability at its initial fair value at the date of inception as of June 25, 2015 and subsequently measured at amortized cost as of June 30, 2015. The accretion interest has been charged to statement of (income) loss and comprehensive loss.

ATLANTA GOLD INC.

(An exploration stage company)

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - Expressed in U.S. Dollars)

Three and Six Months Ended June 30, 2015 and 2014

5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(a) Convertible debenture (continued)

Assumptions used for the valuation:

The Amended Debenture components were measured at fair value using the following methods: The fair value of the Amended Debenture and its conversion rights were estimated by using a range of fair values based on the valuation of the Amended Debenture, the Amended Debenture without the conversion option, as well as an expectation of an upper and lower end of a credit spread and a fair value calculation using risk statistics for convertible bonds.

The inputs were as follows:

- i) Historical stock price as at the valuation date of C\$0.05 as adjusted for the consolidation
- ii) Volatility of the stock return adjusted to reflect the actual implied stock volatility of 287.85%
- iii) Bond discount curve

The Amended Debenture is subject to a 10% interest rate until the maturity date. Completion of the Refinancing is expected to occur during the third quarter of 2015.

(b) Promissory note

On August 4, 2011, AGC financed the acquisition of the East Amity Road Property by a combination of cash, equity and a three year promissory note secured by a mortgage on the property in the amount of \$425,000 bearing interest of 7% per annum until its maturity in 2014, with unpaid amounts following the maturity date bearing interest of 10% per annum. On March 5, 2014, the maturity date of the promissory note was extended to July 22, 2015 with all the other terms and conditions remaining the same. The promissory note was carried at its initial fair value which was subsequently measured at its amortized cost as of June 30, 2015. Interest is payable on a monthly basis. (note 11)

(c) Senior secured notes

On August 19, 2013, the Company completed the private placement of Units consisting of senior secured notes ("Notes") and common share purchase warrants ("Warrants"). The Company issued \$4 million principal amount Notes and 4,000,000 Warrants, for gross proceeds of \$4,000,000.

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

The Warrants entitle the holders to purchase in aggregate 4,000,000 common shares of the Company for C\$0.10 per share (400,000 consolidated common shares at C\$1.00 per consolidated common share) until August 31, 2016. The Company will have the right to accelerate the expiry date of the Warrants if the closing price of the Company's common shares on the Exchange exceeds C\$0.25 (C\$2.50 per consolidated common share) for 20 consecutive days on which the Company's shares trade.

Note holders initially received options exercisable until August 31, 2016 to purchase an aggregate of 95.0 troy ounces of gold at \$1,125 per ounce for each 100,000 Units purchased (\$100,000). The options to purchase gold vest at 25% on August 31, 2014, 35% on August 31, 2015 and 40% on August 31, 2016.

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5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(c) Senior secured notes (continued)

On August 26, 2014, the terms of the Notes were amended. The repayment dates were extended by one year, such that the principal amount of the Notes, amortized at 25%, 35% and 40%, will be repayable in cash installments on August 31, 2015, August 31, 2016 and August 31, 2017, respectively and interest accrued on the Notes to August 31, 2014 was satisfied by the issuance of common shares of the Company, at the rate of one common share for each C\$0.05 of accrued interest, which resulted in the issuance of 9,006,692 common shares (900,669 consolidated common shares for each C\$0.50 of accrued interest). The expiry date of the Warrants was extended to August 31, 2017. The Company retains the right to accelerate the expiry date of the Warrants if the closing price of the Company's common shares on the Exchange exceeds C\$0.25 (C\$2.50 per consolidated share) for 20 consecutive days on which the Company's shares trade. Holders of Notes had the number of ounces purchasable under their gold options increased by 10% and had the expiry date of their gold options extended to August 31, 2017.

The Notes involve three components: host debt, warrants and gold options. The principal face value was allocated as follows on August 19, 2013 ("Measurement date"):

(i) Warrants (4,000,000 units) were valued at \$45,121 (C\$47,946) using a model based on a binomial pricing model with the key inputs as follows:

Stock price at date of issue	C\$0.03
Estimated volatility in the market price of the common shares	90.44%
Shares outstanding on date of issue	253,441,565

(ii) Gold options were originally valued at \$841,307 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options will vest on August 31, 2015, 35% on August 31, 2016 and 40% on August 31, 2017. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at \$542,289 as at June 30, 2015 (December 31, 2013 - \$584,366).

(iii) The residual value of the host debt was \$3,110,747 which was recorded as a current liability of \$778,393 and a non-current liability of \$2,335,179 at its initial fair value at the date of inception as of August 19, 2013 and subsequently measured at amortized costs as at June 30, 2015. The amortized costs of the host debt were \$3,656,836 which was recorded as a current liability of \$1,000,000 and a non-current liability of \$2,656,836 as at December 31, 2014. (December 31, 2014 - host debt of \$3,619,699 including current liability of \$1,000,000 and non-current liability of \$2,619,699)

In connection with the Refinancing, the Company, AGC and the holders of the Notes have agreed to extend the maturity date of the Notes by an additional year to August 31, 2018, to be repayable in cash instalments at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively. The exercise price of the options has been reduced to \$1,100 per ounce and the expiry date of the options issued with the Notes, as well as the gold option to be issued to CCM as part of the Refinancing to purchase an aggregate of 1,567.5 troy ounces of gold at \$1,100 per ounce (being 104.5 troy ounces for each \$100,000 principal amount Notes), were extended to August 31, 2018, with the option vesting at the rate of 25%, 35% and 40% on August 31, 2016, 2017 and 2018, respectively.

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5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(c) Senior secured notes (continued)

Notes in the principal amount of \$1,500,000 to be issued in connection with the Refinancing (note 5(a)) involve two components: host debt and gold options. The principal face value was allocated as follows on April 1, 2015 ("Measurement date"):

(i) Gold options were originally valued at \$246,151 in total at the Measurement date and subsequently valued at fair market value to reflect the amended terms of the gold options. 25% of the total gold options will vest on August 31, 2016, 35% on August 31, 2017 and 40% on August 31, 2018. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at \$246,151 as at June 30, 2015 (December 31, 2014 - Nil).

(ii) The residual value of the host debt was \$1,253,849 which was recorded as a non-current liability at its initial fair value at the date of inception as of April 1, 2015 and subsequently measured at amortized costs of \$1,276,028 as a non-current liability as at June 30, 2015. (December 31, 2014 - Nil)

In May 2015, CCM purchased additional Notes in the principal amount of \$600,000 which have the same terms and conditions as the Company's outstanding Notes in the principal amount of \$4,000,000 and an additional \$1,500,000 of Notes are to be issued as part of the Refinancing transaction, with an effective issue date of April 1, 2015. The additional Notes involve two components: host debt and gold options. The principal face value was allocated as follows on May 11, 2015 ("Measurement date"):

(i) Gold options were originally valued at \$132,787 in total at the Measurement date and subsequently valued at fair market value to reflect the gold options. 25% of the total gold options will vest on August 31, 2016, 35% on August 31, 2017 and 40% on August 31, 2018. The key inputs on the gold options are gold price, convenience yield of gold and implied volatility of gold. The fair value of the gold options was valued at \$132,787 as at June 30, 2015 (December 31, 2014 - Nil).

(ii) The residual value of the host debt was \$467,213 which was recorded as a non-current liability at its initial fair value at the date of inception as of May 11, 2015 and subsequently measured at amortized costs of \$475,198 as a non-current liability as at June 30, 2015. (December 31, 2014 - Nil)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options.

(d) Convertible loan

On June 11, 2014, the Company borrowed \$600,000 by means of a convertible loan. The loan is unsecured and non-interest bearing and is to be repaid by delivery to the lender of 1,000 troy ounces of gold (or the cash equivalent thereof) payable in installments over an 18-month period. The loan is convertible at the lender's election into common shares at a conversion price of C\$0.05 per share (C\$0.50 per consolidated common share) during the initial 12 months and at C\$0.10 per share (C\$1.00 per consolidated common share) thereafter. The lender also received a 5-year option to purchase, solely from gold produced from AGC's Neal Property, up to 2,500 ounces of gold at \$1,400 per ounce.

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5. Convertible debenture, promissory note, senior secured notes and convertible loan (continued)

(d) Convertible loan (continued)

The loan involves three components: host debt, embedded derivatives and gold options. The three components are valued at fair market value on June 11, 2014 ("Measurement date") as follows:

(i) The host debt at the measurement date was valued at \$182,321. The value of the host debt at June 30, 2015 is \$468,101 (December 31, 2014 is \$336,203).

(ii) Embedded derivatives, including the conversion option, call option and gold forward were valued at \$184,629 at the Measurement date. These features were valued together as their values are interdependent. The values of the embedded derivatives at June 30, 2015 is \$111,461 (December 31, 2014 is \$111,461).

(iii) Gold options were valued at \$233,050 in total at the Measurement date. The key inputs on the gold options are gold price, risk-free interest rate and implied volatility of gold. The value of the gold options at June 30, 2015 is \$203,937 (December 31, 2014 is \$203,937).

Option pricing models require the input of highly subjective assumptions including the expected gold price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options.

6. Share capital

(a) Authorized share capital

The Company's authorized capital consists of an unlimited number of common shares, an unlimited number of first preference shares, issuable in series and an unlimited number of second preference shares, issuable in series.

(b) Stock options

The following table summarizes the stock option transactions during the six months ended June 30, 2015 (as adjusted to reflect the one for ten share consolidation):

	Number of Shares Adjusted for the Consolidation	Weighted Average Exercise Price Adjusted for the Consolidation C\$
Outstanding as at January 1, 2014	410,500	2.80
Options expired or cancelled	(318,000)	3.10
Outstanding as at December 31, 2014	92,500	1.80
Options expired or cancelled	(9,000)	2.30
Outstanding at June 30, 2015	83,500	1.80

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6. Share capital (continued)

(b) Stock options (continued)

All of the 83,500 stock options outstanding as at June 30, 2015, having a weighted average price of C\$1.80 per share, are vested and exercisable immediately. All stock options are exercisable until September 2015. During the six months ended June 30, 2015, 9,000 (December 31, 2014 – 318,000) stock options granted to consultants and employees expired unexercised. All of these options were granted when their exercise price equaled the fair value of the stock at grant date. The weighted average remaining contractual life of all stock options outstanding is 3 months (December 31, 2013 – 8 months).

Expiry Date	Number of Stock Options Adjusted for the Consolidation	Exercise Price Adjusted for the Consolidation C\$
September 27, 2015	83,500	1.80
Outstanding at June 30, 2015	83,500	1.80

The fair value of stock options granted is credited to contributed surplus over the vesting period. Stock options that are exercised will be recorded as share capital and stock options that expire unexercised will remain in contributed surplus. All options outstanding at June 30, 2015 will expire on September 27, 2015.

The Company did not grant any stock options during the six months ended June 30, 2015 and 2014.

(c) Share consolidation

The Company completed a one-for ten consolidation of its common shares, following approval by shareholders of the Company at the annual and special meeting of shareholders held on June 24, 2015 and the consolidation became effective on June 25, 2015. The shares commenced trading on a consolidated basis on June 29, 2015.

7. Income per share

Basic income per share

The calculation of basic income per share for the six months ended June 30, 2015 was based on the income attributable to common shareholders of \$3,552,721 (June 30, 2014 - \$(1,102,187)), and a weighted average number of consolidated common shares outstanding of 26,604,826 (June 30, 2014 - 25,704,157 as adjusted for the consolidation).

Diluted income per share

The calculation of diluted income per share for the six months ended June 30, 2015 was based on the income attributable to common shareholders of \$3,552,721 (June 30, 2014 - \$(1,102,187)), and a weighted average number of consolidated common shares outstanding of 26,908,516 (June 30, 2014 - 28,838,941 as adjusted for the consolidation).

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options and warrants was based on quoted market prices for the period during which the options were outstanding.

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8. Related party transactions

The remuneration of key management personnel during the six months ended June 30, 2015 was \$203,263 (June 30, 2014 - \$309,242), of which one-half of a senior officer's salary was unpaid and accrued at June 30, 2015. The Company had accrued \$396,233 of a senior officer's salary including \$369,231 of principal accrued for 2013, 2014 and the first six months of 2015 and \$27,002 of interest. At December 31, 2014, \$314,029 was accrued for one-half of two senior officers' salaries including \$298,764 of principal accrued for 2013 and 2014 and \$15,265 of interest. This amount is unsecured and has no fixed terms of repayment. The interest rate is 7% per annum on unpaid remuneration.

At June 30, 2015, Shareholders' loans of \$1,059,468 (December 31, 2014 - \$986,275) were payable to various directors and shareholders of the Company. Of the total amount, \$303,875 (December 31, 2014 - \$294,250) was owed to a director for the purchase of equipment and it was evidenced by demand promissory notes bearing interest of 7% per annum and was secured against the equipment purchased (note 4). The remaining shareholder loans of \$755,593 (December 31, 2014 - \$692,025) were from directors and shareholders. The loans bear interest of 8% per annum and are repayable on demand.

All transactions with related parties are in the normal course of business.

9. Rehabilitation provisions

The total future costs to reclaim exploration and evaluation assets are estimated by management based on the Company's ownership interest in Atlanta and its previous ownership interest in diamond properties located on Baffin Island and the estimated timing of the costs to be incurred in future periods. The following table reconciles the change in decommissioning obligations:

	Baffin Island Property		Atlanta Gold Property		Total
Balance as at January 1, 2014	\$	202,144	\$	1,324,000	\$ 1,526,144
Change during the year					
Paid out		(152,528)		(54,718)	(207,246)
Change of estimate		10,724		(100,481)	(89,757)
Balance as at December 31, 2014	\$	60,340	\$	1,168,801	\$ 1,229,141
Current	\$	60,340	\$	203,801	\$ 264,141
Long-term	\$	-	\$	965,000	\$ 965,000
Balance as at January 1, 2015	\$	60,340	\$	1,168,801	\$ 1,229,141
Change during the period					
Change of estimate and foreign exchange adjustment		(4,418)		-	(4,418)
Balance as at June 30, 2015	\$	55,922	\$	1,168,801	\$ 1,224,723
Current	\$	55,922	\$	203,801	\$ 259,723
Long-term	\$	-	\$	965,000	\$ 965,000

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9. Rehabilitation provisions (continued)

A provision is recognized for the present value of costs to be incurred for the restoration of the Baffin Island Property and the 900 adit at Atlanta. It is expected that \$259,723 will be used within one year and \$965,000 in the year after. As at June 30, 2015, total expected costs to be incurred are \$1,224,723 (December 31, 2014 - \$1,229,141).

10. Commitments and contingencies

As at June 30, 2015, the Company had accrued current rehabilitation provisions of \$259,723 (December 31, 2014 - \$264,141) and accrued non-current rehabilitation provisions of \$965,000 (December 31, 2014 - \$965,000) relating to reclamation of the properties in the United States and Canada. These amounts represent the Company's best estimate of the costs expected to fulfill the obligation resulting from the conditions of the permit.

On July 19, 2012 the U.S. District Court for the State of Idaho (the "Court") issued a Memorandum Decision (the "Decision") in a case in which AGC was a party, pertaining to AGC's non-compliance with the United States Federal Water Pollution Control Act ("Clean Water Act"). The Court imposed a penalty in the amount of \$2,000,000. In addition, the Decision, as subsequently amended, ordered AGC to implement measures to come into compliance with the National Pollutant Discharge Elimination System ("NPDES") Permit by December 15, 2012.

In September 2013, the Court entered a final judgment in this matter pursuant to which the penalty would be paid over a five-year period, with the quarterly installments increasing in size annually to a maximum of \$100,000 per quarter beginning in the third year and a balloon payment in the amount of \$450,000 to be due September 30, 2018. AGC has made aggregate payments to date of \$200,000 and payments of an additional \$350,000 are to be made during 2015. As of the date hereof, AGC is \$175,000 in arrears of its payment schedule. The penalty amount bears interest at a rate of 0.1% per annum from November 28, 2012 and is secured by recording the Consent Judgment against AGC's East Amity Road property located in Boise, Idaho and by a security interest, granted to the U.S. Attorney's office, in four generators owned by AGC located on the East Amity property. (note 4)

Penalty incurred	\$2,000,000
Payments made during 2013	\$75,000
Payments made during 2014	75,000
Payments due in 2014 paid in May 2015	50,000
Payments due in 2014 to be paid in the remaining of 2015	25,000
Payments due in 2015	325,000
Payments due in 2016	400,000
Payments due in 2017	400,000
Payments due in 2018	650,000
Total	\$2,000,000

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11. Subsequent events

On April 1, 2015, the Company reached agreement with CCM to refinance the Debenture. Under the terms of the refinancing agreement, principal and accrued interest on the Debenture totalling C\$3,250,000 will be satisfied by the issuance to CCM of an Amended Debenture in the principal amount of C\$1,500,000 and by the issuance to CCM of the Company's Notes in the principal amount of \$1,500,000.

Concurrently with the completion of the Refinancing, the Company expects to complete a private placement for up to an additional C\$550,000 principal amount convertible debentures (the "Additional Debentures") which will rank equally with and have the same terms as the Amended Debenture, except that interest on the Additional Debentures will accrue from the date of completion of the private placement. Subject to the issuance of the Additional Debentures and the completion of the Refinancing, security on the Amended Debenture and the Additional Debentures will include a mortgage over AGC's interest in the Atlanta Project and will rank equally in all respects with the security in respect of the Notes.

Completion of the private placement of the Additional Debentures and the Refinancing are expected to occur during the third quarter of 2015.

AGC is in discussions with 3N LLC regarding an extension of the term of the promissory note (note (5(b))).