UNIGOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the years ended December 31, 2011 and 2010

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The following discussion and analysis of the consolidated operating results and financial condition of Unigold Inc. ("Unigold" or the "Company") for the fiscal periods ended December 31, 2011 and 2010 should be read in conjunction with the consolidated financial statements of the Company and notes thereto at December 31, 2011. It should be noted that the December 31, 2010 consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the reconciliation to International Financial Reporting Standards ("IFRS") can be found in Note 21 of the audited consolidated financial statements for the year ended December 31, 2011. All financial information in this MD&A related to 2011 and 2010 has been prepared in accordance with IFRS, and all dollar amounts are expressed in Canadian dollars unless otherwise indicated. Additional information, including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at www.sedar.com. The date of this report is April 24, 2012.

Company Overview

Unigold is a Canada-based, growth-orientated, junior natural-resource company focused primarily on exploring and developing its gold assets in the Dominican Republic – a country highly prospective for gold mineralisation. It operates through its wholly owned Canadian subsidiary, Unigold Resources Inc., and its 96.7% owned subsidiary, Unigold Dominicana, S.R.L., which is incorporated in the Dominican Republic.

Unigold has been actively involved in exploration in the Dominican Republic for the past decade and is concentrated within the 75 km-wide Cretaceous-age Tireo-Formation volcano sedimentary rocks, known for hosting major deposits. The Company is a significant mineral property holder in the Dominican Republic with land holdings or options on 110, 000 hectares. The company's current focus is its 100 percent owned Neita property. The exploration license for Neita was renewed in March 2012. The company also owns or has interest in the Sabaneta, Los Guandules and El Carrizal properties – all prospective for gold and copper mineralisation. Renewal of the exploration licenses for these properties is expected shortly.

Neita, Unigold's flagship property, covers over 22,600 ha, and has two developing gold deposits. Gold mineralisation has been established in similar rock units at both deposits for over 500 metres of strike length at Candelones and for about 1,000 m at Candelones Extension (Lomita Piña). The two deposits are separated by 2 km of largely undrilled ground, where recent Induced Polarization ("IP") surveys show encouraging signs of continuity of conductors.

2011 was a transitional year for Unigold with the addition of new management and the completion of a 156 line-km IP survey to enhance the geological knowledge and establish a pipeline of targets for future exploration. Drilling in the fourth quarter for 2011 focused on new targets identified by the IP survey. Results announced in January 2012 included the Company's best holes to date, LP17 and LP20. Drill hole LP17 yielded 73 m at 2.36 g/t Au while drill hole LP20 yielded 20 m at 2.74 g/t Au.

In addition, the Company has options on three other properties in the region. Sabaneta is a 55,720 ha concession east of Neita. Sabaneta contains extensive artisanal placer workings but remains largely unexplored. Los Guandules is a 13,386 ha concession adjacent to and southeast of Neita potentially which has similarly favourable geology as Neita. The Company also acquired an option on the El Carrizal property. The 16,376 ha El Carrizal Concession lies between the Neita concession to the west and the Sabaneta concession to the east and is contiguous with both.

Forward-Looking Statements

This presentation contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information concerning Unigold's exploration program and planned gold production as well as Unigold's strategies and future prospects. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Assumptions upon which such forward-looking information is based include, without limitation, availability of skilled labour, equipment, and materials. Many of these assumptions are based on factors and events that are not within the control of Unigold and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include changes in market conditions, variations in ore reserves, resources, grade or recovery rates, risks relating to international operations (including legislative, political, social, or economic developments in the jurisdictions in which Unigold operates), economic factors, government regulation and approvals, environmental and reclamation risks, actual results of exploration activities, fluctuating metal prices and currency exchange rates, costs, changes in project parameters, conclusions of economic evaluations, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and the availability of skilled labour, failure of plant, equipment or processes to operate as anticipated, capital expenditures and requirements for additional capital, risks associated with internal control over financial reporting, and other risks of the mining industry as well as those risk factors discussed in the Annual Information Form for the year ended December 31, 2007, of Unigold available at www.sedar.com. Although Unigold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Unigold undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

Nature of Operations and Going Concern

The Company is in the process of exploring its mineral properties located in the Dominican Republic and has not as yet determined whether these properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete its exploration program and upon future profitable production or proceeds from disposition of such properties.

Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations or be able to sell properties.

Highlights for 2011

Operations

- Completed 135 km of gradient IP on 71 lines plus 27 km of stacked IP soundings on 26 lines.

Financial

- The Company's investment in restructured asset-backed commercial paper ("ABCP") notes was sold and bank debt retired netting a $1.3-million contribution to the treasury.
- A non-broker private placement raised gross proceeds of $2.5-million.

Other Events

- Daniel Danis stepped down as President and CEO and remained a director;
- Andrew Cheatle joined the Company October 28, 2011 as President and Chief Executive Officer. He was also appointed to the Board of Directors.

Events Subsequent to the Year End

- The company announced in January 2012 that drill hole LP17 returned 2.36 g/t Au over 73 m;
- A bought deal financing raised gross proceeds of $10.5-million in March 2012.

Strategy and Objectives

Unigold's strategy remains similar to that since the Company's start in 2002: *To find world class, multi-million ounce gold or gold-copper deposits in the Dominican Republic.*

Key Performance Drivers
The ability of the Company to continue exploration is dependent on the availability of equity capital. Equity capital interest in the Company in turn depends on the price of gold, exploration results and the market's appetite for risk.

The price of gold reached a historic high during 2011 and, despite dropping at the end of the year, remains at elevated levels thus enhancing the ability to attract new financing. The Company's outlook for the gold market remains positive. The gold price has increased significantly over the past several years due to the weakening of the United States ("U.S.") dollar, decreasing world-wide mine production, sovereign debt risk in the European Union, and producer de-hedging.

The properties that Unigold is working on are recognised as being highly prospective. Significant gold drill intercepts were found at the Candelones extension (Lomita Pina) expanding the known area of gold mineralization, target and potential mineral resource. The Company's understanding of the mineralization and geology of Neita was greatly enhanced in 2011 following completion of an IP survey and detailed geological mapping.

The market's appetite for risk expressed by the willingness to invest in early-stage gold exploration companies remained strong in 2011.

Capability to Deliver Results
In 2011, the board and management were strengthened by the addition of a new President and CEO knowledgeable about exploration and Canadian capital markets.

In the Dominican Republic, an experienced exploration geologist was added to the exploration team.

The price of gold and the market's appetite for risk are external variables that cannot be managed by the Company.

Objectives for 2011 as Presented in the 2010 Management Discussion and Analysis
- Define, assess and develop systematic effective exploration for the ten top targets in Neita.
- Begin ground reconnaissance on Sabaneta once the mining resolution is successfully renewed.
- Continue to communicate to new and existing investors a clear, concise, current picture of the Neita property potential and how Unigold will attempt to realize that potential.
- Take advantage of current strong markets for gold to re-finance the company to support continued exploration and a recognized, initial and NI 43-101 compliant mineral resource estimate in 2012 or early 2013.
- Focus on properties of immediate interest and sell or joint venture those areas not of interest or those that Unigold does not have the resources to actively explore.

Results in 2011
- Drilling continued on Neita at the Candelones Extension (locally named Lomita Pina), a new discovery three km east of Candelones. Drilling was suspended in May until October as an IP survey was completed and interpreted. Results showed the same geophysical context between the Candelones Extension and Los Candelones presenting the possibility of a potential larger tonnage. The survey also identified new targets in the area including the successful LP17 hole. The IP also identified strong targets on the MGN property. The El Carrizal property option was acquired. Exploration and evaluation expenditures were $3.8-million.
- Minimal work was performed on the Sabaneta and Los Guandules properties in 2011.
- Marketing efforts were put on hold until the new President joined the company. Active marketing resumed in January 2012.
- A $2.5-million non-brokered private placement was completed in December followed by a $10.5-million bought deal private placement in March 2012. The proceeds were used for geophysical survey and diamond drilling.
- Initial joint-venture discussions were held with several interested parties but were not pursued as Unigold wished to drill its best IP targets before relinquishing any property interest.

Objectives for 2012

- Follow up drilling at 100 m spacing along strike, down dip of the LP17 to LP20 results;
- Systematically drill the significant IP anomaly between Candelones and Candelones Extension (Lomita Pina);
- Systematically and effectively drill the Candelones extension to expand its known area of mineralization and for the purposes of an initial mineral resource;
- Perform reconnaissance drilling on other targets in Neita, namely MGN, Jiminez and Kilometre 6;
- Communicate to new and existing investors a clear, concise, current picture of the Neita property potential and how Unigold will attempt to realize that potential. Broaden shareholder base and liquidity and retail market;
- Prepare an initial NI 43-101 compliant resource estimate in late 2012 or 2013; and
- Raise sufficient financing to sustain a comprehensive drilling program and sustained marketing effort.

The Company raised $10.5-million in March 2012. With this additional capital, Unigold intends to promptly increase its exploration with a 40,000 m drill program primarily focused on the 3 km IP anomaly between Candelones and Candelones Extension (Lomita Pina). Unigold also plans to test other gold potential targets near the end of the fourth quarter. The Company has added two new drill rigs on site to expedite this extensive exploration program. Unigold's long term strategy is to develop the current gold discovery through to production meanwhile, exploration efforts will continue to secure a consistent pipeline of projects for the future.

Exploration

The 2011 exploration program, which was originally budgeted at $6.5-million, actually cost approximately $3.7-million. In the second quarter Unigold suspended drilling until the results of the IP survey became available. Phase 1 of the IP survey was completed in August. New targets were identified which are located along strike from existing known gold mineralization, established by previous geochemical indicators and drilling. Based upon the promising results from the geophysical survey, and the potential to significantly expand the area of known gold mineralization the Board of Directors has authorized additional work. Diamond drilling resumed in October to test the new targets identified. Those results were announced in January 2012.

Phase 1 of the IP survey was conducted on the Candelones and MGN properties. Phase 2 of the IP survey started in September and was finalized in October.156 km of IP gradient survey was completed, with a line spacing of 200 m covering approximately 10 km of strike length along the prospective contact between andesite and dacite lithologies.

The exploration licenses on all three concessions expired in the first half of 2011. Under the terms of existing legislation in the Dominican Republic, the Company has the ability to re-apply for the licenses in advance of the expiry date. License renewals were submitted on all the properties. Renewal of Neita was received March 2012. Management remain confident that renewal of its other properties will be forthcoming.

The work on the properties is comprised the following:

	Statistics	
Compilation data	2011	TOTAL FROM INCEPTION
Drilling – holes	22	245
Drilling – metres	4,985	45,092
Trenching – metres	4,109	27,135
Soil samples	4,341	32,704
Grab samples	790	8,035
Stream samples	–	884
Induced polarization lines – km	156	196
Magnetic survey lines – km	199	687
Geochemical analysis	13,564	112,264

Neita

Unigold's Neita concession covers 22,616 ha. The great number of gold and copper-gold showings and the variety of mineralization types on the Neita property highlight its exceptional exploration potential. Mineralization ranges from interpreted copper-gold porphyry systems such as Corozo to high-sulphidation epithermal gold at Los

Candelones. Furthermore, the property contains several large areas of high temperature clay alteration with coincident soil anomalies and impressive gold showings of up to 197.5 g/t Au. Since acquiring the Neita property, Unigold has built an extensive and detailed geological database with information gathered from more than 8,000 grab samples, 45,000 m of trenching, 32,000 soil samples, hundreds of line kilometres of airborne and ground geophysics, extensive stream sediment sampling and more than 45,000 m of drilling, mainly on the Los Candelones deposit, and other targets on the property. This extensive geological information is an invaluable exploration tool for Unigold and continues growing. The four main targets on the Neita property are Los Candelones, MGN, Noisy and Corozo.

Los Candelones is the most advanced target on the Neita property. Exploration upside remains excellent. Not only is the Los Candelones target open at depth and along strike, but exploration efforts have recently uncovered several mineralized zones including the Candelones Extension (Lomita Pina) along strike. The Candelones gold deposit occurs within a Cretaceous volcanic belt. Gold is hosted by an altered, silicified and brecciated dacitic rock and occurs within a high sulphidation epithermal vein system surrounded by a large clay alteration envelope. A stockwork zone containing pyrite, chalcopyrite and sphalerite is characterized by wide sections of low grade disseminated mineralization crosscut by high-grade gold-chalcopyrite-enargite veins. The 20-30 m stockwork zone grades 1.0-4.4 g/t Au and is enclosed by pyroclastic rocks up to 100m thick and grading 0.3-0.5 g/t Au. Most of the gold mineralization is associated with illite-quartz alteration but certain high-grade sections occur with higher temperature alterations containing alunite and/or nacrite-dickite. Mineralization of the dacitic breccia at Candelones Extension is characterised by silica (possibly deformed veins), pyrite, chalcopyrite and sphalerite. It has been noted that the higher and more consistent gold grades are associated with a higher silica content. Zinc grades of note are observed to be associated with colloform sphalerite. This in itself is suggestive that the mineralization observed is towards the top of an epithermal system and that the possibility of deeper mineralization, including 'boiling zones', exists deeper than the current shallow drilling.

Los Candelones and the Candelones Extension (Lomita Pina) are in a similar structural and geophysical environment which includes low magnetic signatures within intensely altered andesitic host rock. The deposit at Candelones is well drilled in the area of soil anomalies (but not IP chargeability anomalies that extend east and west) and the mineralization trends to the southeast where it disappears under barren andesitic volcanic pyroclastics and sediments. The andesitic unit forms a distinctive topographic and geophysical feature which caps favourable horizons. In 2009, the Company conducted regional mapping programs to search for the emergence of favourable stratigraphy on the southeast side of the overlying andesitic cover. Mapping located a massive barite unit approximately 2.5 km to the southeast of Candelones and drilling to date has continued to confirm the existence of gold mineralization along a similar southeast trend. The area beneath the intervening andesitic 'cover' remains untested. The mineralization at Candelones and at the Candelones Extension is strikingly similar in mineral assemblage and tenor of precious metals and the two areas may be continuous beneath the 2.5 km of intervening andesitic unit. Supplementary mapping, trenching and magnetic surveys have been completed to better define this model. Drilling in 2010 confirmed that most of the mineralization is beneath moderately dipping andesitic (high magnetic signature) rock. Drilling results at the Candelones Extension also confirm the southeast continuity of the zone more than 550 m along the preferential contact. Management planned drilling in 2011 to test the theory that the two areas constitute one geologic structure which may imply a large tonnage deposit. The first results from that program at Candelones Extension and following an IP Survey across the area have been very positive. Systematic drilling between the two nodes of gold mineralization, approximately 2.5 km apart on the same IP chargeability are planned for 2012. See press release 2012-01 for a summary of 2011 drilling results.

The MGN (Montazo-Guano-Naranjo) target is located 8 km northeast of Los Candelones. It is the largest epithermal alteration zone on the Neita property. MGN trends east-west and covers an area of more than 16 square km with a higher grade gold zone occurring in the oxide layer at surface. The MGN zone occurs at the intersection of two separate northwest trending regional structures. Gold mineralization is widespread and enveloped by strong argillic alteration within a 150 m thick hydrothermal breccia horizon. The mineralization is associated with a rhyolite dome and occurs in lenses and veins of dense silica-barite rock that replaces the host volcanic pyroclastic rock. The highest grades (> 5 g/t Au) occur at the base of the breccia horizon and in the underlying, highly argillic andesite. Barite-manganese jasperoids are locally well developed. They are distinctly anomalous in arsenic, copper and antimony suggesting an epithermal system similar to the one responsible for gold mineralization at the nearby Los Candelones deposit

Work performed in 2010 began with a mapping and trenching campaign followed by a first drilling phase to extend the values encountered in trenches. Values in trenches returned several intercepts above 1 g/t Au, up to 42 m @ 2.0

g/t Au, most of them related to a brecciated silica-barite horizon. The drilling to date on the different local targets returned anomalous gold values but also confirmed the presence of an epithermal system which appears to be controlled by a more extensive and hidden event, opening the potential of this target. In 2011 an IP Survey was completed across the area, confirming a very high chargeability anomaly, which in turn suggest high sulphide presence and by inference gold potential. Currently the area is being mapped for geological detail to generate refined drilling targets. Drilling is expected to commence in 2012.

The Noisy target is associated with a large gold in-soil anomaly located 6 km north of Los Candelones. It remains open laterally and at depth. The 1,600 m by 300 m gold in-soil anomaly is open to the northwest and displays the same epithermal signature (As, Sb, Ba, Pb and Zn) and magnetic depletion characteristics as Los Candelones. Mineralization occurs in argillic hydrothermal breccias hosted by andesite and contains a higher grade core.

Reconnaissance and mapping completed to date on the Noisy target highlight the presence of a common key unit composed of a volcaniclastic sequence overlying the mineralized zones of the area. Results from grab samples returned up to 38.5 g/t Au, suggesting a high grade potential for this type of mineralization. Trenching returned large low-grade gold intersects and five holes were done with results ranging from sub-economic to low-grade values in an epithermal vein-type system. Recent reconnaissance and mapping done on the Central Block area adjacent to the Noisy target (Noisy, Cerro Berro, Cerro Simon and Km6 prospects) open the potential for a larger mineralized system, with a similar context than MGN. Mapping, geochemical, geophysical survey and alteration analysis will be used to vectorize potential zones.

The Corozo target is located 10 km northwest of Los Candelones along the same geological trend. Early stage exploration drilling has intersected elevated copper values with associated gold mineralization in volcanic lithologies and surrounding sediments, indicating a large hydrothermal system and potential proximity to a porphyry system. The target area contains a north-south trending topographic ridge (Corozo Hill) characterized by silicified and brecciated mafic volcanic rocks. The host structure is interpreted as a splay off a nearby regional north-west trending fault. The associated volcanic rocks are highly altered and possess both copper and gold in-soil anomalies. IP geophysics show two excellent northwest-southeast trending anomalies with higher amplitudes than that found over the Los Candelones mineralization. A nearby 1.5 km long anomaly just east of Corozo Hill may represent the fault contact between tonalite and felsic volcanic rocks. The second anomaly trends about 500 m to the west of Corozo and is coincident with gold and copper in-soil anomalies and a gold in-stream sediment anomaly. The copper values suggest proximity to a porphyry system.

Initial geological mapping and a magnetic soil survey have been completed over the Corozo target, identifying magnetite-bearing Cu-Au vein targets. Two holes on these targets confirmed the presence of a porphyry-type vein assemblage and the presence of anomalous Cu-Au values. Complete results combined with alteration analysis will be compiled to trace the trend of the porphyry.

Outlook

In 2012, Unigold will focus on systematically drilling its developing gold deposit at Candelones – Candelones Extension. It's top ten targets identified by geochemistry, geophysics and geological mapping will assessed, ranked and prioritised. The top targets will be in a drill ready status by year end. The Company plans to spend $5 to $6-million on drilling. Unigold also plans to add additional geologists to the team and a full-time, Vice President - Exploration.

Sabaneta

Unigold holds 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on the Sabaneta concession, as well as a sole and exclusive option for commercial mining. The property contains extensive artisanal placer workings and with outcrop reported running up to 9 g/t Au and 5% zinc, but remains largely unexplored and unmapped. The region is underlain by the same favourable upper Cretaceous volcano-sedimentary rocks of the Tireo Formation that underlie Neita.

In 2011, Unigold applied for renewal of the Sabaneta exploration license. Government approval is expected late in 2012. Desk top work was initiated on targets identified from the stream sediment dataset. Satellite image interpretation continued in 2011.

Outlook

In 2012, the Company will start ground reconnaissance on the most prospective areas of Sabaneta that are outside the area designated as a forestry reserve or inside, if approved by the government. The Company will start this work after the government has given licence approval.

Los Guandules

Unigold has optioned the Los Guandules concession adjacent to the Neita concession and holds 100% of the exploration rights. The 13,386 ha concession covers the extension of the favourable geology and structure trending southeast from the Neita property. Extensive soil and stream sampling on the property have uncovered several gold and copper-gold anomalies and field exploration has yielded gold values of up to 8 g/t. Los Guandules contains a large hydrothermal alteration zone of altered volcanics centred on the northwest trending regional structure. Erratic blocks encountered in the area were reported in the 1980s by Mitsubishi International Corp. run up to 7.9% copper, and historical trenching returned values of up to 2.4 g/t Au over 29 m with anomalous silver and copper values.

Work on the property in 2011 was limited to desktop review pending renewal of the exploration licence. Government approval is expected in 2012

Outlook

The Company applied for the Los Guandules exploration license in 2010. Final approval is expected late in 2012.

Soil sampling and prospecting will be needed along the favourable limestone contact with the underlying volcanics in order to narrow down the areas with the most potential on this large, underexplored property. Minimal active exploration is planned in 2012.

El Carrizal – acquired. Laid out initiated soil sampling.

Unigold purchased an option to acquire the El Carrizal Concession in 2010. The 16,376 hectare El Carrizal Concession lies between the western Neita Concession and the eastern Sabaneta Concession and is contiguous with both. This strategic acquisition creates one of the most extensive and contiguous land packages in the Cretaceous mineral belt of north-western Dominican Republic.

The acquisition complements Unigold's land package in the Dominican Republic and provides Unigold with an unprecedented strike length of favourable stratigraphy in this prospective area of the country. Unigold now controls over 108,000 hectares of exploration ground and has secured over 50 km of favourable strike length.

Under the terms of the option agreement, Unigold may acquire 100% of the rights to the concession in exchange for U.S. $100 payable to the vendors at any time in the next six years. In consideration of granting the option, Unigold paid the vendors $114,456 (U.S. $120,000) and issued 400,000 Unigold common shares (valued at $40,000).

Outlook

Soil sampling and prospecting will be narrow down the areas with the most potential on this large, underexplored property. Minimal active exploration is planned in 2012

In summary, Unigold holds prospective ground in a strategic location in a mining-friendly jurisdiction and is developing its vast pipeline of exploration projects that include both gold and copper. Advancing the Candelones deposits will be the primary focus for the company's experienced exploration team as it continues to drill the strike and dip extent of the gold mineralisation. 2012 promises to be a very exciting and busy year for Unigold's new management – a team of proven explorers, executives, mine-finders and developers.

Selected Annual Information

The following table provides selected financial information and should be read in conjunction with the Company's Audited Consolidated Financial Statements.

Year ended December 31,	**2011**	2010	2009
Net income (loss) for the year	**683,625**	(2,670,766)	(1,150,329)
Net income (loss) per share	**0.00**	(0.02)	(0.01)
Total assets	**24,673,403**	27,005,958	28,392,572
Long-term financial liabilities	**nil**	nil	nil
Dividends	**nil**	nil	nil

Results of Operations

For the year ended December 31, 2011, the Company recorded a profit of $683,625, or $0.00 per share, compared with a net loss of $2,670,766, or $0.02 per share, in 2010. The year-to-date 2011 profit includes a non-cash gain of $2,398,344 (2010 – $nil) due to a change in the method of estimating the fair market value of its financial instruments – the investment in the restructured ABCP notes. Unigold changed to a market-based method of estimation of the fair market value of the restructured notes after it determined that an active market existed for the securities. Unigold sold the ABCP notes in July for an amount equal to the estimated fair market value.

Compensation, including salaries, termination costs, stock-based compensation and directors' fees, totalled $1,057,863 (2010 – $1,715,669). Directors' began receiving compensation in in the third quarter of 2010 and a full-time CFO was hired in the fourth quarter. The whole year impact of those changes was recorded in 2011. In October, a new President and CEO was hired and the outgoing President received a termination allowance equal to one year's salary. Share-based compensation decreased to $245,359 from $1,344,850 in 2010.

Finance expense is limited to interest paid on the bank loan and amounted to $64,852 in 2011. During the same period in 2010 the Company paid $95,987 in interest. The decrease results from retiring the bank debt.

Liquidity and Capital Resources

The Company has no producing properties and, consequently, has no current operating income or cash flow. Financing of the Company's activities to date has been primarily obtained from equity issues. The continuing development of the Company's properties therefore depends on the Company's ability to obtain additional financing.

As at December 31, 2011, the Company had cash of $2,540,945 (2010 – $3,449,396) and working capital of $2,094,832 (d2010 – deficit of $2,629,719).

On October 14, 2001, Unigold announced a non-brokered private placement of up to 25,000,000 units of securities $0.10 per unit (each, a "Unit") for gross proceeds of up to $2,500,000 (the "Offering"). Each Unit comprises one common share of the Corporation ("Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"), with each Warrant entitling the holder thereof to acquire one Common Share at a price of $0.15 per share at any time within two years after the issuance of the Warrant.

In connection with the Offering, Unigold paid finder's fee. The finder's fee consisted of a 7% cash commission and a finder's warrant (the "Finder's Warrant") equal to 7% of the number of Units referred. Each Finder's Warrant shall be exercisable into one Common Share at a price of $0.10 per share for a period of two years from the date of closing.

The financing closed in two tranches in November and December. Gross cash proceeds on the sale of 24,800,000 Units were $2,480,000. Share issue costs including finder's fees were $152,345. 12,400,000 warrants and 1,365,000 finder's warrants were issued.

Subsequent to the year end, on March 8, 2012, the Company closed a "bought deal" private placement financing 35,053,300 units of the Company (the "2012 Units") at a price of $0.30 per 2012 Unit for aggregate gross proceeds of $10,515,990. Each 2012 Unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "2012 Warrant"). Each 2012 Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.50 until March 8, 2014.

As compensation for the services, the Underwriters received a cash commission in the aggregate amount of $718,620 and an aggregate of 2,395,400 non-transferable broker warrants of the Company (the "Broker Warrants"), with each Broker Warrant entitling the holder thereof to purchase one common share of the Company at a price of $0.30 at any time until March 8. 2014. The net proceeds of the financing will be used by the Company to advance the exploration and development of the Company's gold assets in the Dominican Republic and for general corporate purposes. All securities issued under or in connection with the 2012 financing are subject to a hold period in Canada until July 9, 2012.

Quarterly Financial Information (Unaudited)

The following table sets out selected financial information derived from the Company's consolidated financial statements for each of the eight most recently completed quarters:

	2011				2010			
($ thousands, except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenue	**–**	**–**	**–**	**–**	–	–	–	–
Net income (loss)	**(923)**	**(251)**	**2,154**	**(296)**	(732)	(332)	(341)	(1,266)
Net income (loss) per share: Basic and diluted	**(0.00)**	**(0.00)**	**0.01**	**(0.00)**	(0.01)	(0.00)	(0.00)	(0.01)
Acquisition of exploration and evaluation assets	**1,189**	**883**	**1,004**	**709**	895	1,393	1,573	1,027

The second quarter of 2011 included a non-cash gain of $2,398,344 due to a change in the method of estimating the fair market value of its financial instruments The fourth quarter of 2011 included a share-based compensation expense of $249,385. By comparison, the first quarter of 2010 included a stock-based compensation expense of $983,850 and the fourth quarter of 2010 had $361,000.

Related Party Contractual Obligations and Transactions

Included in the accounts for the year ended December 31, 2011 and 2010 are payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Company as follows:

Year ended December 31,	**2011**	2010
Management services fees paid to corporations controlled by or under significant influence of officers and directors of the Company	**$ 429,750**	$ 254,585
Travel and business development expenditures paid to a corporation controlled by a director of the Company	**–**	60,000
Professional fees paid to an officers and directors of the Company	**20,000**	91,500
Professional fees paid to a law firm where a director of the Company is also a partner	**2,366**	41,208
	$ 452,116	$ 447,293

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Commitments, Contingencies and Contractual Obligations

The Company is a party to certain management contracts. These contracts contain clauses requiring that $400,000 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Minimum contractual payments over the next five years are as follows:

Year	Total	2012	2013	2014	2015	2016
Office lease	$ 199,000	$ 49,000	$ 50,000	$ 50,000	$ 50,000	$ –
Services	91,000	67,000	15,000	3,000	3,000	3,000
	$ 290,000	$116,000	$ 65,000	$ 53,000	$ 53,000	$ 3,000

Trend Information

There are no major trends which are anticipated to have a material effect on the Company's financial condition and results of operations in the near future.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements, no capital lease agreements and no long-term debt obligations.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company. As is typical of the gold exploration sector, Unigold is continually reviewing potential property acquisition, investment and joint venture transactions and opportunities

Critical Accounting Policies and Estimates

The Company prepares its consolidated financial statements in accordance with IFRS. The most significant accounting estimates are the valuation of the investment in the restructured ABCP and the related impairment charge; the policy of capitalizing exploration costs on its properties and the valuation of such properties; and the stock-based compensation calculation.

The Company had approximately $5.2-million (net of an impairment charge of $5.0-million) invested in restructured ABCP for which no active market existed in 2010 and the funds could not be accessed. The Company estimated the fair value of ABCP at December 31, 2010. The Company's old valuation methodology entailed gathering as many facts as possible about the value of its investment, making assumptions and estimates where certain facts are unavailable, and then applying its best estimate of prospective buyers' required yield for investing in such notes. These figures were then used to calculate the present value of the investment using required yield as the discount factor. Using a range of potential discount factors allowed the Company to estimate a range of recoverable values. The Company changed its method of valuing its investments in 2011 resulting in a gain on revaluation of $2,398,344 in the second quarter. The investments were sold in the third quarter for the amount management had estimated.

The Company reviews its portfolio of exploration properties on an annual basis to determine whether a write-down of the capitalized cost of any property is required under Canadian generally accepted accounting principles. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent on the existence of economically recoverable reserves, and the ability to obtain financing to complete the development of such reserves.

The Company uses the Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses the historical price data and comparables in the estimate of future volatilities.

Risks and Uncertainties

At the present time, Unigold does not hold any interest in a mining property in production. The Company's viability and potential successes lie in its ability to develop, exploit and generate revenue out of mineral deposits. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

Liquidity and Capital Market Risk

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although Unigold has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

Nature of Mineral Exploration and Development Projects

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. The exploration and development of mineral deposits involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Few mining properties that are explored are ultimately developed into producing mines. Major expenses are required to establish reserves by drilling and to construct mining and processing facilities. Large amounts of capital are frequently required to purchase necessary equipment. It is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in profitable commercial mining operations.

Success in establishing mineral reserves through exploration is the result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size and grade, costs and efficiencies of the recovery methods that can be employed, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of gold or silver, and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital. Because of these uncertainties, no assurance can be given that exploration programmes will result in the establishment or expansion of resources or reserves.

The Corporation's Properties Are Subject to Title Risks

The Company has taken all reasonable steps to ensure that it has proper title to its properties. However, the Company cannot provide any guarantees that there are no prior unregistered agreements, claims or defects that may result in the Company's title to its properties being challenged. A successful challenge to the precise area and location of these claims could result in the Company being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Company and Its Projects Are Subject to Risks of Operating in Foreign Countries
The Company's projects are subject to the risks of operating in foreign countries. The Company's foreign operations and investments and its ability to carry on its business in the normal course may be adversely affected by political and economic considerations such as civil unrest, war (including in neighbouring states), terrorist actions, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honour or enforce contractual relations, changing government regulations with respect to mining (including environmental requirements, taxation, land tenure, foreign investments, income repatriation and capital recovery), fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the Company's title to properties or mineral rights, problems renewing licenses and permits, opposition to mining from environmental or other non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests. In addition, the enforcement by Unigold of its legal rights to exploit its properties or to utilize its permits and licenses may not be recognized by the court systems in the Dominican Republic. The occurrence of one or more of these risks could have a material and adverse effect on the viability and financial performance of its foreign operations, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. Any of these events could also result in conditions that delay or prevent the Company from exploring or developing its properties even if economic quantities of minerals are found.

Conflicts of Interest of Directors
Certain of directors of Unigold are associated with other companies involved in the mining industry. These associations may give rise to conflicts of interest from time to time. The Company's policy on conflicts of interest complies with the procedures established in the *Canada Business Companies Act*, which sets out the necessity of full disclosure of any conflict of interest prior to the Board dealing with the subject matter giving rise to the conflict of interest and the interested party refraining from voting on such matter. The directors are further required to act honestly and in good faith with a view to the best interests of the Company and its shareholders.

Financing Risk
To fund future investments in its mineral properties the Company requires capital. The Company may not have sufficient internally generated cash flow and working capital and may have to access the capital markets. Subject to economic conditions at the time, there can be no assurance the Company would be able to raise additional debt or equity financing on acceptable terms. If the Company cannot finance its future projects it could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The Company is Dependent on Key Officers and Employees
The Company is dependent on the efforts of key officers, including its Chief Executive Officer and its Chief Financial Officer. The loss of the services of any of the Company's key officers and employees could have an adverse effect on Unigold, which could have a material adverse effect on the Company's future cash flows, earnings, results of operations and financial conditions. The Company does not have and currently has no plans to obtain key man insurance with respect to any of its key employees. In addition, the Company may need to recruit and retain other qualified managerial and technical employees to build and maintain its operations. If the Company requires such persons and is unable to successfully recruit and retain them, its development and growth could be significantly curtailed.

Gold Price
The ability of Unigold to raise capital is dependent on the price of gold. Gold prices fluctuate on a daily basis and are affected by a number of factors beyond the control of the Company, including the U.S. dollar exchange rate with other currencies, central bank lending and sales, producer hedging activities, global demand, production costs, confidence in the global monetary system, expectations of the future rate of inflation, the availability and attractiveness of alternative investment vehicles, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events or conditions.

The future trend in the price of gold cannot be predicted with any degree of certainty. The market price of gold affects the economics of any potential development project and the viability of current operations, as well as having an impact on the perceptions of investors with respect to gold equities, and therefore, the ability of the Company to raise capital. A decrease in the market price of gold and other metals could affect the Unigold's ability to finance the exploration and development of the Company's properties could curtail further exploration or development due to lack of capacity to finance. There can be no assurance that the market price of gold will remain at current levels, that such prices will increase or that market prices will not fall.

Currency Risk
By virtue of the location of its exploration activities, the Company incurs costs and expenses in a number of currencies other than the Canadian dollar. The exchange rates covering such currencies have varied substantially in the last three years. Financings typically raise funds in Canadian dollars. The majority of exploration expenditures are incurred in U.S. dollars or Dominican Republic pesos to potential significant foreign currency translation and transaction exposure, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company currently does not hedge against other currencies and maintains the majority of its cash in Canadian dollars.

Government Regulation
The Company's mining operations and exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, exports, price controls, taxation, waste disposal, management and use of toxic substances and explosives, protection of the environment, mine development, protection of endangered and protected species, reclamation, historic and cultural preservation and other matters. Furthermore, the Company requires a number of different permits and licenses in order to carry on its business. Failure to comply with applicable laws, regulations and permits, even if inadvertent, may result in enforcement actions thereunder, including the forfeiture of claims, orders by regulatory or judicial authorities requiring operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or costly remedial actions, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. The Company may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to the Company or its properties, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. Where required, obtaining necessary permits can be a complex, time consuming process and the Company cannot assure that any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation or further development of a mine, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties, commence construction or operation of mining facilities and or to maintain continued operations that economically justify the cost.

Internal Controls and Procedures
Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. They are not a guarantee of perfection. A control system, no matter how well designed and operated, can provide only reasonable, not absolute assurance with respect to the reliability of financial reporting and financial statement preparation.

Unigold operates in the Dominican Republic and as such is obligated to comply with local laws and financial reporting requirements. Internal controls and procedures employed over financial reporting are adapted to the business environments within which the company operates. Every effort is undertaken to ensure that reasonable and cost effective procedures and controls are in place to allow for the preparation of reliable financial information.

Environmental
Operations, development and exploration projects are subject to the environmental laws and regulations of the country in which the activities are undertaken. The environmental standards continue to change and the world trend is to a longer, more complex process. Although Unigold continuously reviews environmental matters and undertakes to comply with changes as expeditiously as possible, there is no assurance that existing or future environmental regulation will not materially adversely affect the Company's financial condition, liquidity and results of operation.

Environmental Matters

In the risks section above, reference was made to several risks impacting on environment matters. Unigold believes that it is in compliance with all environmental regulations in the Dominican Republic and has made no provision for environmental remediation costs as such costs are believed to be immaterial.

Future Accounting Changes

Adoption of International Accounting Standards

In 2008, the Canadian Institute of Chartered Accountants announced that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced by IFRS for fiscal years beginning on or after January 1, 2011. Companies were required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS was applicable to the Company's reporting for 2011 for which the current and comparative information will be prepared under IFRS. The Company is required to apply all of those IFRS standards which are effective for fiscal year ending December 31, 2011 and apply them to its opening January 1, 2010 Consolidated Statement of Financial Position. Note 21 to the Consolidated Financial Statements provides details of the transition.

Accounting standards and interpretations issued but not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements as follows:

- IFRS 9, *Financial Instruments*, addresses the classification and measurement of financial assets;
- IFRS 10, *Consolidated Financial Statements*, builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company;
- IFRS 11, *Joint Arrangements*, establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled;
- IFRS 12, *Disclosure of Interest in Other Entities*, provides the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off balance sheet entities;
- IFRS 13, *Fair Value Measurement*, defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards;
- IAS 27, *Separate Financial Statements*, revised the existing standard which addresses the presentation of parent company financial statements that are not consolidated financial statements;
- IAS 28, *Investments in Associate and Joint Ventures*, revised the existing standard and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures;
- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. Stripping costs may create two types of benefit: i) inventory produced and ii) improved access to ore. Stripping costs associated with the former should be accounted for as a current production costs in accordance with IAS 2, *Inventories*. The latter should be accounted for as an addition to or enhancement of an existing asset; and
- IAS 1 – *Presentation of Financial Statements* was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

These standards are being evaluated to determine their impact on the consolidated financial statements of the Company. IFRS 9 is effective for the Company's fiscal year starting January 1, 2015 and the rest of these standards will become mandatory for the Company's fiscal year starting January 1, 2013.

Financial Instruments

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The carrying amounts for cash and cash equivalents, sundry receivables, accounts payable and accrued liabilities on the Statements of Financial Position approximate fair value because of the limited term of these instruments.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments. The fair value of the bank loan approximates carrying value due to the variability of the related interest rate.

At December 31, 2010, the fair value of other investments was estimated based on the expected yield required by a potential investor as the most significant assumption included in the estimate. Based on this exercise the Company estimated the range of potential values was between $5.2 million and $6.2 million. At December 31, 2010, the fair value of the Company's other investments was determined by probability-weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. At June 30, 2011, the Company changed its method of estimating fair value to one using quoted prices of identical instruments in active markets. In July the Other Investments were sold.

Liquidity Risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, administrative, and exploration and evaluation expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

As at December 31, 2011, the Company has working capital of $2,094,832 (deficit at December 31, 2010 – $2,629,719; surplus at January 1, 2010 – $3,687,176). The Company's ability to meet its financial obligations is dependent upon securing financing.

As of December 31, 2011, the Company has a cash balance of $2,540,945 (December 31, 2010 – $3,449,396; January 1, 2010 – $9,845,490) to settle current accounts payable and accrued liabilities of $569,534 (December 31, 2010 – $124,113; January 1, 2010 – $184,811). The Company's other current assets consist of other receivables of $66,333 (December 31, 2010 – $64,361; January 1, 2010 – $42,581) and other financial assets of $57,088 (December 31, 2010 – $55,252; January 1, 2010 – $58,531).

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sundry receivables and other investments.

Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal.

Financial instruments included in sundry receivables consist of harmonized sales tax due from the Government of Canada and an advance to an officer of the Company. Sundry receivables are in good standing as of December 31, 2011. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivables is minimal.

Market Risk
At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

Interest Rate Risk
The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of December 31, 2011, interest rate risk is moderate since the Company has interest-bearing instruments based on prime rate and the bankers' acceptance rate.

Foreign Exchange Risk
The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar. As at December 31, 2011, the Company had a cash balance of $49,726 in U.S. currency (2010 – $188,385 in U.S. currency and $287,987 in U.S. $ ABCP notes).

Commodity Price Risk
The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Sensitivity Analysis

The Company is exposed to foreign currency risk of fluctuations on financial instruments that are denominated in U.S. dollars and the Dominican Peso related to cash balances, other investments and accounts payable Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have resulted in a significant fluctuation in income for the year ended December 31, 2011. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

Capital Management

The Company considers its capital structure to consist of common shares and contributed surplus. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support is exploration and corporate activities.

The Company is in the development stage and as such is dependent on external financing. In order to carry out planned exploration and development, and pay for administrative and operating costs, the Company will spend its existing working capital.

Management reviews its capital management approach on an ongoing basis. In the third quarter of 2011, Unigold sold its other investments which meant retiring the bank operating loan. The Company is not subject to externally imposed capital requirements.

The Company's objectives in managing capital are to safeguard its ability to operate as a going concern.

Report on Internal Control over Financial Reporting and Disclosure Controls and Procedures

In connection with Exemption Orders issued in November 2007 by each of the British Columbia Securities Commission and Ontario Securities Commission, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements and the accompanying related MD&A. In contrast to the certificate under National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Venture

Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Management believes that based upon the evaluations and actions taken to date, reasonable assurance can be provided that there is no material misstatement of the financial results reported as of December 31, 2011.

Outstanding Share Data

Details about the Company's outstanding common shares as at April 24, 2012 are as follows:

Common shares issued and outstanding	208,988,238
Potential issuance of common shares – warrants	33,687,050
Stock options issued to directors, employees, officers and consultants	12,945,000
	255,620,288

Qualified Person

The foregoing scientific and technical information has been prepared or reviewed by Andrew Cheatle, P.Geo., the President and Chief Executive Officer of the Company. He also supervises all work associated with the Company's exploration programs in the Dominican Republic. Mr. Cheatle is a "qualified person" within the meaning of National Instrument 43-101.

Corporate information

Directors

Jose Acero
President of Metales Antillanos S.A.
Santo Domingo, Dominican Republic

Dr. Talal A. Al-Shair, PhD
Principal of Shairco for Trading, Contracting and Industry
Jeddah, Saudi Arabia

René Branchaud, LLB (2)
Partner in Lavery, de Billy LLP
Montreal, Quebec, Canada

Andrew Cheatle, P.Geo., MBA, ARSM
President and Chief Executive Officer of Unigold
Thunder Bay, Ontario, Canada

Daniel Danis, MSc, P.Geo.
Businessman
Dominican Republic

Joseph Del Campo, CMA (1)
Businessman
Toronto, Ontario, Canada

Joseph Hamilton, P.Geo., CFA(1)(2)(3)
Managing Director of Primary Capital
Orono, Ontario, Canada

Charles Page, MSc, P.Geo. (1)(2)
President and CEO of Queenston Mining Inc.
Burlington, Ontario, Canada

(1) Audit Committee
(2) Compensation, Corporate Governance and Nominating Committee
(3) Executive Chairman

Officers

Andrew Cheatle, P.Geo., MBA, ARSM
President and Chief Executive Officer

John Green, MBA, CMA
Chief Financial Officer and
Corporate Secretary

Stock Listing

TSX Venture Exchange, Tier 2 Company,
Trading Symbol: UGD
CUSIP: 141903

Auditors

McGovern, Hurley, Cunningham, LLP,
Toronto, Ontario

Legal Counsel

Fraser Milner Casgrain LLP,
Toronto, Ontario

Garcia Campos & Asociados,
Santo Domingo, Dominican Republic

Registrar & Transfer Agent

Computershare Trust Company of Canada,
Toronto, Ontario

Banker

National Bank of Canada,
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Executive Office

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Investor Relations

Further information about the Company or copies of the Annual or Quarterly Reports and press releases are available from the Company's website at www.unigoldinc.com.

The Company's filings with Canadian securities regulatory authorities can be accessed on SEDAR at www.sedar.com.

UNIGOLD

UNIGOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010
Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management has prepared the information and representations in this year-end report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgement. The financial information presented throughout this report is consistent with the data presented in the consolidated financial statements.

Unigold Inc. maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors. This Committee meets periodically with management and the external auditors to review accounting, auditing, internal control and financial reporting matters.

McGovern, Hurley, Cunningham, LLP, Chartered Accountants, have audited the consolidated financial statements and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

s/ Andrew Cheatle
Chief Executive Officer

s/ John Green
Chief Financial Officer

April 24, 2012

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Unigold Inc.

We have audited the accompanying consolidated financial statements of Unigold Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of changes in shareholders' equity, consolidated statements of comprehensive income (loss), and consolidated statements of cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Unigold Inc. and its subsidiaries as at December 31, 2011, December 31, 2010 and January 1, 2010, and their financial performance and cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 24, 2012

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at,	December 31, 2011	December 31, 2010	January 1, 2010
Assets		*(Note 21)*	*(Note 21)*
Current assets			
Cash	**$ 2,540,945**	$ 3,449,396	$ 9,845,490
Other receivables	**66,333**	64,361	42,581
Other financial assets *(Note 14)*	**57,088**	55,252	58,531
Total current assets	**2,664,366**	3,569,009	9,946,602
Non-current assets			
Property, plant and equipment *(Note 6)*	**457,996**	555,709	340,634
Exploration properties *(Note 7)*	**779,030**	624,574	624,574
Exploration and evaluation assets *(Note 7)*	**20,772,011**	17,039,301	12,122,388
Other investments *(Note 8)*	–	5,217,365	5,358,374
Total assets	**$ 24,673,403**	$ 27,005,958	$ 28,392,572
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**$ 569,534**	$ 124,113	$ 184,811
Bank loan *(Note 9)*	–	6,074,615	6,074,615
Total liabilities	**569,534**	6,198,728	6,259,426
Equity attributable to shareholders of the Company			
Share capital *(Note 10(a))*	**37,077,977**	35,129,520	35,129,520
Reserve for warrants *(Note10(b))*	**419,198**	2,017,547	2,017,547
Reserve for share-based payments *(Note 10(c))*	**1,850,326**	2,401,983	1,057,133
Accumulated deficit	**(15,246,463)**	(18,744,651)	(16,073,885)
Total equity attributable to shareholders of the Company	**24,101,038**	20,804,399	22,130,315
Non-controlling interest	**2,831**	2,831	2,831
Total equity	**24,103,869**	20,807,230	22,133,146
Total liabilities and equity	**$ 24,673,403**	$ 27,005,958	$ 28,392,572

Nature of operations *(Note 1)*
Going concern *(Note 2)*
Commitments and contingencies *(Note 18)*

Approved on Behalf of the Board:

s/ Joseph Del Campo
Director

s/ Andrew Cheatle
Director

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share capital		Other reserves			Accumulated	Equity
	Number of shares	Amount	Warrants	Share-based payment (*Note 21*)	Total other reserves	Deficit (*Note 21*)	attributable to shareholders
Balance, January 1, 2010	148,634,938	$ 35,129,520	$ 2,017,547	$ 1,057,133	$ 3,074,680	$ (16,073,885)	$ 22,130,315
Share-based compensation	–	–	–	1,344,850	1,344,850	–	1,344,850
Net loss	–	–	–	–	–	(2,670,766)	(2,670,766)
Balance, December 31, 2010	148,634,938	$ 35,129,520	$ 2,017,547	$ 2,401,983	$ 4,419,530	$ (18,744,651)	$ 20,804,399
Exploration property acquisition	400,000	40,000	–	–	–	–	40,000
Transfer to deficit on expiry			(2,017,547)	(797,016)	(2,814,563)	2,814,563	–
Private placement, net of share issue costs	24,800,000	1,908,457	419,198	–	419,198	–	2,327,655
Share-based compensation	–	–	–	245,359	245,359	–	245,359
Net income	–	–	–	–	–	683,625	683,625
Balance December 31, 2011	173,834,938	$ 37,077,977	$ 419,198	$ 1,850,326	$ 2,269,524	$ (15,246,463)	$ 24,101,038

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

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Expressed in Canadian Dollars)

For the year ended December 31,	**2011**	2010
		(Note 21)
Operating expenses		
Compensation *(Note 13)*	**$ 1,057,863**	$ 1,715,669
Professional and consulting fees	**263,571**	177,184
Travel and business development	**59,682**	126,341
Listing and shareholder information	**114,959**	209,979
General and administrative expenses	**188,968**	256,537
Amortization	**7,514**	2,525
Loss on disposal of equipment *(Note 6)*	**4,654**	11,895
Revaluation of financial instruments *(Note 8)*	**(2,398,344)**	–
Foreign exchange	**(12,729)**	–
Net income (loss) for the year before the undernoted	**713,862**	(2,500,130)
Investment income	**46,653**	22,557
Finance expense *(Note 9)*	**(64,852)**	(95,987)
Foreign exchange loss	**(12,038)**	(97,206)
Net income (loss) for the year	**683,625**	(2,670,766)
Other comprehensive income for the year	–	–
Total comprehensive income (loss) for the year	**$ 683,625**	$ (2,670,766)
Net income (loss) per share - basic & diluted ***(Note 12)***	**$ 0.00**	$ (0.02)

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

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the year ended December 31,	2011	2010
		(Note 21)
Cash flows from operating activities		
Net income (loss) for the year	**$ 683,625**	$ (2,670,766)
Adjustments to add/(deduct) non-cash items		
Share-based payment	**245,359**	1,344,850
Unrealized foreign exchange loss	**11,956**	15,708
Amortization	**7,514**	2,525
Loss on disposal of equipment	**4,654**	11,895
Revaluation of financial instruments	**(2,398,344)**	–
Add finance expense	**64,852**	95,987
Deduct investment income	**(46,653)**	(22,557)
	(1,427,037)	(1,222,358)
Working capital adjustments		
Other receivables	**(1,972)**	(21,780)
Other financial assets	**(1,836)**	3,279
Accounts payable and accrued liabilities	**610,971**	(10,204)
	(819,874)	(1,251,063)
Cash flows from investing activities		
Acquisition of property plant and equipment	**(27,357)**	(308,920)
Acquisition of exploration properties	**(114,456)**	–
Acquisition of exploration and evaluation assets	**(3,785,358)**	(4,887,982)
Redemption of other investments *(Note 8)*	**7,603,753**	125,301
Investment income	**46,653**	22,557
	3,723,235	(5,049,044)
Cash flows from financing activities		
Private placement *(Note 10a)*	**2,480,000**	–
Share issue costs	**(152,345)**	–
Finance expense	**(64,852)**	(95,987)
Repayment of bank loan *(Note 9)*	**(6,074,615)**	–
	(3,811,812)	(95,987)
Net decrease in cash	**(908,451)**	(6,396,094)
Cash, beginning of year	**3,449,396**	9,845,490
Cash, end of year	**$ 2,540,945**	$ 3,449,396

Supplemental information pertaining to cash flows *(Note 15)*

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

1. Nature of Operations and Basis of Presentation

Nature of operations
Unigold Inc. ("Unigold" or the "Company") was incorporated pursuant to the Business Corporations Act (Ontario) on May 9, 1990, under the name "Highlander Minerals Ltd." Unigold subsequently amended its articles to change its corporate name to "Caribgold Resources Limited" and then to "Caribgold Resources Inc." On December 30, 2002, Unigold filed Articles of Arrangement pursuant to section 182 of the Business Corporations Act (Ontario) and changed its name to "Unigold Inc." The Company's executive office is located at 44 Victoria Street, Suite 504, Toronto, Ontario M5C 1Y2.

Unigold is in the process of exploring its properties in the Dominican Republic.

Basis of presentation
These consolidated financial statements include the accounts of the Company, and its wholly owned subsidiary, Unigold Resources Inc., which is incorporated in Canada under the Canada Business Corporations Act, and its 96.7% owned subsidiary, Unigold Dominicana, S.R.L., which is incorporated in the Dominican Republic. All material intercompany balances and transactions have been eliminated.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. To address its financing requirements, the Company will seek financing through measures that may include joint venture agreements, debt and equity financings, asset sales, and rights offerings to existing shareholders.

It is not possible to predict whether financing efforts will be successful (see Note 22) or if Unigold will attain profitable levels of operation. These consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

3. Measurement Uncertainty

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and exploration and evaluation assets, and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. All of the Company's exploration properties are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory and environmental requirements.

4. Summary of Significant Accounting Policies

(a) Statement of compliance

These are the Company's first consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements including IFRS 1, *First-time Adoption of International Financial Reporting Standards.* The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position as at January 1, 2010, for the purpose of the transition. Note 21 explains the principal adjustments made to the Company's consolidated statement of financial position as at January 1, 2010 previously prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") and its previously published Canadian GAAP consolidated financial statements as at and for the year ended December 31, 2010.

The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of April 24, 2012, the date the Board of Directors approved these statements. The consolidated financial statements should be read in conjunction with the Company's Canadian GAAP consolidated financial statements for the year ended December 31, 2010.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. See Note 5.

(b) Basis of preparation

The financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis with the exception of other investments which are presented on a fair value basis. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

(c) Accounting standards and interpretations issued but not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these consolidated financial statements as follows:

- IFRS 9, *Financial Instruments*, addresses the classification and measurement of financial assets;
- IFRS 10, *Consolidated Financial Statements*, builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company;
- IFRS 11, *Joint Arrangements*, establishes the principles for financial reporting by entities when they have an interest in arrangements that are jointly controlled;
- IFRS 12, *Disclosure of Interest in Other Entities*, provides the disclosure requirements for interests held in other entities including joint arrangements, associates, special purpose entities and other off balance sheet entities;
- IFRS 13, *Fair Value Measurement*, defines fair value, requires disclosure about fair value measurements and provides a framework for measuring fair value when it is required or permitted within the IFRS standards;
- IAS 27, *Separate Financial Statements*, revised the existing standard which addresses the presentation of parent company financial statements that are not consolidated financial statements;
- IAS 28, *Investments in Associate and Joint Ventures*, revised the existing standard and prescribes the accounting for investments and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures;
- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. Stripping costs may create two types of benefit: i) inventory produced and ii) improved access to ore. Stripping costs associated with the former should be accounted for as a current production costs in accordance with IAS 2, *Inventories*. The latter should be accounted for as an addition to or enhancement of an existing asset; and
- IAS 1 – *Presentation of Financial Statements* was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other

comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

These standards are being evaluated to determine their impact on the consolidated financial statements of the Company. IFRS 9 is effective for the Company's fiscal year starting January 1, 2015 and the rest of these standards will become mandatory for the Company's fiscal year starting January 1, 2013.

(d) Foreign currencies

The Company considers the Canadian dollar to be the functional currency of its primary operations. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary statement of financial position items expressed in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. The resulting exchange gains and losses are recognized in operations.

(e) Cash

Cash includes cash on hand and balances with banks. Deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

(f) Property, plant and equipment and amortization

Equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate of the rehabilitation provisions, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where an item of property, plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The property, plant and equipment noted below are amortized over their estimated useful lives using the following annual rates and methods. The assets' residual values, useful lives and methods of amortization are reviewed at each reporting period and adjusted prospectively if appropriate.

Office furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Vehicles	30% declining balance
Field equipment	20% declining balance
Camp and buildings	20% declining balance

Amortization of equipment related to exploration activities has been capitalized to exploration and evaluation costs.

Equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive income (loss).

(g) Exploration properties and exploration and evaluation assets

The Company capitalizes all exploration costs which include the acquisition of land, property rights, licenses and all costs associated with exploration and evaluations. Exploration properties are recorded at the direct cost of acquisition. Costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. Exploration and evaluation assets represent the costs incurred in conducting exploration work for unknown or unproven ore deposits. Exploration and evaluation assets are reclassified to "Property, plant and Equipment, construction in progress" when the technical feasibility and commercial viability of extracting a mineral reserve are demonstrable. Exploration and evaluation assets are assessed for impairment, and the impairment loss, if any, is recognized before reclassification to construction in progress. Exploration and evaluation assets associated with projects which prove to be economically unviable are written off. Proceeds derived from the full or partial disposal of interests in properties are credited against the carrying cost of the related property. Costs incurred before the Company has obtained the legal rights to explore are recognized as an expense in the consolidated statements of comprehensive income (loss).

The amounts shown for both exploration properties and exploration and evaluation assets represent costs incurred to date and do not necessarily reflect present or future values.

(h) Restoration, rehabilitation and environmental obligations

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The increase in provisions for restoration, rehabilitation and environmental obligations due to the passage of time is charged to profit or loss as a finance cost. The Company did not have any material restoration, rehabilitation and environmental obligations as of December 31, 2011, December 31, 2010, and January 1, 2010.

(i) Taxation

Current tax
Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(j) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Proceeds from unit financings are allocated between common shares and warrants based on their relative fair values. The grant date fair value of the warrants issued are reflected in the reserve for warrants account until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to deficit.

(k) Share-based payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value is measured at grant date and each tranche is recognized on a graded vesting basis over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Charges for options that are forfeited before vesting are reversed from share-based payment reserve. For those options that expire or are cancelled after vesting, the recorded value is transferred to deficit.

(l) Impairment of non-financial assets

At each statement of financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration properties and exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(m) Financial assets and liabilities

The Company's financial assets and liabilities include cash, other receivables, other financial assets, other investments, accounts payable and accrued liabilities and bank loan.

The Company has designated its cash, other receivables, and other financial assets as loans and receivables and measured them at amortised cost on the statement of financial position. Other investments have been classified as held-for-trading and are recorded at their fair values with changes in fair value included in operations. Accounts payable and accrued liabilities and bank loan are classified as other financial liabilities, which are measured at amortized cost.

Financial Instruments – recognition and measurement
All financial assets and financial liabilities are measured at fair value on initial recognition and their subsequent measurement is determined by the classification of each financial asset and liability. Financial assets and financial liabilities held for trading are measured at fair value with the changes in fair value reported in operations. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading are measured at amortized cost. Available-for-sale financial assets are measured at fair value with changes in fair value reported in other comprehensive income until the financial asset is disposed of, or becomes impaired.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For unlisted shares classified as held-for-trading, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as other receivables and other financial assets, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated, discounted future cash flows. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

(n) Investment income

Investment income on cash is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Investment income from the asset backed commercial paper is recorded as received since there is uncertainty as to whether any interest will be paid. The proceeds from options granted on exploration properties are credited to the cost of the related property, but where the proceeds exceed the property's carrying value, any excess proceeds are credited to income.

(o) Financing expense

Financing expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(p) Comprehensive income (loss)

Comprehensive income or loss includes unrealized gains and losses on available-for-sale investments, gains and losses on certain derivative instruments, none of which are included in the calculation of net income until realized.

During the years ended December 31, 2011 and 2010, the Company did not have any available-for-sale investments or derivative instruments.

(q) Income (loss) per share

Basic income (loss) per common share is calculated by dividing the income (loss) attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. The Company uses the treasury stock method to determine the dilutive effect of the share purchase warrants and the stock options. Diluted income (loss) per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

(r) Segment reporting

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration, and two geographical segments, Canada and the Dominican Republic, during the years ended December 31, 2011 and 2010.

(s) Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. The Company did not have any financial leases at December 31, 2011 and 2010 and January 1, 2010.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

5. Significant Accounting Judgments and Estimates

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates and the differences could be material. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the recoverability of exploration properties and exploration and evaluation assets which are included in the consolidated statement of financial position.

Capitalization of exploration and evaluation costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 7 for details of capitalized exploration and evaluation costs.

Impairment of exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets;

ii. the inputs used in accounting for valuation of warrants and options which are included in the consolidated statement of financial position;

iii. the inputs used in accounting for share-based payment expense in the consolidated statement of comprehensive loss. Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates;

iv. the nil provision for restoration, rehabilitation and environmental obligations which is included in the consolidated statement of financial position;

v. the estimated useful life of property, plant and equipment;

vi. the nil provision for income taxes which is included in the consolidated statement of comprehensive loss and composition of deferred income tax assets and liabilities included in the consolidated statement of financial position. In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

vii. the existence and estimated amount of contingencies (Note 18).

6. *Property, Plant and Equipment*

Cost	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance January 1, 2010	$ –	$ 20,618	$ 41,080	$ 103,149	$ 701,632	$ –	$ 866,479
Additions	13,771	15,626	8,138	79,637	–	191,747	308,919
Disposals	–	(20,618)	(41,080)	–	–	–	(61,698)
Balance December 31, 2010	13,771	15,626	8,138	182,786	701,632	191,747	1,113,700
Additions	–	8,296	8,579	–	–	10,482	27,357
Disposals	–	–	–	(60,843)	–	–	(60,843)
Balance December 31, 2011	$ 13,771	$ 23,922	$ 16,717	$ 121,943	$ 701,632	$ 202,229	$ 1,080,214

Amortization and impairment	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance January 1, 2010	$ –	$ 12,173	$ 34,994	$ 81,667	$ 397,011	$ –	$ 525,845
Amortization	–	1,267	1,370	18,389	60,924	–	81,950
Disposals	–	(13,440)	(36,364)	–	–		(49,804)
Balance at Dec. 31, 2010	–	–	–	100,056	457,935	–	557,991
Amortization	–	3,784	4,389	23,917	48,739	38,645	119,474
Disposals	–	–	–	(55,247)	–	–	(55,247)
Balance December 31, 2011	$ –	$ 3,784	$ 4,389	$ 68,726	$ 506,674	$ 38,645	$ 622,218

Carrying amounts	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
At January 1, 2010	$ –	$ 8,445	$ 6,086	$ 21,482	$ 304,621	$ –	$ 340,634
At December 31, 2010	13,771	15,626	8,138	82,730	243,697	191,747	555,709
At December 31, 2011	13,771	20,138	12,328	53,217	194,958	163,584	457,996

Vehicles, field equipment and camp and buildings relate to the Company's exploration activities. During the year ended December 31, 2011, $111,960 (December 31, 2010 – $79,725) of amortization was capitalized to exploration and evaluation assets.

7. *Exploration Properties and Exploration and Evaluation Assets*

Exploration properties and deferred exploration costs consist of the following:

	Balance January 1, 2010	2010 Additions	Balance December 31, 2010	2011 Additions	**Balance December 31, 2011**
Exploration property interests					
Neita, Dominican Republic	$ 283,747	$ –	$ 283,747	$ –	**$ 283,747**
Los Guandules, Dominican Republic	340,827	–	340,827	–	**340,827**
El Carrizal, Dominican Republic	–	–	–	154,456	**154,456**
	624,574	–	624,574	154,456	**779,030**
Exploration and evaluation assets					
Neita, Dominican Republic	12,122,388	4,916,913	17,039,301	3,732,710	**20,772,011**
Los Guandules, Dominican Republic	–	–	–	–	**–**
El Carrizal, Dominican Republic	–	–	–	–	**–**
	$ 12,122,388	$ 4,916,913	$ 17,039,301	$3,732,710	**$ 20,772,011**

Neita Property

The Company owns 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on the Neita Property in northwestern Dominican Republic, as well as a sole and exclusive option for the commercial mining of the mineral deposits. In 2006, the regulatory authorities in the Dominican Republic granted the Neita Property exploration concession status. The exploration concession is issued for three years plus two one-year extensions after which it must be converted to an exploitation licence which is issued for 75 years at a cost of zero dollars. During 2009, the Company applied for and received a one-year extension of the exploration concession, which expired April 24, 2010. During the second quarter of 2010, the Company applied for and received an extension on this concession for an additional year. During 2011, Unigold applied for renewal of the concession for a three-year period. Approval was received March 2012 with the term for exploitation being 75 years.

Los Guandules

On February 16, 2004, the Company entered into a definitive agreement with Americana de Exploitaciones Mineras, S.R.L. ("Americana"), a Dominican private company, and the shareholders thereof, relating to the acquisition by the Company of the Los Guandules concession in the Dominican Republic. Under the terms of the agreement, in consideration for the payment of United States ("U.S.") $30,000 (which has been previously paid) and the issue of an aggregate of 330,000 common shares of the Company (issued and valued at $257,400), the Company has been granted an option to acquire, at its election, the rights of Americana under the Los Guandules concession agreement or all of the shares of Americana for the price of $1.00 at any time for a period of five years. Americana has extended the option period on the Los Guandules concession for two additional years. The first extension of the option expired on April 26, 2010. During the second quarter of 2010, the Company renewed this option for an additional two years ending February 16, 2013.

El Carrizal

On May 30, 2011, the Company entered into a definitive agreement relating to the acquisition by the Company of an option to acquire the El Carrizal Concession for $114,456 (U.S. $120,000) and 400,000 common shares of the Company (issued and valued at $40,000). The option is exercisable at any time until May 30, 2017 for U.S. $100. The 16,376 hectare El Carrizal Concession lies between the western Neita Concession and the eastern Sabaneta Concession and is contiguous with both.

8. *Other Investments*

The Company owned asset-backed notes that were issued by Master Asset Vehicle II ("MAV2") and Master Asset Vehicle III ("MAV3") special purpose entities that were created as a result of the restructuring of the Company's previous investment in third party asset-backed commercial paper ("ABCP") having a face value of approximately $10.2-million. When the ABCP matured but was not redeemed in 2007, it became the subject of a restructuring process that replaced the ABCP with long-term asset backed securities ("New Notes"). The restructuring was completed and the New Notes were issued on January 21, 2009.

From January 21, 2009 until March 31, 2011, the Company used a valuation methodology to estimate the fair value of the New Notes. An estimated yield required by prospective buyers was determined and then used to calculate the present value of the New Notes using required yield as the discount factor. Using a range of potential discount factors allowed the Company to estimate a range of recoverable values.

The best evidence of fair values is provided by quoted prices in active markets. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. In the latter part of 2010, a secondary market for the New Notes began to develop. In the second quarter of 2011, management believed that the secondary market was well enough established in terms of the number of participants and the volume of transactions that it constituted an active market. Consequently, management changed its valuation method to estimate the fair value of its notes using quoted market values. The change in the estimate resulted in a gain on revaluation of $2,398,344 in the second quarter.

Having determined that an active market existed, the Company also made the decision to sell its investment in the New Notes. Consequently, the investment was reclassified as current from long-term in the second quarter. The MAV3 notes were sold in the second quarter for gross proceeds of $189,200. The MAV2 notes were sold in July 2011 for gross proceeds of $7,414,553. In 2010, notes were redeemed for proceeds of $125,301

As at	**December 31, 2011**		December 31, 2010		January 1, 2010		
	Face Value	**Fair Value Estimate**	Face Value	Fair Value Estimate	Face Value	Fair Value Estimate	Maturity Date
	Millions		Millions		Millions		
Master Asset Vehicle II Notes							
A1 and A2	**$ 0.0**	**$ 0.0**	$ 8.7	$ 5.0	$ 8.7	$ 5.0	Dec. 2016
B and C	**0.0**	**0.0**	1.2	0.2	1.2	0.2	Dec. 2016
Master Asset Vehicle III Notes	–	–	–	–	0.1	0.1	Sept. 2015
Ineligible Asset Tracking Notes	**0.0**	**0.0**	0.3	0.0	0.3	0.1	Oct. 2016
	$ 0.0	**$ 0.0**	$ 10.2	$ 5.2	$ 10.3	$ 5.4	

9. Bank Loan

In 2008, the Company obtained from a senior Canadian bank (the "Bank") a revolving credit facility of up to an amount not exceeding $7,456,765, in Canadian dollars, and up to an amount not exceeding $746,487 in U.S. dollars, by way of floating rate advances, to be used to finance the Company's working capital needs. Advances bear interest at the Canadian prime rate less 1% per annum and are due on demand. To secure the repayment of advances made under this credit facility, the Company has granted in favour of the Bank a first-ranking hypothecation of the New Notes described in Note 8. The size of the facility was decreased as the security was redeemed. The original loan was for a three year term with four one year renewals at the option of the Bank. In the second quarter, the Company received a one year extension of its Canadian dollar facility. In the third quarter of fiscal 2011, the loan was paid off using the proceeds from the sale of the New Notes (Note 8) and the facility was cancelled.

The Company had access to the following credit facilities:

As at	**December 31, 2011**	December 31, 2010	January 1, 2010
Total facilities available			
Secured bank loan in Canadian $	–	7,443,789	7,443,789
Secured bank loan in U.S. $	–	162,071	162,071
Total facilities utilized at reporting date			
Secured bank loan in Canadian $	–	6,074,615	6,074,615
Secured bank loan in U.S. $	–	–	–
Facilities not utilized at reporting date			
Secured bank loan in Canadian $	–	1,369,174	1,369,174
Secured bank loan in U.S. $	–	162,071	162,071

At December 31, 2011, the Company had drawn down $nil (December 31, 2010 – $6,074,615; January 1, 2010 – $6,074,615) of the Canadian dollar credit facility and has paid $64,852 in interest for the year ended December 31, 2011 (2010 – $95,987). No U.S. dollars had been drawn down and the U.S. dollar credit facility was not renewed in 2011.

10. Equity Attributable to Equity Holders of the Company

(a) Common shares

Authorized, issued and outstanding shares
Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 173,834,938 shares as at December 31, 2011 (December 31, 2010 and January 1, 2010 – 148,634,938).

	Year ended December 31, 2011		Year ended December 31, 2010	
	Number of shares	**Amount**	Number of shares	Amount
Balance, beginning of year	**148,634,938**	**$ 35,129,520**	148,634,938	$ 35,129,520
Exploration property option (*Note 7*)	**400,000**	**40,000**	–	–
Private placement	**24,800,000**	**2,480,000**	–	–
Cash share issue costs	–	**(152,345)**	–	–
Value assigned to warrants issued	–	**(345,300)**	–	–
Value assigned to finder warrants issued	–	**(73,898)**	–	–
Balance, end of year	**173,834,938**	**$ 37,077,977**	148,634,938	$ 35,129,520

On December 21, 2011, the Company completed a non-brokered private placement of 24,800,000 units of the Company (the "Units") at a price of $0.10 per Unit for aggregate gross proceeds of $2,480,000 (the "Offering"). Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the Company (the "Warrant Shares") at a price of $0.15 at any time until November 17, 2013.

As compensation for the services rendered by the Agents in connection with the Offering, the Agents received a cash fee in the aggregate amount of $136,500 and an aggregate of 1,365,000 finder's warrants of the Company (the "Finder Warrants") with a grant date fair value of $73,898 (Note 10(b)), with each Finder Warrant entitling the holder thereof to purchase one common share of the Company at a price of $0.10 at any time until November 17, 2013. The Company also incurred additional share issue costs of $15,845 related to this private placement.

Individuals related to an officer and director of the Company subscribed for 200,000 Units for gross proceeds of $20,000 and directors and officers of the Company subscribed for 530,000 Units for gross proceeds of $53,000.

(b) Reserve for warrants

A summary of share purchase warrants outstanding and changes during the periods indicated is presented below:

	Year ended December 31, 2011			Year ended December 31, 2010		
	Number	**Weighted average exercise price**	**Weighted average grant date fair value**	Number	Weighted average exercise price	Weighted average grant date fair value
Balance, beginning of period	**35,633,550**	**$ 0.30**	**$ 2,017,547**	35,633,550	$ 0.30	$ 2,017,547
Expired – transferred to deficit	**(35,633,550)**	**0.30**	**(2,017,547)**	–	–	–
Issued – Warrants	**12,400,000**	**0.15**	**345,300**	–	–	–
Issued – Finder Warrants	**1,365,000**	**0.10**	**73,898**	–	–	–
Balance, end of period	**13,765,000**	**$ 0.15**	**$ 419,198**	35,633,550	$0.30	$2,017,547

As a result of the $10,675,150 private placement in December 2009, the Company issued 31,397,500 warrants, and 4,236,050 broker warrants to purchase common shares of the Company at a price of $0.30 per share until December 1, 2011. These warrants expired unexercised in 2011.

As a result of the $2,480,000 private placement in December 2011, the Company issued 12,400,000 Warrants to purchase common shares of the Company at a price of $0.15 per share, and 1,365,000 Finder Warrants to purchase common shares of the Company at a price of $0.10, until November 17, 2013. The fair value of these warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Warrants	Finder Warrants
Expected life	2 years	2 years
Expected volatility	97%	97%
Risk-free rate	0.9%	0.9%
Expected annual dividend	Nil	Nil
Grant date fair value	$ 0.028	$ 0.054

(c) Reserve for share-based payment

A summary of share-based payment reserve activity during the periods indicated is presented below:

	Year ended December 31, 2011	Year ended December 31, 2010
Balance, beginning of period	**$ 2,401,983**	$ 1,057,133
Expired – transferred to deficit	**(797,016)**	–
Issued – employee stock options	**245,359**	1,344,850
Balance, end of period	**$ 1,850,326**	$ 2,401,983

11. Share - Based Payment – Employee Stock Option Plan

The Company has a stock option plan (the "Plan"), the purpose of which is to attract, retain and motivate management, staff and consultants by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The maximum number of options to be issued under the Plan shall not exceed 10% of the total number of common shares issued and outstanding. The options are non-transferable and may be granted for a term not exceeding five years. The exercise price of the options shall be determined by the board of directors on the basis of the market price of the common shares, subject to all applicable regulatory requirements.

A summary of the Plan activity during the periods indicated is presented below:

	Year ended December 31, 2011		Year ended December 31, 2010	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding, beginning of period	**11,720,000**	**$ 0.32**	4,722,000	$ 0.44
Granted	**4,300,000**	**0.11**	7,085,000	0.24
Expired	**(3,050,000)**	**0.55**	(87,000)	0.25
Outstanding, end of period	**12,970,000**	**$ 0.20**	11,720,000	$ 0.32

As at December 31, the Company had stock options issued to directors, officers, employees and consultants of the Company as follows:

Exercise Price	2011 Number of Options Outstanding	2011 Weighted Average Remaining Contractual Life - Years	2011 Number of Options Exercisable	2010 Number of Options Outstanding	2010 Weighted Average Remaining Contractual Life - Years	2010 Number of Options Exercisable	Expiry Date
$ 0.80	**–**	**–**	**–**	1,600,000	0.8	1,600,000	Oct.2, 2011
$ 0.25	**2,595,000**	**1.7**	**2,595,000**	3,045,000	2.7	3,045,000	Sep.4, 2013
$ 0.26	**3,675,000**	**3.1**	**3,675,000**	4,675,000	4.1	4,675,000	Jan.21, 2015
$ 0.24	**500,000**	**3.8**	**500,000**	500,000	4.8	500,000	Oct.14, 2015
$ 0.18	**1,900,000**	**3.9**	**1,550,000**	1,900,000	4.9	1,550,000	Dec.1, 2015
$ 0.11	**4,300,000**	**4.9**	**3,800,000**	–	–	–	Nov.17, 2016
$ 0.20	**12,970,000**	**3.5**	**12,120,0000**	11,720,000	3.4	11,370,000	

As at December 31, 2011, there are 4,413,494 options available for grant (December 31, 2010 – 3,143,494; January 1, 2010 – 9,361,494). During the year ended December 31, 2011, share-based compensation expense of $245,359 was recorded (2010 – $1,344,850). The weighted average exercise price of stock options exercisable as at December 31, 2011 is $0.20 (2010 – $0.24).

During the year ended December 31, 2011, the Company granted 4,300,000 stock options to officers, directors and consultants at an exercise price of $0.11 for 5 years. The options vested immediately except for 500,000 that vest after one year. The grant date fair value of the options granted in 2011 was estimated based on the Black-Scholes option pricing model, using the assumptions below.

	2011	
Grant date	November 17	November 17
Number of stock options granted	3,800,000	500,000
Exercise price	$ 0.11	$ 0.11
Expected life	3.2 years	4.2 years
Expected volatility	95%	95%
Risk-free rate	1.1%	1.2%
Expected annual dividends	$ nil	$ nil
Expected forfeitures	nil	nil
Grant date fair value	$ 0.063	$ 0.071

During the year ended December 31, 2010, the Company granted 7,085,000 stock options to officers, directors and consultants. The options vested immediately except for 350,000 that are subject to a performance clause. The performance clause was achieved in 2012. The fair value of the options granted in 2010 was estimated based on the Black-Scholes option pricing model, using the assumptions below.

		2010	
Grant date	January 21	October 14	December 2
Number of stock options granted	4,685,000	500,000	1,900,000
Exercise price	$ 0.26	$ 0.24	$ 0.18
Expected life	5 years	5 years	5 years
Expected volatility	114%	109%	107%
Risk-free rate	2.5%	2.1%	2.5%
Expected forfeitures	nil	nil	nil
Grant date fair value	$ 0.21	$ 0.19	$ 0.14

12. Net Income (Loss) per Share

For the year ended December 31, 2010, the outstanding stock options and warrants were not included in the computation of the diluted net loss per share because the effect was anti-dilutive.

Year ended December 31,	**2011**	2010
Income (loss) attributable to shareholders	**$ 683,625**	$ (2,670,766)
Weighted average number of shares-basis	**151,461,239**	148,634,938
Basic income (loss) per share	**$ 0.00**	$ (0.02)
Incremental shares on assumed exercise of options and warrants	**81,152**	–
Weighted average number of shares-diluted	**151,542,391**	148,634,938
Diluted income (loss) per share	**$ 0.00**	$ (0.02)

13. Compensation

The compensation expense of the Company for the years ended December 31, 2011 and 2010 was as follows.

	2011	2010
Salaries and non-wage costs	**$ 239,421**	$ 39,634
Directors' fees	**143,333**	65,000
Share-based compensation	**245,359**	1,344,850
Management services fees	**429,750**	266,185
	$ 1,057,863	$ 1,715,669

14. Related Party Transactions

The Company's related parties as defined by IAS 24, *Related Party Disclosures*, include the Company's subsidiaries (Note 1), the Board of Directors, close family members and enterprises which are controlled by these individuals and key management as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company for the years ended December 31, 2011 and December 31, 2010 was as follows.

Year ended December 31,	**2011**	2010
Aggregate compensation	**$ 352,000**	$ 81,252
Share-based compensation	**245,359**	983,850
	$ 597,359	$ 1,065,102

Included in the accounts for the years ended December 31, 2011 and 2010 are payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Company as follows:

Year ended December 31,	**2011**	2010
Management services fees paid to corporations controlled by or under significant influence of officers and directors of the Company	**$ 429,750**	$ 254,585
Travel and business development expenditures paid to a corporation controlled by a director of the Company	–	60,000
Professional fees paid to an officers and directors of the Company	**20,000**	91,500
Professional fees paid to a law firm where a director of the Company is also a partner	**2,366**	41,208
	$ 452,116	$ 447,293

Included in other financial assets as at December 31, 2011 was a travel advance in the amount of $ nil (December 31, 2010 – $20,000; January 1, 2010 – $20,000) to an officer and director of the Company. Also included in other financial assets at December 31, 2011 was an advance to a corporation controlled by a former director of $ nil

(December 31, 2010 – $ nil; January 1, 2010 – $28,837). These balances are non-interest bearing and unsecured with no fixed terms of repayment. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. See also Notes 10(a) and 22 for related party unit subscriptions.

15. Supplemental Information Pertaining to Cash Flow

Year ended December 31,	**2011**	2010
Income taxes paid	**$ –**	$ –
Change in accrued exploration and evaluation assets	**240,453**	50,494
Amortization included in exploration and evaluation assets (*Note 6*)	**111,960**	79,425
Common shares issued for exploration property option (*Note 7*)	**40,000**	–

16. Financial Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

(a) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, other receivables, other financial assets and other investments.

Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal.

Financial instruments included in other receivables consist of sales tax due from the Federal Government of Canada. Other receivables are in good standing as of December 31, 2011. Other financial assets include prepayments and deposits. Management believes that the credit risk concentration with respect to financial instruments included in other receivables and other financial assets is minimal. Other investments were $ nil at December 31, 2011.

(b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, administrative, and exploration and evaluation expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

As at December 31, 2011, the Company has working capital of $2,094,832 (deficit at December 31, 2010 – $2,629,719; surplus at January 1, 2010 – $3,687,176). The Company's ability to meet its financial obligations is dependent upon securing financing. See Note 22 – Subsequent Event.

As of December 31, 2011, the Company has a cash balance of $2,540,945 (December 31, 2010 – $3,449,396; January 1, 2010 – $9,845,490) to settle current accounts payable and accrued liabilities of $569,534 (December 31, 2010 – $124,113; January 1, 2010 – $184,811). The Company's other current assets consist of other receivables of $66,333 (December 31, 2010 – $64,361; January 1, 2010 – $42,581) and other financial assets of $57,088 (December 31, 2010 – $55,252; January 1, 2010 – $58,531).

See also Note 2 – Going Concern.

(c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

(d) Foreign exchange risk

The Company's financings are in Canadian dollars. Certain of the Company's transactions with its subsidiary, Unigold Dominicana, S.R.L. are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. The Company is therefore subject to foreign exchange risk. As at December 31, 2011, the Company had cash balances of $49,726 (December 31, 2010 – $188,385; January 1, 2010 – $401,094) in U.S. dollars and nil U.S. dollar ABCP restructured notes (December 31, 2010 – $287,987: January 1, 2010 – $426,542).

Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have resulted in a significant fluctuation in income for the year ended December 31, 2011. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's current policy is to earn interest on bank balances which approximate rates available from investment-grade short-term deposit certificates issued by its financial institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of December 31, 2011, interest rate risk is moderate since the Company has interest-bearing instruments based on the prime rate.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest income during the year ended December 31, 2011.

(f) Fair value of financial assets and liabilities

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments. The fair value of the bank loan approximates carrying value due to the variability of the related interest rate.

At December 31, 2010, the fair value of other investments was estimated based on the expected yield required by a potential investor as the most significant assumption included in the estimate. Based on this exercise the Company estimated the range of potential values was between $5.2 million and $6.2 million. At December 31, 2010, the fair value of the Company's other investments as disclosed in Note 8, was determined by probability-weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. Therefore, the Company's other investments were classified within Level 3 of the fair value hierarchy. At June 30, 2011, the Company changed its method of estimating fair value to one using quoted prices of identical instruments in active markets. Therefore the investments were classified within Level 1 of the fair value hierarchy. The following table presents a reconciliation of changes in the estimated fair value of assets classified as Level 3. The realized gains are recognized in the statement of comprehensive income.

In millions of dollars	**Year ended December 31, 2011**	Year ended December 31, 2010
Level 3 assets at beginning of year	**$ 5.2**	$ 5.4
Redemptions	–	(0.2)
Transfer out of Level 3	**(5.2)**	–
Level 3 assets at end of year	**$ 0.0**	$ 5.2

The Company's other investments were sold in July 2011for an amount equal to the recorded estimated fair market value. The following is a summary of the Company's financial instruments as at December 31, 2011, December 31, 2010 and January 1, 2010:

As at	**December 31, 2011**		December 31, 2010		January 1, 2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	**$ 2,540,945**	**$ 2,540,945**	$ 3,449,396	$ 3,449,396	$ 9,845,490	$ 9,845,490
Other receivables	**66,333**	**66,333**	64,361	64,361	42,581	42,581
Other financial assets	**57,088**	**57,088**	55,252	55,252	58,531	58,531
Other investments (*Note 8*)	–	–	5,217,365	5,217,365	5,358,374	5,358,374
Accounts payable and accrued liabilities	**569,534**	**569,534**	124,113	124,113	184,811	184,811
Bank loan (*Note 9)*	–	–	6,074,615	6,074,615	6,074,615	6,074,615

(g) Estimation of fair values

Other receivables, other financial assets, and accounts payable and accrued liabilities
For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Other investments
The fair value of the Company's other investments at December 31 2010 and January 1, 2010 was determined by probability-weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments.

17. Capital Risk Management

The Company considers its capital structure to consist of equity attributable to shareholders of the Company which at December 31, 2011 was $24,101,038 (December 31, 2010 – $20,804,399; January 1, 2010 – $22,130,315) and a bank operating loan of $ nil (December 31, 2010 – $6,074,615; January 1, 2010 – $6,074,615). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing its existing credit facility or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets.

Management reviews its capital management approach on an ongoing basis. In the third quarter of 2011, Unigold sold its other investments which meant retiring the bank operating loan. The Company is not subject to externally imposed capital requirements.

18. Commitments and Contingencies

(a) Legal proceedings
The Company and its entities are party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, on final disposition, could have a material adverse effect on the financial position of the Company.

(b) Environmental matters
The Company has operated in the mineral exploration industry in the Dominican Republic for many years. The enforcement of environmental regulation in the Dominican Republic is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations.

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(c) Guarantees

The Company has no guarantees outstanding.

(d) Contingencies

The Company is a party to certain employment contracts. These contracts contain clauses requiring that $400,000 be paid upon a change of control of the Company, $327,500 be paid on termination for other than cause and employees may earn bonuses of up to $156,000. The Company is party to certain contracts with geologists. These contracts contain clauses requiring bonuses totalling approximately $31,500 be paid if the contracts are renewed after one year. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

(e) Operating contractual obligations

Minimum contractual payments over the next five years are estimated as follows:

Year	Total	2012	2013	2014	2015	2016
Office lease	$ 199,000	$ 49,000	$ 50,000	$ 50,000	$ 50,000	$ –
Services	91,000	67,000	15,000	3,000	3,000	3,000
	$ 290,000	$ 116,000	$ 65,000	$ 53,000	$ 53,000	$ 3,000

The Company has entered into leases for office premises. The lease has an average life of four years (December 31, 2010 – five years; January 1, 2010 – one year) with renewal terms at the option of the lessee at lease payments based on market prices at the time of renewal. There are no restrictions placed upon the lessee by entering into these leases. Payments recognized as an expense were as follows:

Year ended December 31,	**2011**	2010
Lease payments	**$ 42,386**	$ 9,385

Non-cancellable operating lease commitments:

As at	**December 31, 2011**	December 31, 2010	January 1, 2010
Within one year	**$ 49,000**	$ 48,126	$ 39,276
After one year but not more than five years	**150,000**	196,698	–
More than five years	–	8,253	–

19. Segmented Information

The Company's only activity is mineral exploration and evaluation. All of the Company's land, vehicles, field equipment, and camp and buildings (see Note 6) are physically located in the Dominican Republic. All of the Company's exploration and evaluation activities referred to in Note 7 relate to properties in the Dominican Republic.

	As at and for the period ended December 31, 2011		
	Canada	**Dominican Republic**	**Total**
Assets	**$ 2,577,246**	**$ 22,096,157**	**$ 24,673,403**
Liabilities	**421,289**	**148,245**	**569,534**
Amortization	**(7,514)**	–	**(7,514)**
Investment income	**46,637**	**16**	**46,653**
Financing expense	**(64,852)**	–	**(64,852)**
Other income (expenses)	**721,654**	**(12,316)**	**709,338**

As at and for the period ended December 31, 2010			
	Canada	Dominican Republic	Total
Assets	$ 8,629,207	$ 18,376,751	$ 27,005,958
Liabilities	6,165,558	33,170	6,198,728
Amortization	(2,525)	–	(2,525)
Investment income	21,953	604	22,557
Financing expense	(95,987)	–	(95,987)
Other expenses	(2,515,568)	(79,243)	(2,594,811)

As at January 1, 2010			
	Canada	Dominican Republic	Total
Assets	$ 15,158,674	$ 13,233,898	$ 28,392,572
Liabilities	6,133,352	126,074	6,259,426

20. Tax Note

(a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of approximately 29% (2010 – 31%) were as follows:

Years ended December 31,	**2011**	2010
Income (loss) before income taxes:	**$ 683,625**	$ (2,670,766)
Expected income tax (recovery)	**193,000**	(828,000)
Increase (decrease) resulting from:		
Share-based compensation	**69,000**	417,000
Share issue costs	**(43,000)**	–
Losses expiring	**-**	398,000
Change in tax rates	**(318,000)**	110,000
Other	**(46,000)**	(287,000)
Change in tax assets not benefitted	**148,000**	184,000
Difference in tax rates	**(3,000)**	6,000
	$ –	$ –

(b) Deferred Income Tax Balances

The tax effects of temporary differences that give rise to deferred income tax assets at December 31, 2011 and 2010 are as follows:

Years ended December 31,	**2011**	2010
Equipment	**$ 168,000**	$ 152,000
Non-capital losses	**2,309,000**	1,870,000
Exploration and evaluation assets	**964,000**	964,000
Capital losses	**1,432,000**	1,105,000
Share issue costs	**120,000**	129,000
Other investments	**-**	625,000
Tax assets not benefitted	**$ 4,993,000**	$ 4,845,000

The Company has approximately $888,000 (2010 – $888,000) and $1,795,000 (2010 – $1,795,000) of Canadian development expenses and Canadian exploration expenditures, respectively, and $1,429,000 (2010 – $1,429,000) of foreign exploration expenditures as at December 31, 2011 which, under certain circumstances, may be utilized to reduce taxable income of future years. As at December 31, 2011, the Company had available for deduction against future taxable income, non-capital losses in Canada of approximately $9,251,000 (2010 – $7,480,000) which expire as follows:

Year of Expiry	Amount
2014	$ 1,002,000
2015	618,000
2026	959,000
2027	1,309,000
2028	665,000
2029	1,399,000
2030	1,630,000
2031	1,669,000
	$ 9,251,000

In the Dominican Republic, the Company is exempt from paying corporate taxes, sales taxes and import duties until 2024.

21. Transition to IFRS

As stated in the Summary of Significant Accounting Policies Note 4, these are the Company's first consolidated financial statements prepared using accounting policies consistent with IFRS. The adoption of IFRS has not materially changed the Company's financial statements, but it has resulted in certain differences in disclosure as compared to Canadian GAAP.

The policies set out in the Significant Accounting Policies section have been applied in preparing the consolidated financial statements as at and for the year ended December 31, 2011, the comparative information presented in these consolidated financial statements as at and for the year ended December 31, 2010 and in the preparation of an opening IFRS consolidated statement of financial position at January 1, 2010 (the Company's "Transition Date").

The adoption of IFRS requires the adoption of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective as of the end of it first annual IFRS reporting period. However IFRS 1 also provides certain optional exemptions and mandatory exemptions to this retrospective treatment.

IFRS Optional Exemptions

The Company has elected to apply the following optional exemptions in the preparation of its opening IFRS statement of financial position as at the transition date.

- Business combinations – IFRS 1 provides the option to apply IFRS 3, *Business Combinations*, retrospectively or prospectively from the Transition Date. The Company has elected to apply IFRS 3 prospectively. The Company did not apply IFRS 3 retrospectively to business combinations that occurred prior to its Transition Date and such business combinations have not been restated.
- Consolidated and separate financial statements – In accordance with IFRS 1, if a Company elects to apply IFRS 3 retrospectively, IAS 27, *Consolidated and Separate Financial Statements,* must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company also elected to apply IAS 27 prospectively.
- Share-based payments - IFRS 2, *Share-based Payments*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.
- Borrowing costs – In accordance with IFRS 1, the Company has elected to apply the transition provisions of IAS 23, *Borrowing Costs*, prospectively from the Transition Date. As a result, the Company has not capitalized borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the asset prior to the Transition Date.

IFRS Mandatory Exceptions to Retrospective Application

Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

Changes in Accounting Policies

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS policies applied by the Company.

i. Share-based compensation

IFRS 2 is effective for the Company as of January 1, 2010 and is applicable to stock options and grants that are unvested at that date. The transition rules in IFRS 1 and IFRS 2 as applied by the Company result in the following:

- Stock options and share grants prior to November 7, 2002 are not taken into account for IFRS 2;
- Stock options and share grants subsequent to November 7, 2002 are only taken into account if they have not vested as at January 1, 2010; and,
- From January 1, 2010, all stock options, share grants and other share-based payments will be recorded in accordance with the policy stated in Note 4.

Recognition of expense

Canadian GAAP – For grants of share-based awards that vest over time, the total fair value of the award is recognized on a straight-line basis over the employment period necessary to vest the award.
IFRS – Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis. No adjustments were required on transition to IFRS.

Forfeitures

Canadian GAAP – Forfeitures of awards are recognized as they occur.
IFRS – An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimate. No adjustments were required on transition to IFRS.

ii. Contributed surplus

Canadian GAAP – Amounts recorded for expired, unexercised stock options and warrants remained in contributed surplus.
IFRS – On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments and warrants whereby the amounts recorded for expired, unexercised stock options and warrants are transferred to deficit. The impact of the change was to decrease contributed surplus and increase deficit by $1,443,414 at December 31, 2010 (January 1, 2010 – $1,443,414).

iii. Impairments

Recoverable Amount
Canadian GAAP – A recoverability test is performed by first comparing the undiscounted expected future cash flows to be derived from the asset to its carrying amount. If the asset does not recover its carrying value, an impairment loss is calculated as the excess of the asset's carrying amount over its fair value.
IFRS – The impairment loss is calculated as the excess of the asset's carrying amount over its recoverable amount, where recoverable amount is defined as the higher of the asset's fair value less costs to sell and its value-in-use. Under the value-in-use calculation, the expected future cash flows from the asset are discounted to their net present value. No adjustments were required on transition to IFRS.

Reversal of impairment
Canadian GAAP – Reversal of impairment losses is not permitted.
IFRS - Reversal of impairment losses is required for assets other than goodwill if certain criteria are met. No adjustments were required on transition to IFRS.

iv. Non-controlling interest

Canadian GAAP – When the non-controlling interest is not obligated to fund its share of losses, the Company does not attribute losses to the non-controlling interest once the interest has been reduced to nil.

IFRS – Losses applicable to a non-controlling interest in a subsidiary are allocated to the non-controlling interest event if it results in a deficit position. The Company has elected to apply the change in policy regarding the accounting for non-controlling interest prospectively from January 1, 2010. This change did not have a material impact on the Company's consolidated financial statements.

v. Borrowing costs

Canadian GAAP – Borrowing costs were expensed as incurred.
IFRS – Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. This change did not have a material impact on the Company's consolidated financial statements.

Explanation of differences impacting the Company's consolidated financial statements including IFRS 1 First-Time Adoption of International financial Reporting Standards

IFRS 1 requires the Company to reconcile equity, comprehensive income and cash flows for prior periods. In preparing its opening IFRS consolidated statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the additional notes that accompany the tables.

Explanatory Notes

(a) Non-controlling interest. Under Canadian GAAP, non-controlling interest in the equity of a consolidated affiliate was classified as a separate component between liabilities and equity and as a component of net loss in the consolidated statement of loss. Under IFRS, non-controlling interest is included as a component of equity separate from the equity of the parent and is not included in net loss, but rather presented as an allocation of net loss.
(b) Contributed surplus/deficit. Under Canadian GAAP, expenses relating to stock-based compensation remained in contributed surplus if the options expired. The grant date values relating to warrants were classified as contributed surplus if the warrants expired. Under IFRS, an option exists to reclassify the amounts to deficit. The Company chose this option.
(c) Exploration and evaluation assets/property, plant and equipment. The Company capitalized all expense relating to exploration and evaluation as permitted under Canadian GAAP. IFRS requires that exploration and evaluation assets be classified either as tangible (IAS 16) or intangible assets (IAS 38) then immediately subjected to a full impairment test. Certain assets acquired in fiscal 2010 that were included in deferred exploration costs under Canadian GAAP were tangible assets and have been reclassified to property, plant and equipment under IFRS.
(d) Changes in presentation. Certain line descriptions under Canadian GAAP have been changed to conform to the IFRS presentation. The most significant changes were: equipment became property, plant and equipment, and; deferred exploration became exploration and evaluation assets.

The impact of the changes on the consolidated statement of financial position is as follows:

Canadian GAAP accounts	As at January 1, 2010 Canadian GAAP	Effect of transition to IFRS	IFRS	As at December 31, 2010 Canadian GAAP	Effect of transition to IFRS	IFRS	IFRS accounts *(Note 21 (d))*
							Assets
Current assets							**Current assets**
Cash	$ 9,845,490	$	$ 9,845,490	$ 3,449,396	$	$ 3,449,396	Cash
Sundry receivables	42,581		42,581	64,361		64,361	Other receivables
Prepaid expenses	58,531		58,531	55,252		55,252	Other financial assets
	9,946,602		9,946,602	3,569,009		3,569,009	Total current assets
							Non-current assets
Equipment (Note 21(c))	340,634		340,634	350,191	205,518	555,709	Property, plant and equipment
Mineral properties	624,574		624,574	624,574		624,574	Exploration properties
Deferred exploration costs (Note 21(c))	12,122,388		12,122,388	17,244,819	(205,518)	17,039,301	Exploration and evaluation assets
Other investments	5,358,374		5,358,374	5,217,365		5,217,365	Other investments
	$ 28,392,572	$	$ 28,392,572	$ 27,005,958	$	$ 27,005,958	**Total assets**
							Liabilities
Current liabilities							**Current liabilities**
Accounts payable and accrued liabilities	$ 184,811	$	$ 184,811	$ 124,113	$	$ 124,113	Accounts payable and accrued liabilities
Bank loan	6,074,615		6,074,615	6,074,615		6,074,615	Bank loan
	6,259,426		6,259,426	6,198,728		6,198,728	**Total liabilities**
Non-controlling interest *(Note 21(a))*	2,831	(2,831)		2,831	(2,831)	-	
Shareholders' Equity							**Equity attributable to shareholders of the Company**
Common shares	35,129,520		35,129,520	35,129,520		35,129,520	Share capital
Share purchase warrants	2,017,547		2,017,547	2,017,547		2,017,547	Reserve for warrants
Contributed surplus *(Note 21(b))*	2,500,547	(1,443,414)	1,057,133	3,845,397	(1,443,414)	2,401,983	Reserve for share-based payments
Deficit *(Note 21(b))*	(17,517,299)	1,443,414	(16,073,885)	(20,188,065)	1,443,414	(18,744,651)	Accumulated deficit
	22,130,315		22,130,315	20,804,399		20,804,399	Total equity attributable to shareholders of the Company
Non-controlling interest *(Note 21(a))*	-	2,831	2,831		2,831	2,831	**Non-controlling interest**
	22,130,315	2,831	22,133,146	20,804,399	2,831	20,807,230	**Total equity**
	$ 28,392,572	$	$ 28,392,572	$ 27,005,958	$	$ 27,005,958	**Total liabilities and equity**

The impact of the changes on the consolidated total equity is as follows:

As at	January 1, 2010	December 31, 2010
Shareholders' equity under Canadian GAAP	$ 22,130,315	$ 20,804,399
Non-controlling interest	2,831	2,831
Total equity under IFRS	$ 22,133,146	$ 20,807,230

There were no material IFRS conversion adjustments affecting the consolidated statement of comprehensive loss for the year ended December 31, 2010. Certain line descriptions used in the Canadian GAAP statements have been changed to conform to the IFRS presentation. Interest income was reclassified from revenue to financing income.

For the year ended December 31, 2010

Canadian GAAP accounts	Canadian GAAP	Effect of transition to IFRS	IFRS	**IFRS accounts** *(Note 21 (d))*
Revenue				
Interest income	$ 22,557	$ (22,557)	–	
Administrative expenses				**Operating expenses**
Other expenses	(2,500,130)		$ (2,500,130)	Operating expenses
Interest expense	(95,987)	95,987	–	
Foreign exchange loss	(97,206)	97,206	–	
			(2,500,130)	Net loss before the undernoted
		22,557	22,557	Investment income
		(95,987)	(95,987)	Finance expense
		(97,206)	(97,206)	Foreign exchange loss
Net loss for the year	(2,670,766)		(2,670,766)	**Net loss for the year**
			–	Other comprehensive income
Comprehensive loss for the year	$ (2,670,766)		$ (2,670,766)	**Total comprehensive loss for the year**
Loss per share – basic and diluted	$ (0.02)		$ (0.02)	Net loss per share – basic and diluted

There were no material IFRS conversion adjustments affecting the consolidated statement of cash flows for the year ended December 31, 2010. Therefore, no reconciliation has been prepared. Financing expense and investment income were reclassified from cash flows from operating activities to cash flows from financing activities and cash flows from investing activities respectively. Interest paid was previously disclosed as supplementary information. Certain line descriptions in the Canadian GAAP statement have been changed to conform to the IFRS presentation.

22. Subsequent Event

On March 8, 2012, the Company closed a "bought deal" private placement financing of 053,300 units of the Company (the "2012-Units") at a price of $0.30 per 2012-Unit for aggregate gross proceeds of $10,515,990. Each 2012-Unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "2012-Warrant"). Each 2012-Warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.50 until March 8, 2014.

As compensation for the services, the underwriters received a cash commission in the aggregate amount of $718,620 and an aggregate of 2,395,400 non-transferable broker warrants of the Company (the "Broker Warrants"), with each Broker Warrant entitling the holder thereof to purchase one common share of the Company at a price of $0.30 at any time until March 8. 2014. The net proceeds of the financing will be used by the Company to advance the exploration and development of the Company's exploration and evaluation assets in the Dominican Republic and for general corporate purposes.

All securities issued under or in connection with the financing are subject to a hold period in Canada until July 9, 2012.

Directors of the Company purchased 833,300 2012-Units for gross proceeds of $249,990 pursuant to this financing.