



ANNUAL REPORT
2006

PRESIDENT'S REPORT TO SHAREHOLDERS

Atna consolidated many of its gains in 2006 and is well positioned to continue on its growth trajectory as we go into 2007. The Company has an experienced and dedicated team that is well funded to pursue acquisition and exploration opportunities for continued growth. The value of the Company is solidly underpinned by its interests in the Pinson gold deposit in Nevada and by its royalty on the Wolverine deposit in the Yukon, both of which have potential to spin-off cash flow within the next couple of years with no further capital investment required by Atna. In addition, Atna has a portfolio of exploration properties in Nevada, Canada, and Chile with good discovery potential. Some of the projects have been optioned out to qualified partners who may earn an interest in properties by spending exploration dollars, making payments to Atna, and meeting certain exploration benchmarks.

The major event that impacted the value of Atna during 2006 was Pinson Mining Company (PMC), a controlled subsidiary of Barrick Gold Corporation, exercising its right to earn back an increased interest in the Pinson discovery. The PMC election clearly underscores the value of the discovery, which we believe could be brought into commercial production in short order with a very low capital expenditure. Furthermore, it highlights the exceptional potential to discover additional gold mineralization on the property. At the time of writing, PMC has 25 months remaining during which it must spend US\$30 million if it is to increase its interest to 70%, leaving Atna with 30%. Should PMC fail to complete the expenditure on time, Atna would retain its 70% interest and the project would automatically go to a joint venture with Atna as operator. Whichever course of action PMC chooses, they must choose it soon, and either way, it will significantly benefit Atna shareholders.

Atna retains a 10% royalty (at the current silver price) on precious metals production from the Wolverine polymetallic deposit in the Yukon. In January 2007, Yukon Zinc, the property owner, published the results of a feasibility study carried out on the deposit during 2006. Their study projected production of copper, lead and zinc concentrates containing 4.9 million ounces of silver and 20,200 ounces of gold annually during the first 3 years of operation and a 9.5 year mine life based on mining reserves with the possibility of increasing mine life to 12 years. Full production could begin in Q1 2009 according to the study, subject to the owner securing financing for the project. Wolverine is a major resource with potential for development that could bring significant cash flow to Atna with no further investment required on our part.

Atna initiated exploration drilling on the Jarbidge property in Nevada following three years of basic exploration, property assembly, and a rigorous permitting process. Just over 2,000 feet of a planned 10,000 foot drilling program were completed before winter shut down. Initial results were encouraging, having intersected high level epithermal quartz adularia veins with pervasive, intense argillic alteration. Drilling is planned to resume late in Q2 2007. Over 55,000 feet of vein strike length have been mapped with local samples containing micron gold running as high as 29 ounces of gold and 32 ounces of silver per ton. Jarbidge is an historic mining district with significant pre 1937 production of gold and silver but no drilling other than Atna's has been conducted on any of the veins since that time.

The year 2007 promises to be one of excitement and progress for Atna. We expect that the PMC course of action on the Pinson deposit will be resolved, decisions may be made at Wolverine, and results will ensue from our various exploration opportunities. But most importantly of all, Atna has built a firm foundation of assets and has a well funded team to come up with additional acquisitions and growth opportunities. We have targeted becoming a mid-tier explorer/producer within the next 2 years and expect to make significant advances towards achieving that objective.

ON BEHALF OF THE BOARD OF DIRECTORS

"David H. Watkins"

David H Watkins
President, CEO

March 16, 2007

DE VISSER GRAY LLP

CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of Atna Resources Ltd.

We have audited the consolidated balance sheets of Atna Resources Ltd. as at December 31, 2006 and 2005 and the consolidated statements of operations and deficit and cash flows for each of the years in the three-year period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards ("GAAS") in Canada and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and cash flows for each of the years in the three-year period ended December 31, 2006 in conformity with Canadian generally accepted accounting principles.

"DeVisser Gray LLP"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
March 20, 2007

ATNA RESOURCES LTD.**CONSOLIDATED BALANCE SHEETS****December 31**

	2006	2005
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,534,772	\$ 10,201,409
Temporary investments (Note 2d)	9,982,252	5,623,470
Marketable securities (Note 3)	459,000	493,405
Accounts receivable	404,630	99,418
Prepaid expenses	81,611	59,968
	14,462,265	16,477,670
DEPOSITS FOR RECLAMATION (Note 4)	63,369	527,758
MINERAL INTERESTS (Note 5)	18,503,743	16,652,809
EQUIPMENT (Note 2(f))	803,165	87,964
	\$ 33,832,542	\$ 33,746,201
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 534,908	\$ 1,479,305
ASSET RETIREMENT OBLIGATION (Note 4)	247,000	247,000
	781,908	1,726,305
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)	60,839,308	51,286,111
SPECIAL WARRANTS (Note 7)	-	8,736,833
CONTRIBUTED SURPLUS (Note 6(g))	1,802,449	860,566
DEFICIT	(29,591,123)	(28,863,614)
	33,050,634	32,019,896
	\$ 33,832,542	\$ 33,746,201

NATURE OF OPERATIONS (Note 1)

COMMITMENTS (Note 11)

SUBSEQUENT EVENTS (Note 15)

ON BEHALF OF THE BOARD:

"William J. Coulter"

William J. Coulter, Director

"David H. Watkins"

David H. Watkins, Director

See accompanying notes to the financial statements

ATNA RESOURCES LTD.**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**

For the Years Ended December 31

	2006	2005	2004
EXPENSES			
Stock-based compensation expense (Note 6(e))	\$ 1,018,572	\$ 148,866	\$ 94,770
Wages and benefits	435,490	232,593	202,546
Investor relations	294,959	403,138	363,859
Exploration and business development	249,904	84,503	208,268
Legal and audit	151,226	132,157	40,169
Office and miscellaneous	140,588	178,123	49,316
Amortization	119,534	26,343	7,929
Rent and services	68,632	74,900	80,661
Listing and transfer agent fees	62,883	45,241	42,086
Consultants fees	50,825	193,781	5,459
Insurance	49,741	18,109	1,956
	(2,642,354)	(1,537,754)	(1,097,019)
OTHER INCOME (EXPENSES)			
Investment and miscellaneous income	543,053	386,406	119,315
Foreign exchange gain (loss)	(4,057)	39,395	(7,306)
Loss on disposal of equipment	-	(1,207)	(2,206)
Gain on sale of marketable securities	1,684,206	411,877	45,858
Write down of marketable securities	(1,000)	(233,244)	-
Gain (loss) on sale of resource properties	-	-	(1,659,561)
Gain on sale of subsidiary	-	46,500	-
Reserve against asset sale	(185,000)	-	-
Resource properties written-down (Note 5)	(122,357)	(315,809)	(1,881,155)
VAT receivables written-off	-	-	(40,537)
LOSS FOR THE YEAR	(727,509)	(1,203,836)	(4,522,611)
DEFICIT, BEGINNING OF YEAR	(28,863,614)	(27,659,778)	(23,137,167)
DEFICIT, END OF YEAR	\$ (29, 591,123)	\$ (28,863,614)	\$ (27,659,778)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$ (0.03)	\$ (0.14)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	63,112,895	44,785,582	31,156,922

See accompanying notes to the financial statements

ATNA RESOURCES LTD.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended December 31

	2006	2005	2004
CASH PROVIDED BY (USED FOR):			
OPERATING ACTIVITIES			
Loss for the year	\$ (727,509)	\$ (1,203,836)	\$ (4,522,611)
Less: non-cash items			
Amortization	119,534	26,343	7,929
Loss on disposition of asset	-	1,207	2,206
Temporary investment income	(331,604)	-	-
Marketable securities written-down	1,000	233,244	-
Net gain on sales of marketable securities	(1,684,206)	(411,877)	(45,858)
Loss on sales of resource properties	-	-	1,659,561
Reserve against asset sale	185,000	-	-
Resource properties written-down	122,357	315,809	1,881,155
Stock-based compensation expense	1,018,572	148,866	94,770
	(1,296,856)	(890,244)	(922,848)
Net change in non-cash working capital items			
Temporary investments	-	(1,968,706)	(3,654,764)
Accounts receivable	(305,212)	(80,221)	(7,022)
Accounts payable	(182,173)	(439,107)	605,971
Prepaid expenses	(21,643)	(37,254)	(14,721)
	(1,805,884)	(3,415,532)	(3,993,384)
FINANCING ACTIVITIES			
Shares issued for cash, net of issue costs	739,674	10,550,526	4,216,718
Special warrants issued for cash, net of issue costs	-	9,237,364	-
	739,674	19,787,890	4,216,718
INVESTING ACTIVITIES			
Acquisition of resource properties	(12,647)	(235,139)	(618,513)
Exploration and development	(4,593,668)	(10,934,512)	(2,815,617)
Option payments	128,172	190,850	152,427
Exploration recoveries and operating fees	602,541	77,314	207,747
Net purchases of equipment	(7,648)	(59,722)	(55,444)
Purchase of marketable securities	(1,600,000)	-	-
Proceeds from disposal of marketable securities	3,445,612	2,368,377	163,950
Proceeds from sales of resource properties	-	-	2,000,000
Purchase of temporary investments	(3,562,789)	-	-
Reclamation bond	-	(520,808)	(6,950)
	(5,600,427)	(9,113,640)	(972,400)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,666,637)	7,258,718	(749,066)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	10,201,409	2,942,691	3,691,757
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,534,772	\$ 10,201,409	\$ 2,942,691

Supplemental disclosure with respect to cash flows (Note 8)

See accompanying notes to the financial statements

1. NATURE OF OPERATIONS

The Company is incorporated in British Columbia and is involved in the acquisition of resource properties that are considered sites of potential economic mineralization, and is currently engaged in the exploration of these properties. Certain of the Company's properties contain defined mineral resources that cannot be considered economic until a commercial feasibility study is carried out. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon it being able to develop a commercial ore body, to finance the required exploration and development costs and to acquire environmental, regulatory, and other such permits as may be required for the successful development of the property.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries: Atna Resources Inc., incorporated in the State of Nevada, U.S.A.; Minera Atna Chile Limitada, incorporated in Chile; and Atna Cayman Ltd., incorporated in Cayman Islands. Atna Cayman Ltd. was wound up during 2004 and Minera Atna Chile was sold during 2005. The financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which differ from U.S. GAAP as described in Note 13.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of environmental and site reclamation obligations, impairment of property and equipment and rates for amortization. Actual results could differ from those estimates.

(c) Fair value of financial instruments

(i) Fair value

The carrying values of cash and cash equivalents, investments, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short terms to maturity of the instruments.

(ii) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

(iii) Credit risk

The Company is not exposed to significant credit risk on its financial assets due to cash, cash equivalents and investments being placed with major financial institutions and amounts receivable due from government agencies.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fair value of financial instruments (Continued)

(iv) Currency risk

The Company is exposed to foreign currency fluctuations to the extent certain expenditures incurred are not denominated in Canadian dollars. As at December 31, 2006, cash included approximately \$162,749 (2005 - \$627,125) denominated in US Dollars.

(d) Cash and Investments

Cash equivalents consist of temporary investments in commercial paper and money market deposits that are highly liquid and readily convertible to known amounts of cash. All cash equivalents are carried at their current market values, with any adjustments from cost recorded with interest income. Cash equivalents are inclusive of accrued interest amounts on securities that bear coupon interest, as receipt of these amounts is also considered to be certain and measurable. Temporary investments are represented by holdings of trust units of pooled income and equity funds that are readily convertible to cash and are carried at the lower of cost or current market value.

(e) Mineral Properties

The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until the extent of mineralization has been determined and economic feasibility can be established, and then depleted on a systematic and rational basis if the property achieves commercial production, or written off if the property is proven to be uneconomic, management elects to cease exploration work or if the Company's rights to acquire the applicable mineral claims are allowed to lapse or are abandoned. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time, the Company may acquire or dispose of a mineral property interest pursuant to the terms of an option agreement. As such options are typically exercisable entirely at the discretion of the optionee, the amounts payable or receivable are recorded as property costs or recoveries when the payments are made or received. The Company may also periodically receive grants or assistance pursuant to various Canadian government programs. These amounts are recorded as recoveries against the capitalized cost of the property or properties to which they relate. When the amount of recoveries exceeds the total amount of capitalized costs of the property, the amount in excess of costs is credited to income.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Equipment

	December 31, 2006			December 31, 2005		
	Cost	Accum Amortization	Net Book Value	Cost	Accum Amortization	Net Book Value
Building	\$ 790,771	\$ 77,821	\$ 712,950	\$ -	\$ -	\$ -
Office furniture, equipment	31,973	26,095	5,878	31,973	24,647	7,326
Field equipment	32,588	27,370	5,218	32,588	26,078	6,510
Computer equipment.	136,228	61,336	74,892	97,610	37,044	60,566
Vehicles	46,256	42,029	4,227	40,912	27,350	13,562
	\$ 1,037,816	\$ 234,651	\$ 803,165	\$ 203,083	\$ 115,119	\$ 87,964

Equipment is recorded at cost and amortized over its estimated useful economic life on a declining balance basis at annual rates of 30% and 20%, respectively, for computer and office equipment; on a straight-line basis over three years for exploration equipment. The Company has constructed and office and administration building on the Pinson property that is subject to the terms of the exploration agreement as set out in Note 5(a)(i) and is recorded at cost with amortization on a straight-line basis over ten years.

(g) Asset Retirement Obligations

The Company follows the recommendations of the Canadian Institute of Chartered Accountants in accounting for asset retirement obligations. The standard requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred or acquired. Also, when a liability is initially recorded, a corresponding increase to the carrying amount of the related asset is recorded. The liability is increased over time (accreted) by the discount factor that was applied in the initial measurement of fair value and the asset is amortized over the estimated life of the related asset. The amount of the liability will be subject to re-measurement at each reporting period.

(h) Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

(i) Stock-Based Compensation

The Company accounts for stock-based compensation expenses using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this standard, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus under shareholders' equity. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Income Taxes

The Company accounts for potential future tax assets and liabilities by recognizing the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be settled. The effect on future tax assets and liabilities of a change in tax rates is recognized as income in the period that includes the date of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net future tax asset is recognized. Such an allowance currently applies fully to all of the Company's potential income tax assets.

(k) Foreign Currency Translation

The Company translates its foreign operations on the following basis: monetary assets and liabilities are translated at the rate of exchange in effect as at the balance sheet date and non-monetary assets and liabilities are translated at their applicable historical rates. Revenues and expenses are translated at the average rates prevailing for the year, except for amortization that is translated at the historical rates associated with the assets being amortized.

Foreign exchange gains and losses from the translation of foreign operations are recognized in the current period.

(l) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value, based either upon the trading price of the Company's shares on the Toronto Stock Exchange ("TSX") on the date of the agreement to issue the shares or the average closing price of the last ten trading days of the Company's shares on the TSX prior to the date of issue. Costs incurred to issue common shares are deducted from share capital.

(m) Loss Per Share

Basic loss per share is calculated based on the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. However, diluted loss per share has not been presented as the potential exercise of options and warrants outstanding would have the effect of reducing the loss per share. Therefore, basic and diluted loss per share is the same.

3. MARKETABLE SECURITIES

Marketable securities are carried at the lower of cost or quoted market value. When market value is below cost any unrealized loss is charged to income.

During the year, marketable securities were written down by \$1,000 (2005 – \$233,244) to a carrying value of \$459,000 (2005 - \$493,405). The quoted market value of marketable securities at December 31, 2006 is \$729,666 (2005 - \$572,280).

4. DEPOSITS FOR RECLAMATION

The Company has posted environmental reclamation bonds in the amount of \$5,300 (US\$6,950) (2005 - Cdn\$527,758) with the Division of Environmental Protection, State of Nevada and the United States Department of the Interior to cover the estimated closure and reclamation costs of the Pinson Property and the Jarbidge Property.

The Company has posted environmental reclamation bonds in the amount of \$56,419 (US\$50,600) with the United States Department of Agriculture, Forest Service to cover reclamation costs on the Jarbidge Properties in Nevada

At December 31, 2006 the Company has recorded \$247,000 as an estimated asset retirement obligation relating to the current amount of reclamation required based on exploration and development conducted to date at the Pinson Property.

5. MINERAL PROPERTIES

At December 31, 2006 and 2005, the Company incurred expenditures on its mineral properties as follows:

	Pinson NV	Jarbidge NV	Beowawe NV	Clover NV	US Other	Chile	Canada/ Yukon	Total
Balance at December 31, 2005	\$14,330,403	\$ 721,875	\$ 238,537	\$ 73,972	\$ 730,687	\$ 47,476	\$ 509,859	\$16,652,809
Additions during the period:								
Acquisition	-	-	-	-	12,647	-	-	12,647
Professional Fees and Wages	-	2,526	-	-	-	-	-	2,526
Property and Development	116,442	106,429	129,985	18,432	32,429	-	7,610	411,327
Drilling	-	295,257	-	-	-	-	-	295,257
Permitting	5,917	16,149	-	-	-	-	-	22,066
Geology	4,025	271,515	1,475	9,615	71,563	80	30	358,303
Geochemistry	-	9,828	-	-	6,332	-	-	16,160
Geophysics	-	-	-	-	37,100	-	-	37,100
Environment	-	12,122	-	-	-	-	-	12,122
Reserve Definition	232,600	-	-	-	-	-	-	232,600
Drilling Support	535,939	-	-	-	-	-	-	535,939
Surface Drilling	449,674	-	-	-	-	-	-	449,674
Surface Infrastructure	113,475	-	-	-	-	-	-	113,475
Production Setup	310,297	-	-	-	-	-	-	310,297
Dewatering	61,066	-	-	-	-	-	-	61,066
Travel and transportation	-	2,245	-	-	-	-	-	2,245
Field Office	-	37,466	-	-	-	-	-	37,466
Admin/Indirect Costs	748,820	-	-	-	-	-	-	748,820
	2,578,255	753,537	131,460	28,047	147,424	80	7,640	3,646,443
Additions during period	2,578,255	753,537	131,460	28,047	160,071	80	7,640	3,659,090
Cost Recoveries	(999,640)	-	(351,635)	(67,866)	(10,085)	-	(402)	(1,429,628)
Option Payments	-	-	-	-	-	(28,171)	(228,000)	(256,171)
Write-downs	-	-	-	-	(136,015)	-	13,658	(122,357)
Balance at December 31, 2006	15,909,018	1,475,412	18,362	34,153	744,658	19,385	302,755	18,503,743

5. MINERAL PROPERTIES (Continued)

	Pinson NV	Jarbidge NV	Beowawe NV	Clover NV	US Other	Chile	Canada/ Yukon	Total
Balance at								
December 31, 2004	\$ 2,366,046	\$ 596,183	\$ 242,605	\$ 53,207	\$ 718,524	\$ 123,704	\$ 1,034,625	\$ 5,134,894
Additions during the period:								
Acquisition	20,485	12,085	87,013	60,425	51,650	-	3,481	235,139
Exploration and development:								
Professional Fees and Wages	-	26,778	1,825	3,299	429	-	-	32,331
Property and Development	10,637	43,449	17,711	17,269	15,205	-	-	104,271
Drilling	487,790	-	1,450	-	-	-	-	489,240
Geology	140,568	18,316	6,934	15,498	-	-	-	181,316
Environment	-	203	-	-	-	-	-	203
Permitting	24,945	16,238	-	-	-	-	-	41,183
Field Office	-	8,623	-	-	-	-	-	8,623
Travel and Transportation	-	-	-	1,316	-	-	-	1,316
Engineering	134,887	-	-	-	-	-	-	134,887
Geochemistry	28	-	-	-	-	-	-	28
Resource Estimation	23,730	-	-	-	-	-	-	23,730
Reserve Definition	2,617,696	-	-	-	-	-	-	2,617,696
Drilling Support	413,089	-	-	-	-	-	-	413,089
Surface Drilling	1,713,150	-	-	-	-	-	-	1,713,150
Surface Infrastructure	1,557,929	-	-	-	-	-	-	1,557,929
Underground Infrastructure	3,589	-	-	-	-	-	-	3,589
Production Setup	956,985	-	-	-	-	-	-	956,985
Test Mining	433,598	-	-	-	-	-	-	433,598
Dewatering	1,245,649	-	-	-	-	-	-	1,245,649
Admin/Indirect Costs	1,922,923	-	-	-	-	-	-	1,922,923
Depreciation	9,679	-	-	-	-	-	-	9,679
	11,696,872	113,607	27,920	37,382	15,634	-	-	11,891,415
Additions during period	11,717,357	125,692	114,933	97,807	67,284	-	3,481	12,126,554
Asset retirement obligation	247,000	-	-	-	-	-	-	247,000
Cost Recoveries	-	-	(50,576)	(16,617)	(10,121)	-	-	(77,314)
Option Payments	-	-	(68,425)	(60,425)	(45,000)	-	(288,666)	(462,516)
Write-Offs	-	-	-	-	-	(76,228)	(239,581)	(315,809)
Balance at								
December 31, 2005	\$14,330,403	\$ 721,875	\$ 238,537	\$ 73,972	\$ 730,687	\$ 47,476	\$ 509,859	\$16,652,809

5. MINERAL PROPERTIES (Continued)

(a) United States

(i) Pinson Property, Nevada

The Company entered into an Exploration Agreement (“the agreement”), effective August 12, 2004, with Pinson Mining Company (“PMC”), a controlled subsidiary of Barrick Gold Corporation. Pursuant to the terms of the agreement, the Company completed obligations to earn a 70% interest in the Pinson Mine Property, Humboldt County, Nevada, and provided notice of its earn-in to PMC in January 2006.

The Company’s earn-in triggered an election by PMC to back-in to the project by spending an additional US\$30 million to advance exploration and development of the project over a 3-year period. PMC notified the company that it would elect to earn back into the property on April 6th, 2006. Completion of qualifying expenditures by PMC, on or before April 5th, 2009 would result in the formation of a 70:30 joint venture with PMC holding a 70% interest. If PMC fails to make US\$30 million of qualifying expenditures within 3 years the Company will retain a 70% interest in the project and again become operator.

The property is subject to net smelter return (“NSR”) royalties varying from 3.5% to 7.5% on various claim groups within the property.

(ii) Jarbidge Properties, Nevada

By an agreement dated December 5, 2003 the Company obtained an option to acquire a 100% interest in the 127 Jarbidge claims located in Elko County, Nevada by paying a total of US\$600,000 (US\$35,000 paid) to the optionor by December 5, 2009 and incurring aggregate exploration expenditures of US\$300,000 in stages by December 5, 2006. The property is subject to NSR royalties ranging from 1.5-2.5%.

On December 15, 2004, the Company signed a separate lease agreement and option to acquire 10 unpatented mining claims, subject to a 2.5% production royalty, adjacent to the Jarbidge claims. The Company must make lease payments totalling US\$19,800 in stages to December 14, 2007 (US \$4,200 paid) and annual payments of US\$9,000 each year thereafter. The Company may purchase the property and the production royalty at any time for US\$375,000.

In an agreement dated February 4, 2005, the Company obtained a mining lease with an option for the partial purchase of a royalty on eight (8) patented mining claims adjacent to the main Jarbidge claim group, subject to a 5% production royalty. Fifty percent (50%) of the production royalty may be purchased for US\$2 million. The lease requires annual payments to the lessor by the Company totalling US\$117,500 over the first eight (8) years of the agreement (an initial payment of US\$5,000 was paid upon signing on February 4, 2005 and US\$5,000 was paid during 2005). Thereafter, an annual minimum royalty of US\$25,000 is payable on or before the anniversary date of the agreement.

In an agreement dated February 4, 2005, the Company obtained an option to acquire a 100% interest in six unpatented federal lode claims adjacent to the main Jarbidge claim group, subject to a 1.5% to 3.0% production royalty which varies with the price of gold sold. To exercise the option, the Company will pay to the Optionor an aggregate of US\$19,500 during the first four years of the agreement (US \$1,500 was paid upon signing on February 4, 2005). Thereafter, an annual advance royalty payment of US\$6,000 is due on or before the anniversary date of the agreement until a total of US\$500,000 is received by the owner.

5. MINERAL PROPERTIES (Continued)

(iii) Beowawe Properties, Nevada

During 2002, the Company obtained an option to acquire a 100% interest, subject to a 3% royalty on gold revenue less US\$15 per realized ounce, in the 95 Beowawe lode claims located at the north end of the Carlin Gold District in Nevada. To exercise the option, the Company has to pay to the optionor an aggregate of US\$80,000 (paid) in cash, allot and issue to the optionor up to 150,000 common shares in three separate tranches of 50,000 shares each (100,000 shares issued), and carry out a combined minimum 20,000 feet of exploratory drilling (7,140 feet drilled) on the Golden Cloud and/or Beowawe properties prior to November 6, 2005. In consideration of a payment of US\$50,000, the remaining required drilling has been reduced to 6,000 feet on or before November 6, 2006. Following exercise of the option, the Company will have to make annual advance royalty payments of US\$50,000 and US\$75,000, respectively, for the first two years and US\$100,000 each subsequent year until the commencement of commercial production. A finder's fee is payable to a third party, equal to 5% of the first US\$500,000 expenditures and payments made by the Company during the first two years of the agreement, and 3% of all expenditures and payments that are in excess of US\$500,000 during the first two years of the agreement. The finder's fee is capped at US\$500,000.

In an agreement dated March 26, 2003, the Company obtained an option to acquire a 100% interest in 40 acres of fee land adjacent to the main Beowawe claim group, subject to a 3% royalty on gold revenue which can be purchased for US\$250,000 or 700 ounces of gold, whichever is greater, per percentage point. To exercise the option, the Company has to pay to the Optionor an aggregate of US\$42,500 (US\$42,500 paid) in cash prior to December 1, 2006 and an annual minimum royalty of US\$5,000 thereafter.

In a separate agreement dated June 5, 2003, the Company obtained an exclusive lease and option to acquire a 100% interest in an additional 40 acres of fee land adjacent to the main Beowawe claim group, subject to a 1% NSR royalty. The lease agreement requires the Company to pay advance royalties of US\$500 (paid) on signing the agreement, US\$1,000 (paid) prior to June 2004 and US\$2,000 each subsequent year until the commencement of commercial production. The Company has the right to buy a 100% interest in the property, including surface and mineral rights, at any time for US\$250,000.

Pursuant to an agreement dated September 21, 2005, the Company granted an option to Apolo Gold and Energy Inc. ("Apolo") to acquire a 55% interest in the property by completing the following:

- Issuance to the Company of 100,000 common shares of Apolo on execution of the agreement (received);
- Issuance to the Company of 50,000 common shares or payment of US\$50,000 of Apolo on the first anniversary of the agreement (US\$50,000 received);
- Incurring exploration expenditures on the property of US\$1,700,000 over a four year period.

On February 16, 2007, the Company terminated its September 21, 2005 agreement with Apolo Gold and Energy Inc. as a result of a default of its obligations under the agreement. Through the execution of a Quitclaim and Release, Apolo has relinquished any and all rights to the property in favour of the Company.

5. MINERAL PROPERTIES (Continued)

(iv) Clover Property, Nevada

In an agreement dated March 11, 2003, the Company obtained an option to acquire a 100% interest in 22 claims known as the Clover property, subject to a 3% NSR royalty, which can be purchased for US\$1,000,000 per percentage point. Terms of the agreement include cumulative total payments to the vendor of US\$305,000 (US\$80,000 paid) prior to March 11, 2010. The Clover property is subject to a Finder's Agreement dated February 10, 2003, amended April 22, 2003, whereby the Company agreed to pay a finder's fee of US\$5,000 (paid) upon execution of the acquisition agreement, and US\$10,000 (paid) and US\$20,000, respectively, for the first two years after the agreement and US\$30,000 on each subsequent anniversary until the commencement of commercial production (US\$20,000 paid). The Finder's fee is capped at a maximum of US\$500,000.

The Company granted certain options on the Clover property and received US\$50,000 in option payments; these options were terminated subsequent to the year end.

On June 19, 2006, the Company signed a Letter of Intent with Meridian Gold Incorporated ("Meridian") whereby Meridian can earn a 51% working interest in the Clover property by making a cash payment of US\$135,000 (US\$60,000 paid) and exploration expenditures of US\$300,000 in the first year; and paying an additional US\$500,000 and incurring exploration expenditures of US\$3,000,000 over a three year period. Meridian can earn an additional 19% working interest by completing a prefeasibility study on the property.

(b) United States -Other

(i) Triple Junction and Dixie Fork Properties, Nevada

The Company acquired a 100% interest, subject to a 3% NSR royalty (uncapped), in the 36 'Triple Junction' lode claims and the 31 'Dixie Fork' lode claims located in Elko county, Nevada, by paying US\$35,000 in cash and issuing 100,000 common shares.

In an agreement dated September 7, 2004, the Company granted an option to Sage Gold Inc. ("Sage") to earn up to a 70% interest in the Company's Triple Junction/Dixie Fork gold project. Sage may earn a 55% interest in the properties by drilling 10,000 feet before November 2007, and may then elect to form a joint venture with the Company, or to increase its interest to 70% before forming a joint venture, by funding and completing a bankable feasibility study.

(ii) Searchlight Property, Nevada

In an agreement dated January 17, 2004, the Company purchased a 100% interest on the Searchlight property by the issuance of 30,000 common shares.

(iii) Lone Pine Property, Arizona

The Company purchased a 100% interest in the three patented claims, subject to a 2% NSR royalty granted as a finder's fee (capped at US\$2,000,000) by making a cash payment of US\$100,000.

5. MINERAL PROPERTIES (Continued)

(c) Chile

(i) Celeste Property

The Company holds a 100% interest in the Celeste property, subject to a 2% NSR royalty. A land-use fee of US\$50 per hectare of surface, payable if the land is used for waste dump, fill leaching or ancillary mining facilities, also applies.

A draft lease agreement is in place between the Company and Compania Cielo Azul Limitada ("CCAL") whereby CCLA may lease the property for a period of twenty years by making the following lease payments to the Company: US\$10,000 upon execution of an agreement (received); US\$10,000 on the first anniversary of the agreement; US\$25,000 on the second anniversary of the agreement; and US\$50,000 on the third anniversary of the agreement and on all subsequent anniversary dates thereafter. The property will be subject to a 2.5% NSR royalty.

(ii) Cachinal Property

The Company entered into an option agreement with Valencia Ventures ("Valencia") wherein Valencia may earn up to 70% interest in the Company's Cachinal de la Sierra property in Chile by making cash payments totaling CDN\$95,000 (CDN\$20,000 received) and spending CDN\$1,500,000 within three years. During the year ended December 31, 2005, the property was written down to a nominal value.

(d) Canada

(i) Wolverine Property, Yukon

The Company had a 40% joint venture interest in the Wolverine property with Yukon Zinc Corporation ("YZC") (formerly Expatriate Resources Ltd.) as the property operator and owner of the remaining 60% interest.

During the year ended December 31, 2004 the Company sold its interest to YZC for \$2,000,000 cash and 10,000,000 units of YZC valued at \$2,271,000. Each unit consisted of one common share and one half of a share purchase warrant; each whole warrant is exercisable to purchase one common share of YZC for a price of \$0.32 for two years. The disposition resulted in a loss of \$1,659,561; however, the Company retains an NSR royalty of up to 10% indexed to the price of silver.

The Company has currently accrued an additional liability of \$185,000 to reflect an increase in the estimate of a residual obligation relating to the proceeds of sale of the Wolverine property in 2004. At December 31, 2006, the aggregate obligation in respect to this amount is \$485,000 and is included in accounts payable and accrued liabilities.

(ii) Wolf Property, Yukon

The Company holds a 65.6% interest in 18 mineral claims; due to a lack of recent exploration work conducted on the claims, at December 31, 2004, the Company wrote its interest in the Wolf property down to a nominal amount.

5. MINERAL PROPERTIES (Continued)

(d) Canada (Continued)

(iii) Marg Property, Yukon

The Company purchased a 2/3 joint venture interest in the Marg property by making a cash payment of \$250,000. Cameco Corporation was the owner of the remaining 1/3 interest.

During 2004, the Company purchased Cameco's stake in the Marg joint venture by making a cash payment of \$80,000. On November 25, 2004, the Company entered into an option agreement with another party whereby that party can earn a 100% interest in the Marg Property by making total cash payments of \$600,000 (\$200,000 received) and issuing 400,000 common shares (266,666 shares received) to the Company on or before December 8, 2007. During the year ended December 31, 2006, the property was written-down.

(iv) Ecstall Property, British Columbia

The Company has a 100% interest in 23 Crown Granted Mineral claims (21 claims with mining rights and two claims with surface rights), subject to a 3% (reducible to 2.5%) NSR royalty. As at December 31 2006, the carrying value of the property was \$302,752.

(v) White Bull Property, British Columbia

The Company holds a 100% interest in 24 mineral claim units. During the year ended December 31, 2006, the property was written-down to a nominal value.

(e) Realization of assets

The investment in and expenditures on resource properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

5. MINERAL PROPERTIES (Continued)

(f) Environmental Expenditures

The operations of the Company may in the future be affected from time to time to varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation, by application of technically proven and economically feasible measures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries

6. SHARE CAPITAL

(a) Authorized:

An unlimited number of common shares without par value
An unlimited number of preferred shares without par value

(b) Issued

	No. of Shares	Amount
Balance as at December 31, 2004	38,950,872	40,795,561
Issued for cash		
Private placement, net of issue costs (Note 6 (c)(i))	6,500,000	4,729,332
Private placement, net of issue costs (Note 6 (c)(ii))	500,000	398,775
Exercise of warrants	8,538,195	5,074,192
Exercise of options	940,000	243,225
Issued for other consideration		
Exercise of options, stock-based compensation	-	45,026
Balance as at December 31, 2005	55,429,067	51,286,111
Issued for cash		
Private placement, net of issue costs (Note 6 (c)(iii))	7,450,000	8,730,587
Exercise of warrants	502,771	459,795
Exercise of options	795,000	286,125
Issued for other consideration		
Exercise of options, stock-based compensation	-	76,690
Balance as at December 31, 2006	64,176,838	\$ 60,839,308

(c) Private Placements

- (i) On August 3, 2005, the Company completed a brokered private placement for the issuance of 6,500,000 common shares at a price of \$0.80 per share for gross proceeds of \$5,200,000. The agents received a 6.5% cash commission of \$338,000 and 520,000 agents' warrants to acquire 520,000 shares of the Company at a price of \$0.80 per share until August 3, 2006. The Company incurred cash share issuance costs in the amount of \$20,000 and issued agents' warrants valued at \$105,003 (refer to Note 6(e)) in connection with the private placement.

6. **SHARE CAPITAL** (Continued)

(c) **Private Placements** (Continued)

- (ii) On August 11, 2005, the Company completed a non-brokered private placement for the issuance of 500,000 common shares at a price of \$0.80 per common share for gross proceeds of \$400,000. The Company incurred share issue costs of \$1,225 in connection with the private placement.
- (iii) On February 2, 2006, the Company completed a special warrant brokered private placement for the issuance of 7,450,000 common shares at a price of \$1.35 per share for gross proceeds of \$10,057,500. The agents received a 6.5% cash commission of \$653,737 and 521,000 agents' warrants to acquire 521,000 shares of the Company at a price of \$1.55 per share until December 16, 2006. The Company incurred cash share issuance costs in the amount of \$67,643 in connection with the private placement and recorded the fair value, as determined by the Black-Scholes Option Pricing Model, of the agents' warrants at \$605,532.

(d) **Stock Options**

Stock options to purchase common shares have been granted to directors, employees and consultants of the Company at exercise prices determined with reference to the market value on the date of the grant. Under the Company's Stock Option Plan, approved by the shareholders on April 20, 2006, the Company may grant stock options for the purchase of up to 6,355,864 common shares. Vesting of stock options is made at the discretion of the Board of Directors at the time the options are granted. At December 31, 2006, the Company had stock options outstanding for the purchase of 2,140,000 common shares, with an average remaining contractual life of 1.39 years, of which 2,108,126 stock options were exercisable at December 31, 2006.

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2004	2,085,000	\$ 0.31
Exercised	(940,000)	0.26
Cancelled/expired	(50,000)	0.59
Granted	1,050,000	0.67
Outstanding at December 31, 2005	2,145,000	0.52
Exercised	(795,000)	0.36
Cancelled/expired	(125,000)	2.01
Granted	915,000	1.19
Outstanding at December 31, 2006	2,140,000	\$ 1.11

The following summarizes the stock options outstanding at December 31, 2006

Number of Shares	Exercise Price	Expiry Date
100,000	0.500	January 9, 2007
275,000	0.325	April 20, 2007
200,000	0.590	February 8, 2008
775,000	0.700	April 18, 2008
765,000	2.010	January 31, 2009
25,000	1.280	July 7, 2009
2,140,000		

6. **SHARE CAPITAL** (Continued)

(e) **Stock-Based Compensation**

During the year ended December 31, 2006, the Company granted stock options to directors, officers and employees to acquire up to an aggregate of 915,000 common shares at exercise prices of \$2.01 and \$1.28 per share and the fair value of \$1,018,572 has been recorded as an expense in these financial statements.

The fair value of stock options used to calculate compensation expense and the fair value of agents' warrants is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions at December 31, 2006:

	2006	2005
Risk-free interest rate	2.43%	2.58%
Expected dividend yield	-	-
Expected stock price volatility	50% to 65%	50% to 65%
Expected option life in years	1 to 3	1 to 3

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

(f) **Warrants**

At December 31, 2006, the Company has no outstanding warrants to purchase common shares.

Exercise Price	Expiry Date	Outstanding December 31, 2005	Issued	Exercised	Expired	Outstanding December 31, 2006
\$ 0.800	Aug 03, 2006	426,000	-	426,000	-	-
\$ 1.550	Dec 16, 2006	521,500	-	76,771	444,729	-
		947,500	-	502,771	444,729	-

(g) **Contributed Surplus**

	Amounts
Balance as at December 31, 2004	\$ 151,193
Fair value of agents' warrants	605,533
Stock based compensation expense	148,866
Exercise of stock options	(45,026)
Balance as at December 31, 2005	\$ 860,566
Stock-based compensation expense	1,018,572
Exercise of stock options	(76,689)
Balance as at December 31, 2006	\$ 1,802,449

7. SPECIAL WARRANTS

The Company issued special warrants pursuant to a brokered private placement for the issuance of 7,450,000 common shares at a price of \$1.35 per share for proceeds of \$8,736,833 after broker's commission and other share issue costs, including 521,000 agents' warrants exercisable at \$1.55 for a one year period valued at \$500,529 (refer to Note 6(e)). Each special warrant will convert to one common share upon qualification by a short form prospectus.

8. SUPPLEMENTARY CASH FLOW DISCLOSURES

Supplementary disclosure of non-cash financing activities:

	2006	2005	2004
Significant non-cash operating, investing and financing activities:			
Operating activities			
Amortization recorded in deferred property costs	\$ -	\$ 9,679	\$ 21,193
Investing activities			
Marketable securities received for option payments	\$ 128,000	\$ 271,666	\$ 201,000
Marketable securities received for sale of property	-	-	2,271,000
Reclassification of building & equipment costs from deferred costs	827,087	-	-
Reclassification of reclamation bonds to temporary investments	464,389	-	-
	\$ 1,419,476	\$ 271,666	\$ 2,472,000
Financing activities			
Shares issued for property	\$ -	\$ -	\$ 15,900
Fair value of agents' warrants issued	-	605,533	-
	\$ -	\$ 605,533	\$ 15,900
Other cash flow information			
Interest received	\$ 543,053	\$ 386,406	\$ 119,315

9. RELATED PARTY TRANSACTIONS

There were no related party transactions in 2006, 2005 or 2004.

10. COMMITMENT

The Company has a lease commitment for its office premises which expires June 30, 2010. The cost of the entire premises is shared amongst several companies in proportion to the area occupied. The Company's proportionate share of annual rental payments under this arrangement is approximately \$64,000.

11. INCOME TAXES

At December 31, 2006 the Company has non-capital losses carried forward for Canadian income tax purposes totaling approximately Cdn\$4.8 million, expiring in various periods from 2006 to 2015, and resource and other tax pools available to reduce Canadian taxable income that aggregate approximately \$15.8 million at December 31, 2005 (2004 - \$13.6 million). The Company also has net operating loss carry forwards and resource deductions totaling approximately \$12.4 million for U.S. income tax purposes which are currently being substantiated, and if not utilised to reduce U.S. taxable income in future periods, will expire in various periods through 2025.

The reconciliation of income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2006	2005
	34.12%	34.12%
Income tax expense benefit computed at statutory rates	\$ (253,344)	\$ (467,003)
Temporary differences recognized	(134,555)	(127,396)
Non-deductible differences	55,997	176,749
Unrecognized tax losses	331,902	417,650
Income tax benefit per financial statements	\$ -	\$ -

The significant components of the Company's future income tax assets as at December 31, 2006 and 2005 are as follows:

	2006	2005
Future income tax assets		
Losses carried forward, Canada	\$ 2,091,912	\$ 1,656,408
Losses carried forward, United States	5,189,352	3,725,881
Mineral properties	5,219,864	5,214,939
Equipment	60,829	57,952
Share issuance costs	677,047	443,457
	13,239,004	11,098,637
Valuation allowance	(13,239,004)	(11,098,637)
Future income taxes, net	\$ -	\$ -

12. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Resource Property Costs

Under Canadian GAAP, mineral exploration expenditures may be deferred on prospective properties until such time as it is determined that further exploration is not warranted, at which time the property costs are written-off. Under U.S. GAAP, all exploration expenditures must be expensed until an independent feasibility study has determined that the property is capable of economic commercial production. The following items (a) to (d) provide a summary of the impact on the Company's balance sheets and statements of operations and deficit that would result from the application of US accounting principles to resource property costs:

	2006	2005	2004
(a) Assets			
Resource Properties			
Resource properties following Canadian GAAP	\$ 18,503,743	\$ 16,652,809	\$ 5,134,894
Less deferred exploration costs	<u>(18,491,096)</u>	<u>(16,652,809)</u>	<u>(5,134,894)</u>
Resource properties following U.S. GAAP	<u>\$ 12,647</u>	<u>\$ -</u>	<u>\$ -</u>
(b) Operations			
Net loss following Canadian GAAP	\$ (727,509)	\$ (1,203,836)	\$ (4,522,611)
Property costs expensed under U.S. GAAP – net	(1,778,645)	(11,833,724)	(2,910,049)
Deferred property costs written-off under Canadian GAAP	122,357	315,809	1,881,155
Net proceeds received on sale of property	-	-	3,971,000
Loss on property sold under Canadian GAAP	-	-	1,659,561
Net income (loss) under U.S. GAAP	<u>\$ (2,383,797)</u>	<u>\$ (12,721,751)</u>	<u>\$ 79,056</u>
(c) Deficit			
Closing deficit under Canadian GAAP	\$ (29,606,123)	\$ (28,863,614)	\$ (27,659,778)
Adjustment to deficit for exploration expenditures of prior years written-off under U.S. GAAP	<u>(18,491,096)</u>	<u>(16,652,809)</u>	<u>(5,134,894)</u>
Closing deficit under U.S. GAAP	<u>\$ (48,097,219)</u>	<u>\$ (45,516,423)</u>	<u>\$ (32,794,672)</u>
(d) Earnings (loss) per share under U.S. GAAP			
Earnings (loss) per share	<u>\$ (0.04)</u>	<u>\$ (0.28)</u>	<u>\$ 0.01</u>

12. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) (Continued)

(e) Stockholders' Equity

(i) Accumulated Other Comprehensive Income

Under SFAS 130, the Company is now required to record certain gains and losses as a component of Stockholder's Equity, with the current changes in the component balances comprising the balance sheet figure disclosed in a separate statement or in a financial statement note. The only item in the Company's financial statements impacting Comprehensive Income is the unrealized gains on the Company's marketable securities.

The following provides the continuity of Accumulated Other Comprehensive Income or Loss under US GAAP:

Accumulated Other Comprehensive Income – December 31, 2004	\$	937,152
Other Comprehensive Income – 2005		78,875
Realized Proceeds included in previous years' Comprehensive Income		(937,152)
<hr/>		
Accumulated Other Comprehensive Income – December 31, 2005		78,875
Other Comprehensive Income – 2006		-
Realized Proceeds included in previous years' Comprehensive Income		(78,875)
<hr/>		
Accumulated Other Comprehensive Income – December 31, 2006	\$	-

(ii) Marketable securities and temporary investments

Under Canadian GAAP, no write-down to market value is required if an investment is considered by management to be held for the long-term, unless there has been an other-than-temporary decline in the value of that investment. Under US SFAS 115, the investments held by the Company are considered to be "available for sale securities" and are required to be reported at fair value, with any unrealized holding gains and losses included in current Other Comprehensive Income, a component of Stockholders' Equity.

The following provides a reconciliation to US GAAP of a pro-forma application of SFAS 115 to these financial statements:

	2006	2005
Aggregate temporary investments and marketable securities under Canadian GAAP	\$ 10,441,252	\$ 6,116,875
Other Comprehensive Income under U.S. GAAP - 2004	918,502	918,502
Other Comprehensive Income under U.S. GAAP - 2005	78,875	78,875
Other Comprehensive Income under U.S. GAAP - 2006	-	-
Realized proceeds included in previous years' Comprehensive Income under U.S. GAAP	(997,377)	(918,502)
<hr/>		
Aggregate temporary investments and marketable securities under US GAAP	\$ 10,441,252	\$ 6,195,750

13. SUBSEQUENT EVENTS

In addition to items disclosed elsewhere in these notes, the following occurred during the period subsequent to December 31, 2006:

- (a)** On January 11, 2007, the Company granted stock options to employees for the purchase of up to 963,800 common shares at a price of \$1.36 per share to January 11, 2010.
- (b)** Subsequent to December 31, 2006, the Company issued 200,000 common shares for proceeds of \$82,500 pursuant to the exercise of stock options.

Description of Business

Atna Resources Ltd. (Atna or the Company) is engaged in the exploration and development of gold properties primarily in the United States. The Company also has properties in Canada and Chile. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Nova Scotia and is a foreign issuer in the United States and files a Form 20-F with the U.S. Securities and Exchange Commission. The Company's shares trade on the TSX Exchange under the symbol "ATN". The following discussion and analysis of the financial position and results of operations for the Company speaks only as to March 16, 2007 (the "Report Date") and should be read in conjunction with the interim consolidated financial statements and the notes thereto for the year ended December 31, 2006, which have been prepared in accordance with Canadian generally accepting accounting principles.

Additional information relating to the Company, including audited financial statements and the notes thereto for the years ended December 31, 2006 and 2005, can be viewed on SEDAR at www.sedar.com.

Outlook

The Company is looking forward to a successful year with plans to pursue exploration of a number of its properties and continue evaluating merger and acquisition opportunities in order to accelerate the growth of the Company. The Company is well funded and is planning to drill the Beowawe (approximately 6,000 feet) and Jarbidge properties (approximately 8,000 feet) during the year. Joint venture partners are expected to pursue the exploration and drilling of a number of Company's properties in Nevada, Canada, and Chile. The Company will continue to foster communication and collaboration with PMC to advance the Pinson property towards production. If PMC fails to spend US\$30 million before April 6, 2009 (i.e. within the next 25 months), operatorship of the project will revert back to the Company and a 70% Atna: 30% PMC joint venture will automatically be formed.

Exploration Activities

Highlights

- Drilling at Jarbidge intersects epithermal quartz adularia veins and intense argillic alteration.
- Pinson Mining Company (Barrick) has 25 months remaining to spend \$30 million at Pinson.
- Wolverine optimized feasibility study reported by Yukon Zinc.
- Option to Joint Venture agreement completed with Meridian at Clover.
- Atna to resume work at Beowawe.

Jarbidge Property, Nevada

Drill permits were granted late in the season, resulting in the completion of only a small portion of the planned program before terminating due to winter weather. A total of 2,260 feet in five holes were completed out of a planned 10,500 foot program. The drilling intersected numerous silicified structures and veins but returned no significant gold values. Pervasive, intense argillic alteration intersected in the Longhike area suggests potential for precious metals to occur several hundred feet below.

The first five drill holes ranged in depth from 190 feet to 625 feet. Three target areas were tested with one drill setup at each target. All drill holes intersected classic epithermal textured veins within strong fault structures showing potential for the system to host new high grade gold and silver mineralization similar to that historically mined in the district. Permits are in place to complete drilling at previously laid out targets and to follow-up on the structures intersected during the fourth quarter.

Detailed structural mapping and vein sampling continued at Jarbidge during the final quarter with encouraging results. The work outlined new drill targets and yielded significant geochemical results which will require follow-up drilling in the spring of 2007. Two hundred and sixty five rock chip samples from various areas on the property were collected during the season. Forty two samples were highly anomalous, with assays equal to or greater than 0.03

oz/t gold (1 g/t Au), including twelve samples greater than 0.25 oz/ton gold (8.6 g/t Au), and eight samples greater than 0.5 oz/ton gold (17.1 g/t Au). Several of the existing target areas were extended along strike of the veins and new prospective targets were identified.

Pinson Property, Nevada

Pinson Mining Company (PMC), an affiliate of Barrick Gold Corporation, carried out no work on the property during the past year. Atna presently has a 70% interest in the property. PMC must spend US\$30.0 million before April 2009 (25 months from the time of writing) if it is to earn back 40%, thereby increasing its project interest from 30% to 70%. The Pinson deposit is a structurally controlled "Carlin-type" gold system with over 980,000 ounces of past production from open pits. Measured and indicated resources discovered and defined by Atna's work total 1.69 million tons grading 0.42 oz/ton gold (containing 712,600 ounces gold). Additionally, the Pinson deposit has inferred resources estimated at 3.1 million tons grading 0.34 oz/ton gold (1.05 million ounces gold).

Beowawe

On February 16, 2007, the Company terminated its September 21, 2005 agreement with Apolo Gold and Energy Inc. as a result of a default of its obligations under the agreement. Through the execution of a Quitclaim and Release, Apolo has relinquished any and all rights to the property in favour of the Company. The property is underlain by volcanic stratigraphy of the Northern Nevada Rift which hosts the adjacent Mule Canyon mine, an epithermal deposit from which Newmont mined approximately 1 million ounces of gold and north of the Fire Creek deposit (Klondex Mines, 1 million ounce gold resource, news release September 5, 2006). Atna is planning a drill program to test a number of targets characterized by anomalous gold, epithermal quartz veining, sinters, and high level argillic alteration.

Clover

A definitive agreement was signed with Meridian Gold Inc in November 2006. Meridian is obligated under the agreement to spend a minimum of \$300,000 this year on exploration and development of the property. The Clover prospect is a low-sulphidation, vein-hosted, epithermal gold prospect located in Nevada's Midas mining district within the prospective Northern Nevada Rift. Clover's geologic setting is similar to Newmont's Ken Snyder (Midas) mine (1999 published reserves of 2.8 M tons averaging 1.01 oz/ton Au, 11.6 oz/ton Ag). Clover has several targets that require follow-up work including a geophysical anomaly in the Jake Creek structural corridor near the occurrence of high-grade (0.90 oz/ton Au) gold bearing float and high-grade gold intersections from previous drilling (0.74 oz/ton Au over 31.8 ft., 0.23 oz/ton Au over 25 ft., and 0.29 oz/ton Au over 10 ft.).

Wolverine

Yukon Zinc released results of an optimized feasibility study on the Wolverine project, in which Atna retains a 10 percent royalty (at current prices) on precious metals production. Highlights of the study from a Yukon Zinc news release dated January 22, 2007 include:

- Annual production in the first 3 years of 4,933,200 ounces of silver and 20,200 ounces of gold contained in zinc, copper and lead concentrates.
- Reserves provide for 9.5 years of operations; infill drilling could extend mine life to 12.5 years.
- Type A water license expected in late summer 2007.
- Full production is planned for first quarter 2009, subject to the timely securing of financing.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2006, 2005 and 2004 is summarized in the table below.

Year End	2006(\$)	2005(\$)	2004 (\$)
Total revenues	Nil	Nil	Nil
General and administrative expenses	2,642,354	1,537,754	1,097,019
Loss for the year	727,509	1,203,836	4,522,611
Basic and diluted loss per share	0.01	0.03	0.15
Working capital	13,927,357	14,998,365	8,079,661
Total assets	33,832,542	33,746,201	14,258,164
Total long-term liabilities	Nil	Nil	Nil
Total shareholders' equity	33,050,634	32,019,896	13,286,976
Cash dividends per share	Nil	Nil	Nil
Number of shares issued and outstanding	64,176,838	55,429,067	38,950,872

Results of Operations

During the year, the Company incurred exploration expenditures of \$3,659,090 (2005 - \$12,126,554; 2004 - \$3,073,956). The costs were attributed to exploration expenditures of \$2,578,256 with cost recoveries of (\$999,640) on the Pinson property; exploration expenditures of \$753,537 on the Jarbidge property; exploration expenditures of \$131,462 with cost recoveries of (\$351,635) on the Beowawe property; exploration expenditures of \$28,047 with cost recoveries of (\$67,866) on the Clover property; exploration expenditures of \$167,792, acquisition costs of \$12,647, cost recoveries of (\$10,487) and receipt of option payments of (\$256,171) on other properties located in the USA, Canada and Chile; and an aggregate of \$122,357 for the write-down of the Sno property, Nevada, White Bull property, BC, and the Ty, Tree and Marg properties, Yukon.

During the year, the Company incurred an operating loss of \$727,509 (2005 - \$1,203,836; 2004 - \$4,522,611) resulting in a basic and diluted loss per share of \$0.01 (2005 - \$0.03; 2004 - \$0.15). The operating loss was comprised of general and administrative expenses of \$2,642,354 (2005 - \$1,537,754; 2004 - \$1,097,019). The increase in general and administrative expenses was primarily attributed to the following items: (i) an increase in stock based compensation (a non-cash item) to \$1,018,572 (2005 - \$146,866; 2004 - \$94,770) as a result of the number of stock options vested during the year; (ii) an increase in wages and benefits to \$435,490 (2005 - \$232,593; 2004 - \$202,546) as a result of hiring an additional full-time employee, an increase in salaries, the granting of bonuses to management and employees and a change in the allocations in reporting salaries and wages from the previous period; (iii) an increase in exploration and business development to \$249,904 (2005 - \$84,503; 2004 - \$208,268) as a result of the Company's ongoing investigation of merger and acquisition opportunities; (iv) an increase in amortization (a non-cash item) to \$119,534 (2005 - \$26,343; 2004 - \$7,929) the majority of which was for the amortization of the building on the Pinson property; and (v) an increase in insurance costs to \$49,741 (2005 - \$18,109; 2004 - 1,956) as a result of increasing the limits of liability on directors' and officers' liability and an increase in the cost of general liability insurance.

During the year, the Company incurred other expenses and income comprised primarily of the following: (i) an increase in the gain on sales of marketable securities to \$1,684,206 (2005 - \$411,877; 2004 - \$45,858) as a result of the gain on sale of Yukon Zinc Corp., Pacifica Resources Corp. and Silver Quest Resources shares; (ii) an increase in mineral property transactions to \$253,168 (2005 - Nil; 2004 - Nil) as the result of shifting proceeds received for the Marg property to the income statement, which resulted in a net decrease in resource property write-downs of \$122,357 (2005 - \$315,809; 2004 - \$1,881,155); and (iii) an increase of \$185,000 (2005 - Nil; 2004 - 300,000) relating to the sharing of revenue from the sale of the Wolverine project.

During the year, investment and miscellaneous income increased to \$543,053 (2005 - \$386,406; 2004 - \$119,315) as a result of having a greater amount of funds on deposit and through the investment of a certain portion of the funds in longer term financial instruments.

Summary of Quarterly Results and Fourth Quarter Review

Results for the eight most recent quarters ending with the last quarter for the three months ending on December 31, 2006 are summarized in the table below.

Three months ended	Dec-06	Sep-06	Jun-06	Mar-06
Revenue	Nil	Nil	Nil	Nil
General and administrative expenses	459,688	467,766	675,376	1,039,524
Loss (gain) for the period	530,090	107,832	679,989	(590,402)
Basic and diluted loss per share	0.01	0.01	0.01	0.01
Total assets	33,832,542	33,871,048	33,870,586	34,736,899
Exploration expenditures	615,394	370,458	1,286,831	1,180,399
Three months ended	Dec-05	Sep-05	Jun-05	Mar-05
Revenue	Nil	Nil	Nil	Nil
General and administrative expenses	523,513	361,123	653,118	309,217
Loss (gain) for the period	597,066	229,749	348,585	(14,218)
Basic and diluted loss per share	0.03	0.01	0.01	0.01
Total assets	33,746,201	22,098,941	15,087,814	13,906,562
Exploration expenditures	4,473,231	4,837,487	2,621,483	922,558

During the fourth quarter of 2006, the Company reported a loss of \$727,509, which included the write-downs of mineral properties in the net amount of \$122,357. During the fourth quarter of 2006, the Company incurred \$615,394 in exploration expenditures, primarily on the Jarbirdge project.

Liquidity and Capital Resources

At December 31, 2006, the Company had cash, cash equivalents and investments totaling \$13,517,024 (2005 - \$15,824,879; 2004 - \$6,597,455) and working capital of \$13,927,357 (2005 - \$14,998,365; 2004 - \$8,079,661). The Company considers its existing working capital to be sufficient to fund property maintenance, administrative overhead and exploration expenditures for at least the next twelve months.

The Company has a shared lease commitment for its office premises which expires June 30, 2010. The Company's proportionate share of annual rental payments under this arrangement is approximately \$64,000. Aside from the rental lease commitment, the company has no off-balance sheet arrangements or long-term obligations. The majority of the Company's expenditures on its properties are of a discretionary nature with the majority of expenditures falling under the responsibility of joint venture partners.

The Company has financed its operations and capital expenditures through the sale of its equity securities and from the proceeds of the sale of marketable securities. The Company expects to obtain financing in the future primarily through equity financing. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. However, the Company has been successful to date in arranging financing and management is of the opinion that it will continue to do so.

Related Party Transactions

During the year, the Company had no related party transactions.

Financing and Investing Activities

During the year, the Company completed a special warrant private placement financing in the amount of \$8,730,587 (2005 – \$5,128,107; 2004 - \$3,648,758) by converting 7,450,000 special warrants to 7,450,000 common shares at a price of \$1.35 per special warrant; received aggregate proceeds of \$459,795 (2005 - \$5,074,192; 2004 - \$458,460) from the exercise of share purchase warrants; and received aggregate proceeds of \$286,125 (2005 - \$243,225; 2004 - \$109,500) from the exercise of stock options.

Financial Instruments

The fair value of the Company's cash, accounts receivable and accounts payable is estimated to approximate their carrying values. It is management's opinion that the Company is not exposed to significant interest, currency, or credit risk arising from these financial statements.

Outstanding Share Data

	No. of Shares	Exercise Price	Expiry Date
Issued & Outstanding shares at December 31, 2006	64,176,838	n/a	n/a
Issued after December 31, 2006	200,000	n/a	n/a
Employees Stock Options	2,903,800	\$0.325 - \$2.01	Jun 16/06 - Jan 11/10
Warrants	-	n/a	n/a
Fully diluted at March 16, 2007	67,280,638	n/a	n/a

Disclosure and Internal Controls and Procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Management is also responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Corporate Governance

Management of the Company is responsible for the preparation and presentation of the annual financial statements and notes thereto, MD&A and other information contained in this annual report. Additionally, it is Management's responsibility to ensure the Company complies with the laws and regulations applicable to its activities.

The Company's management is held accountable to the Board of Directors ("Directors"), each member of which is elected annually on a three-year rotation by the shareholders of the Company. The Directors are responsible for reviewing and approving the annual audited financial statements and MD&A. Responsibility for the review and approval of the Company's quarterly unaudited interim financial statements and MD&A is delegated by the Directors to the Audit Committee, which is comprised of four directors, all of whom are independent of management. Additionally, the Audit Committee pre-approves audit and non-audit services provided by the Company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss the audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Forward-Looking Statements

This Interim Management Discussion and Analysis (“MD&A”) is an update of the Company’s MD&A for the year ended December 31, 2006. Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of March 16, 2007 (the “Report Date”), and readers are advised to consider such forward-looking statements in light of the risks set out below.

Risks and Uncertainties

The Company’s principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity prices, political and economic.

The junior resource market, where the Company raises its funds, is volatile and there is no guarantee that the Company will be able to raise funds as it requires them. However, the Company has been successful to date in arranging financing and management is of the opinion that it will continue to do so.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, there is no guarantee that the property will not be subject to title disputes or undetected defects.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems related to its properties that may cause material liability to the Company.

Subsequent Events

Subsequent to December 31, 2006:

- (a) On January 11, 2007, the Company granted stock options to employees for the purchase of up to 963,800 common shares at a price of \$1.36 per share expiring January 11, 2010.
- (b) Subsequent to December 31, 2006, the Company issued 200,000 common shares for proceeds of \$82,500 pursuant to the exercise of 200,000 stock options.

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