INITIATION
March 5 2012

Gecko Research

Atna Resources Ltd.

Initiating Coverage: Undervalued Producer & Exceptional Growth Story

Commodities | Energy & Mining | Precious Metals

Event

We are initiating coverage of Atna Resources Ltd.

Key Take-Outs

- Atna Resources is listed on the Toronto TSX, OTC BB and Frankfurt Stock Exchange and has currently one producing mine, three advanced stage projects and a large number of non-core assets.
- The producing Briggs Mine and the developing Pinson Mine has existing infrastructure, and together with the low Capex needed for the Reward project, we expect low capital risk and low capital requirements to reach production targets at each mine.
- Free cash flow from the producing Briggs Mine and next year also from the Pinson Mine, once it advances to production H1/2013, substantially reduces the company's need for financing after 2012.
- Atna has the potential to expand its gold production to 125,000 oz/yr by 2013, and with a possible additional heap leach operation at Pinson, we see Atna´s annual production potential reaching over 200,000 oz/yr.
- The Pinson Underground Project and the Reward Mine are fully permitted. Reward Mine has a short construction time of 6-8 months.
- Atna has a total mineral resource (M&I and I) of 5.6 million oz, including 381,000 oz of ore reserves.
- We believe Atna shares are undervalued on both P/NAV basis and in-situ basis. On an in-situ basis Atna´s mineral resource is being valued at US$31.2/oz versus a small-to-mid-cap producer's average of approximately US$100/oz (source: Canaccord).
- The mines are located in mining friendly states with the flagship Pinson Mine and the Reward Mine both situated in Nevada, while the already producing Briggs Mine is located in California.

Earnings and Valuation Impact

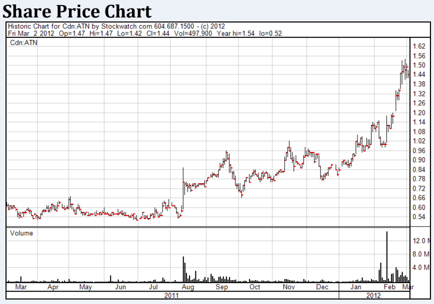
- As Atna is providing a tremendous growth in production from their 100%-owned Nevada projects, as well as considering both the upcoming cash flow and the steep discount in the company's in-situ valuation, this makes us believe a re-rating to the upside is about to take place.

Market Data

Key Information	
Stock Code	ATN.TO
Share Price	C$1.44
Headquarter	Colorado
Year End	Dec 31

Investment Data	
Shares outstanding	117.1M
Shares outst. FD	130.2M
Market Capitalization	169.0M
Cash (15/2 -2012)	10.0M
Free Float	45-50%
Turnover Avg (3m)	372k
12 Month Price Range	0.52-1.54
Long Term Debt	22M

Share Price Chart



Investment View

- We expect Atna to do an equity financing during H1/12, or a mixture of equity financing and debt, to fast track the open pit studies at Pinson and to take Pinson and Reward all the way to production.
- As a general rule, due to its high volatility, it is normally a good strategy to buy smaller resource companies in trenches and not the full position all at once.

Company Overview

Atna Resources is a gold exploration and development company focused on advancing its properties in Nevada, and is now transforming to become a mid-tier gold producer in the next few years.

Atna currently has 5.45 million oz Au in mineral resource (5.6 million oz AuEq) from their four most advanced properties; Briggs Mine (in production), Columbia project, Pinson UG & OP and the Reward project.With an MCap of C$174.5 million, Atna trades at about US$31.2/oz versus a small-to-mid-cap producer's average of US$104.4/oz.

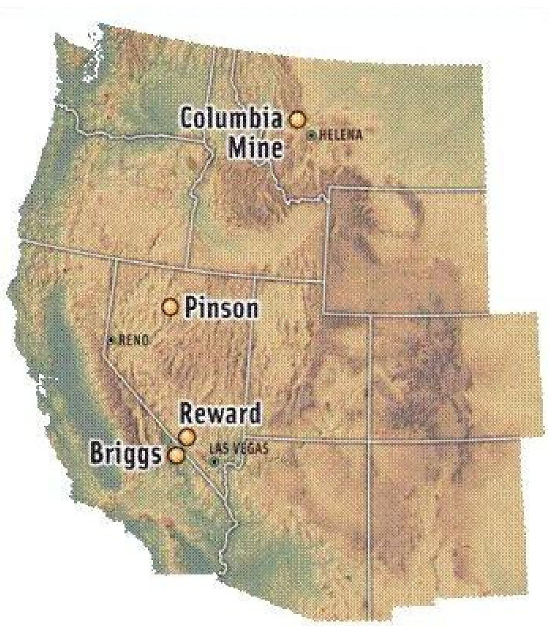
In 2007 Atna merged with Canyon Resources Corp, which made Atna a production play with the Briggs Mine and the advanced stage property Reward Mine in Nevada.

In August 2011, Atna purchased Barrick's 70% interest in the high grade Pinson Mine, which gave the company 100% interest in the Pinson Mine. Barrick retains a 10% net profits royalty.
The company will reach an annual production of ~150,000 oz in 2014 and by adding open pit mining at Pinson, Atna will reach a yearly production of over 200,000 oz.

Briggs Mine produced 33,000 oz for full year 2011 and this year's production will reach 45,000 oz. This will increase further in 2013 to over 50,000 oz, at a cash cost less than US$800/oz. The company's stated goal is to develop the Pinson Underground Mine (UG) into a 50,000-100,000 oz/yr producing asset with start up in Q4/12.

In February, Atna released an open pit resource of 980,000 oz (M&I) that shows the potential of adding an open pit operation at the Pinson mine.

The Reward mine in Nevada is a small heap leach operation and is expected to be in production in early 2014 that will add 25,000-30,000 oz/yr to Atna´s production. Capex is expected to be about US$ 29 million (including a US$ 5.3 million reclamation bond).



Properties

Briggs Mine (100%)

Briggs mine is an open pit heap leach operation located near the Death Valley in California and was put into production in 1995. Since then it has produced 610,000 oz of gold, even though it was shut down between 2004 and 2009 due to low gold prices.

For full year 2011, Briggs Mine produced 33,000 ounces. Alongside with the ongoing production, the expansions made during last year has doubled the leach pad capacity and the leach irrigation system, and in September a fourth operating crew was added to allow the operation working on a 24-hour, seven day per week basis. The effect of these expansions will take Briggs production to a higher level, over 50,000 oz of gold through 2012 and 2013 at a cash cost below US$800/oz.

In October Atna completed the 2011 drill program at the Briggs Mine; approximately 10,000 meters was drilled with strong gold intercepts. A new mine design and reserve statement is to be completed before the end of Q2/12, and we expect it to substantially increase its current four-year mine life.

According to the March 2009 feasibility study the Briggs mine production should reach 45,000 oz in 2012 and 53,000 oz in 2013. Since then, with the added fourth operating crew and the completed expansions on site, we believe the Briggs mine has the potential to increase production to over 60,000 oz per year.

Pinson Mine (100%)

Pinson Mine is located near Winnemucca, in Humboldt County, Nevada. Prior to year 2000, approximately 987,000 oz of gold was produced from the low-grade (1.34 g/t) oxidized ore in the Mag Pit, an open pit operation. Since 1998, over US$60 million in exploration and development has been spent at the site. Pinson is currently being developed as a high-grade underground operation, with a total underground mineral resource currently standing just below 2 million oz of gold.

The recent resource update added a new open pit mineral resource of one million oz gold (M&I). The company has initiated a feasibility study to further determine the potential from the open pit, expected to be completed in early 2013. The company is assuming this will be a heap leach operation with a production target between 75,000 and 100,000 oz per year (at 60% recovery rate). A heap leach operation usually needs a very modest Capex to bring the operation into production and the main part will hopefully be funded from the company's own cash flow.

Atna held a 30% interest in Pinson until August 2011, when they acquired the remaining 70% owned by a subsidiary of Barrick Gold. Atna issued 15 million common shares (worth C$8.7 at the time) and paid US$15 million to complete the transaction with Barrick Gold. At the time of the transaction, the mineral resource at Pinson was 2.1 million oz of gold, making the cost per acquired oz of gold approximately US$ 15.50. The payment also consists of a 10% Net Profits Royalty (NPI) and a Net Smelter Royalty (2.5%-7.5%). The NPI will take effect after the first 120,000 oz of gold is produced.

Another term, not binding, allows Atna to process its Pinson ore at Barrick's Goldstrike facilities. Atna is planning to distribute bulk samples to several process facilities to determine the best option for the processing of Pinson ore. Third party processing means no plant Capex is needed, very positive for the company's cash flow.

Pinson underground ore is refractory[1], but since the deal with Barrick Gold also includes a processing agreement with them, we do not see the treatment of the refractory ore being a problem, as Barrick's processing facilities has both a roaster and an autoclave. Refractory ore need to be pre-treated prior to the cyanide process, usually roasting or pressure oxidation, to increase the recovery.

[1]*Ore that has a high level of sulfide minerals or carbon (or both) is called refractory ore. Refractory ore resists normal processing methods as the high sulfide minerals trap gold particles, making it difficult for the cyanide to reach the gold and leach it.*

Pinson Mine continued…

Atna has undertaken a US$20 million development program to prepare for production commencement in Q4/12. Existing mine development provides access to the Ogee zone (14.0 g/t) and the production target for Pinson in 2012, is 11,000 oz. A secondary access is soon to be completed.

The current permit allows the company to mine 120,000 tons in total from the Pinson Mine. However, additional permitting is expected to be granted in short order and will be filed once the new mine plan is completed, before June 2012. The new mine design will also include updated reserve estimation.

Pinson underground should reach full production in early 2013, resulting in approximately 75,000 oz/yr at cash cost of US$750-850, before royalties. To be conservative we will use a US$900 total cash cost for our cash flow and earnings calculations.

Once the open pit operation is up and running (2015-2016) we believe Pinson alone will reach a production above 150,000 oz/yr at a competitive cash cost.

Reward Mine (100%)

The Reward mine is located NE of the Briggs Mine, southeast of Beatty in Nye County, Nevada. It is an open pit heap leach operation and the ore will be trucked to Briggs Mine for treatment. All permits are in place and construction will start in the first half of 2013, with a 6-8 months construction period. Capex is expected to about US$29 million (including a US$5.3 million reclamation bond).

Production is targeted at 25,000-30,000 oz/yr at a cash cost of US$409/oz. This according to the somewhat outdated feasibility study released in 2008, but we will use a total cash cost of US$750/oz in our calculations to be conservative.

The Reward mine is expected to start end of 2013, with 6,000 oz targeted for 2013. An updated resource estimate is expected before the end of March, following that a new mine design and reserve update will be released before the end of Q2. Metallurgical tests have indicated a recovery of 80%, great results for a heap leach operation.

The mineralization is defined over a strike length of 730 meters and to a depth of 122 meters, and is open in all directions. Additional drilling is planned for 2012.

Columbia Project (100%)

The Columbia Project is a gold property located in Montana. A Preliminary Economic Assumption (PEA) was completed in 2010 and reveals some impressing numbers. The project was given a nine-year mine life with annual production of 70,000 oz of gold at an estimated cash cost of US$639/oz (net of by-product silver credits of 96,000 oz assuming US$15.00 silver price).

In Montana, there is a law since 1998 prohibiting the use of cyanide and therefore the company has performed some tests showing 90-94% recovery using conventional gravity and flotation methods to produce a concentrate. The company plans to commence feasibility study work on the project. Because of the uncertainties surrounding Columbia, we have chosen not to include any future production from the Columbia Project in our calculations.

Other assets

As of today, all of Atna´s non-core assets are optioned or joint ventured. The most substantial property is Clover, located near Newmont´s Ken Snyder mine and joint ventured with Yamana Gold. Yamana has completed a drill program and assays from these holes are due in February or March. Results from exploration on the Sand Creek property, a joint venture with Uranium One, are due in Q1/12.

Property	Location	Optioner/Ppartner	Atna NSR	Remaining Opition Payments/Work Comittment	Metal
Optioned				**(US$1000)**	
Ecstall	B.C. Canada	Mindat Research	0,5% - 1.0%	$585	Pb, Cu, Zn, Au, Ag
White Bull	B.C. Canada	Mindat Research	1.00%	$90	Pb, Zn, Au, Ag
Uduk Lake	B.C. Canada	Canarc Resources	2.00%	$700	Au
Wolf (65.58%)	Yukon, Canada	Mindat Research	1.31%	$885	Pb, Zn, Au, Ag
Royalty					
Ty	Yukon, Canada	Pacific Bay Minerals	1.00%	n/a	Pb, Zn, Au, Ag
Adelaide	Nevada, USA	Golden Predator	0.5 % - 1.5%	n/a	Gold
Tuscaroroa	Nevada, USA	Golden Predator	0.5 % - 1.5%	n/a	Gold
Celeste	Chile	Coro Mining	0.50%	n/a	Copper
Atlanta	Nevada, USA	Meadow Bay	3.00%	n/a	Gold
Joint Venture			**Earning to:**		
Cachinale	Chile	Apogee Minerals	51%	$1,210	Silver
Sand Creek (65%)	Wyoming, USA	Uranium One	51%	$1,100	Uranium
Clover	Nevada, USA	Yamana Gold	51% - 70%	$2,000	Gold

Management

The goal of the management team is to grow the company into a low cost mid-tier U.S. gold producer, through building and expanding existing deposits, and through acquisition.
Atna´s management shows the capacity to execute its production strategy and has the experience to successfully bring projects into production. The list of projects in the pipeline makes Atna very attractive, especially when knowing how successful management has been with Briggs Mine and all their previous achievements.

Key Management

James Hesketh, M.Sc CEO and President
Mr. Hesketh became President and Chief Executive Officer in January 2009. Mr. Hesketh has a diverse career in the mining industry, with over 30 years in positions covering mining finance, corporate business development, mine operations and mine engineering.
Mr. Hesketh has worked for 30 years in the mining industry in various capacities. He has engineered and managed open-pit and underground mines in the United States and in several other countries, played a key role in the mining finance business, and provided mining engineering consulting services to mining companies and banks.
Mr. Hesketh's primary goal is to increase the value of Atna to its shareholders by focusing on developing positive cash flow from operations and longer term by growing the Company into a low cost mid tier gold producer.
Prior to Mr. Hesketh's current role, he was President and CEO of Canyon Resources Corporation and sat as a Director on the board of Atna Resources Ltd.

David H. Watkins, Chairman
Mr. Watkins has more than 25 years in the mining industry with such companies as Noranda Exploration, Newmont Mining Corporation of Canada, and Minnova Inc. Mr. Watkins is a 1967 graduate of Queen's University, Kingston, Ontario. He also earned a Master of Science in Geology from Carleton University, Ottawa, Ontario, in 1970. He joined Minnova as chief geologist in 1977, advancing through increasingly responsible exploration positions until he was named President and a Director in 1991.
Mr. Watkins was appointed Executive Chairman in January 2009 and became Chairman on July 1, 2010. Mr. Watkins has over 40 years experience in exploration, development, and mining operations. During the early part of his career, he served as exploration geologist for Newmont and Noranda.

Douglas E. Stewart, Vice President & Chief Operating Officer
Mr. Stewart joined Atna in August of 2011. He previously spent 14 years as Vice President of Project Development with Gold Reserve Corporation. He focused on the development of their Brisas project in Venezuela. He was responsible for overseeing feasibility studies, environmental and social assessments, engineering and construction work and off take agreements with smelter companies.
Prior to his position with Gold Reserve, Mr. Stewart was employed by Pegasus Gold Inc. as General Manager of the Florida Canyon Mine in Nevada and as General Manager and Mine Manager at the Montana Tunnels Mine in Montana.
Mr. Stewart has over 37 years experience in the mining industry that includes various management positions with FMC Corporation, Getty Oil Minerals Division, Consolidation Coal Company and AMAX Coal Company. Mr. Stewart has Bachelor of Science degree in Mining Engineering from South Dakota School of Mines and Technology.

Financial Review

In September 2011 Atna entered into to a C$20 million senior secured credit facility led by Sprott. The credit was necessary to finance the cash part of the Pinson acquisition. The term of the credit facility is one year with 9% interest per annum. The first payment is, since the recent one-year extension, due in February 2013.

The Gold bond issued in 2009 has a US$7.5 million liability associated with it. The 10% interest rate is paid quarterly with 814 ounces of gold. The hedge tied to the gold bond can increase or decrease the liability depending on the gold price, the hedge is set at US$1,113/oz. The difference between the gold price and US$1,113 will appear as a paper loss on the balance sheet.

Even though Atna has the possibility to grow only from internal cash flow, we think that Atna will raise money through an equity financing some time during H1/12, likely during Q1. We believe C$20 million will be sufficient to take Atna through 2012 with the development of Pinson and to fast track the studies of Pinson Open pit. This will also assure that long lead-time equipment for the Reward Mine will be ordered in time. We assume an equity raise will be done at C$1.50 by issuing 13.33 million shares.

Year	2012	2013	2014	2015	2016
Gold Price	$1,800	$2,000	$2,200	$2,400	$2,600
Briggs Mine	50,000	58,000	58,000	62,000	62,000
Briggs Cash Cost	802	781	781	706	706
Pinson Mine	11,000	70,000	75,000	80,000	80,000
Pinson Cash Cost	700	900	900	900	900
Reward Mine	-	5,000	30,000	35,000	35,000
Reward Cash Cost	-	1,250	654	572	566
Pinson Open Pit	-	-	-	25,000	75,000
Pinson OP Cash Cost	-	-	-	750	750
Total Production	**61,000**	**133,000**	**163,000**	**202,000**	**252,000**
Total CC/oz	**782**	**855**	**813**	**765**	**761**
Cash Flow (Millions)					
Total Revenue	109.8	266	358.6	484.8	655.2
Cash Flow	47.3	136.0	208.2	310.2	441.4
Cf/Sh OS Basic	0.36	1.03	1.58	2.36	3.36
Cf/Sh Fully Diluted	0,33	0.94	1.43	2.14	3.04
EPS Basic	0.23	0.67	1.03	1.53	2.18
EPS Diluted	0.21	0.61	0.93	1.39	1.98
P/e basic	6.5	2.2	1.4	-	-
Shares OS Basic	131.5	131.5	131.5	131.5	131.5
Shares OS Fully Diluted	145.2	145.2	145.2	145.2	145.2

(All numbers are in US$)

To determine the company's cash flow we have included all costs in excess of the cash cost. Royalties and gold tax are included in the cash cost. The company's burn rate, interest expenses, depreciation are also deducted from the revenue. On calculations we have tried to be conservative to allow some margin for errors.

During 2012 and 2013 Atna will have to invest a lot of its cash flow in to the non-producing assets, which will affect the stated cash flow per share.

Valuation

As shown in the table on page 7, one can see that Atna currently trades at 1.5x Cf/Sh for 2013 compared to the average of 9 – 11 among the mid-tier gold producers. We also believe Atna has the potential to substantially expand its resources over the coming years to extend mine life and the economics on the different projects.

With relatively low capital requirements going forward and the fact that Atna soon is a multi mine company, this to us lowers the risk significantly. Atna is also a great growth story, which is essential in order to attract a lot of new attention from the investment community, as expanding gold producers tend to get a premium on their valuation compared to peers.

Company	Price (C$)	Shares o/s M	Mcap C$M	Total Resource M oz	Production 2012E	Production 2013E	Production 2014E
Argonaut Gold	9.71	91.5	888	6.5	95	200	253
Claude Resources	1.21	173.3	210	2.9	50.5	70	70
Richmont Mines	9.98	33.1	330	3.1	83	114	120
San Gold	1.58	299.4	473	2.64	102	120	145
Atna Resources	**1.44**	**117.1**	**169**	**5.5**	**61**	**133**	**163**

Coming Triggers

When it comes to investing in junior producers like Atna, it is important to have as many stars lined up in line as possible. This includes things like safe and mining friendly jurisdiction, experienced management, low valuation, strong internal production profile, strong resource base and market coverage among other things. It is also very important to recognize the coming triggers that will not only bring the company forward on a fundamental basis, but also attract the investment community as well as brokerage houses to initiate new coverage. Find the 2012 list of triggers below, which has to be one of the most extensive ones we have seen for a company of this size.
Atna has quite many stars lined up in their sky...

We believe that we are still in early days when it comes to recognizing this story with only two Canadian firms to issue coverage so far. Their target prices are quite high when looking at today's price of C$1.44 and even though we share their view to the most part, we have decided not to put target prices on our research going forward. The reason being that we want to motivate and stimulate our readers to do their own due diligence and come up with their own conclusion as well as staying on top of news and developments in this ever changing world.

H1

- Reserve update *Briggs*
- Reserve update *Reward*
- New mine design/expansion studies *Briggs*
- New mine design *Reward*
- Order long lead time items *Reward*
- Pinson bulk sample will be transported to 3rd party mill
- Submit plan of operations *Pinson UG*
- Start of a feasibility study *Pinson OP*
- Ongoing drill program *Pinson UG*
- A series of 2,000 ton bulk samples *Pinson UG*
- Complete secondary access *Pinson UG*

H2

- Drilling program *Reward*
- Commence mining *Pinson UG*
- Drilling program *Columbia*
- 5 year mine plan and reserve update for *Pinson UG*
- Initiate permitting process *Columbia*
- Pit dewatering *Pinson OP*

About Gecko Research

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We publish independent research on an irregular basis when we see exceptional value. If you are interested in receiving future research from us, please visit our website to register for our newsletter: **http://www.geckoresearch.com/**

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All facts and calculations in this research has been done with the help of public material on company websites, SEDAR and calculated to the best of our ability and knowledge. At a minimum we also establish contact with the company to get further updates.

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