



UNIGOLD INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS and
AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

For the years ended December 31, 2016 and 2015

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UNIGOLD INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the consolidated operating results and financial condition of Unigold Inc. ("Unigold" or the "Company") for the fiscal years ended December 31, 2016 and 2015 should be read in conjunction with the consolidated financial statements of the Company and notes thereto at December 31, 2016. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("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 13, 2017.

Company Overview

Unigold is a Canadian based, growth oriented, junior natural resource company focused on exploring and developing its significant land position in the Dominican Republic, within the highly prospective, Cretaceous age, Tiroo Formation. The Tiroo Formation, an emerging gold and base metal district, is a 75 kilometre wide series of volcanic and sedimentary rocks trending northwesterly across the island of Hispaniola. Unigold's owns a 100 percent interest in the 22,600 hectare Neita Property, located in the west central highlands of the Dominican Republic along the border with Haiti. The license for the Neita Property was renewed in 2012 for another five-year term (comprised of a three-year term with two one-year extensions available upon application). As of this date, the concession is expired but, pertaining to the prerogatives set forth by Article 16 of the Mining Law Application Rules, the exclusive right of the concession area is protected by the application of a new exploration concession, which was duly filed by the Company on November 26th, 2016. As of April 13, 2017, the General Mines Direction is analyzing the exploration concession application. To the best knowledge of management, there are no technical issues that would justify the denial of the application.

Unigold operates through its wholly owned Canadian subsidiary, Unigold Resources Inc., and its 97 per cent owned subsidiary, Unigold Dominicana, S.R.L., which is incorporated in the Dominican Republic.

Forward-Looking Statements

This MD&A 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; the potential of the Company's properties to contain economic metals deposits; the Company's ability to meet its working capital needs for the twelve-month period ending December 31, 2016; and the plans, costs, timing and capital for future exploration and development of the Company's property interests in the Dominican Republic. 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. 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

On November 12, 2013, the Company announced an initial inferred mineral resource estimate for the Candelones deposits assuming open-pit mining of the deposits. This resource was estimated to be 39.5 M tonnes averaging 1.6 grams per tonne ("g/t") gold ("Au") containing 2.0 M ounces of gold. On February 24, 2015, the Company announced an updated inferred mineral resource estimate for the Candelones Extension deposit, assuming underground mining of this deposit. The updated resource estimated 5.2 M tonnes averaging 5.3 g/t Au containing 894,000 ounces of gold with 0.35 percent ("%") copper ("Cu") containing 41.2 M lbs of copper. The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability. A mineral resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

The recoverability of the amounts shown for mineral properties and deferred exploration and evaluation costs are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete its exploration programs 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 2016

Operations

- Resumed exploration drilling December 2015 through March 2016 and July through December 2016 testing orphaned high-grade areas within the Candelones Extension resource footprint;
- Identified a high-grade Au-Cu rich massive sulphide deposit ("Target A");
- Identified high-grade Au-Ag-Zn-Cu rich epithermal feeder systems at Targets B and C;
- Expanded the near surface oxide mineralization at Candelones Connector deposit; and
- Reported no lost time injuries, medical aid injuries or reportable environmental events.

Financial

- Raised \$4.8 M in a brokered private placement May 2016;
- Cash at year-end \$2.6M; and
- Company positioned to resume exploration in 2017.

Other

- An application to renew the Neita exploration concession was submitted to the Ministry of Mines for the Dominican Republic November 2016.

Events Subsequent to the Year End

- As of April 13, 2017, the Neita exploration concession had expired but, pertaining to the prerogatives set forth by Article 16 of the Mining Law Application Rules, the exclusive right of the concession area is protected by the application of a new exploration concession, which was duly filed by the Company on November 26th, 2016. As of April 13, 2017, the General Mines Direction is analyzing the exploration concession application. To the best knowledge of management, there are no technical issues that would justify the denial of the application.

Strategy and Objectives

Unigold's strategy is: *to discover world class gold deposits amenable to economic exploitation.*

Key Performance Drivers

The Tiro Formation, the geological formation hosting the Neita Concession where Unigold is exploring, is considered to be highly prospective for gold and base metal mineralization. The Candelones Main deposit, in the southwestern portion of the Neita Concession, was the primary focal point of early exploration. Regional mapping and reconnaissance scale drilling tested numerous soil anomalies along the southern half of the Concession confirming that anomalous gold, silver, copper and zinc mineralization was present over broad area. In 2011, the Company completed a 10 km long Induced Polarity ("IP") survey along the southern portion of the Concession, identifying numerous, strong geophysical anomalies. Exploration drilling identified elevated gold, silver copper and zinc mineralization associated with a strong IP response at the Candelones Extension target approximately 1000 metres east of the Candelones Main deposit. Wide spaced drilling (100 m x 100 m spacing) in 2012 and 2013 traced the Candelones Extension deposit over a 1500 metre distance. In 2014, drilling tested 1000 metre gap between the Candelones Main and Extension deposits, identifying the Candelones Connector deposit and defining elevated gold, silver, copper and zinc mineralization over a 3.0 km strike length. The initial mineral resource estimate for the Candelones deposits was reported in 2013 and estimated an inferred mineral resource of 39.5 M tonnes averaging 1.6 g/t Au and containing 2.0 M ounces of gold. Copper and zinc were not estimated in the initial mineral resource pending results of ongoing metallurgical test work to determine potential recoveries of these metals. In 2014, a 5,662 metre drill program testing regional targets commenced in late June. Twenty-three holes were drilled on seven targets on the Neita property. No significant gold mineralization was intersected in this drilling. No drilling took place on Candelones.

On February 24, 2015 the Company announced an updated inferred mineral resource estimate focusing on the higher grade gold mineralization at the Candelones Extension that could be amenable to underground mining. The update resource estimate totalled 5.3 M tonnes averaging 5.3 g/t Au containing 894,000 ozs Au with 0.35% Cu containing 41.0 M pounds of Cu.

In 2015 economic uncertainty continued creating volatility and risk aversion among investors. The market's appetite for risk expressed by the willingness to invest in both early-stage mineral exploration companies and major producers was mostly absent in 2015. Mining equity issuances continued at historically low levels and there was almost no merger and acquisition activity. Unigold was able to raise \$1.0M to fund its exploration program that ran from December 2015 to March 2016.

In 2016, a short "window" for resource equity offerings opened in the spring. Unigold originally proposed an offering of \$2.5M that was increased to \$4.8M due to strong market demand. Those funds were applied to the successful exploration program in the second half of 2016.

Capability to Deliver Results

The price of gold and the market's appetite for risk are external variables that cannot be managed by the Company. The Company was not able to affirm through exploration results in 2014 that the broad mineralizing system is evident across the Neita property. Significant gold and copper mineralization was intersected and reported from a winter drilling program undertaken on the Candelones Extension starting December 2015. The drilling program continued into Q1 2016 and resumed Q3 2016 after a financing was completed. Unigold has shown that it can deliver positive exploration results at a reasonable cost and that the market has sufficient confidence in the Company that it can raise funds to continue exploration.

Objectives for 2016 as Presented in the 2015 Management Discussion and Analysis

- Renew the exploration license for the Neita Concession for an additional one-year term.
- Secure additional funding for the Company through a private placement, rights issue, joint venture agreement, M&A transaction or other financing activity;
- Utilize the funds raised to continue targeted, focused exploration to expand the recently discovered massive sulphide and epithermal feeder systems at the Candelones Extension deposit and increase the size and quality of the mineral resource; and

2016 Results

- In March 2016, the Company was granted the second of two, one-year extensions to the Neita Exploration Concession;
- Gross proceeds of \$4.8M received in May; and
- Unigold undertook a 31 hole (9,350m) diamond drill program in the second half of 2016 (in total 42 holes amounting to 12,931m were drilled in 2016 at a cost of \$1,865,000.

Objectives for 2017

- Renew the exploration license for the Neita Concession for an additional three-year term,
- Secure additional funding for the Company through a private placement, rights issue, joint venture agreement, M&A transaction or other financing activity; and
- Utilize the funds raised to continue targeted, focused exploration to expand the recently discovered massive sulphide and epithermal feeder systems at the Candelones Extension deposit and increase the size and quality of the mineral resource. Unigold's primary objective is to define in 2018 an NI-43-101 mineral resource estimate of sufficient size and quality to justify development of a commercial mining and processing facility for ores extracted from the Candelones Main, Connector and Extension deposits located within the area of Neita exploration concession. The Company's secondary objective is to evaluate the exploration potential of other mining occurrences located within the area of exploration concession application.

Exploration

Unigold's Neita concession covers a 22,600 Ha area within the highly prospective Tireo Formation, a 75 kilometre wide series of volcanic and sedimentary rocks trending northwesterly through the island of Hispaniola. The Tireo Formation hosts a number of promising gold and base metal targets, both in the Dominican Republic and Haiti. During 2013, over 5.0 million gold equivalent ounces were defined in the Tireo Formation.

Unigold has been actively exploring the Neita Concession since 2002, compiling an extensive geochemical and geophysical database and isolating numerous anomalies with the potential to host economically viable deposits of copper, gold and copper gold.

Since acquiring the Neita property, Unigold has completed over 32,000 soil samples, 10,000 rock samples, 31,000 metres of surface trenching and over 117,700 metres of diamond drilling. Drilling has largely focused on the Candelones deposits.

Completed work:

Compilation data	Statistics		
	2016	2015	PROJECT TO DATE
Drilling – holes	42	4	494
Drilling – metres	12,931	1,415	117,735
Trenching – metres	–	–	31,559
Geochemical analysis	–	–	142,697
Grab samples	–	–	10,108
Soil samples	–	–	32,704
Stream samples	–	–	884
Induced polarization lines – km	–	–	196
Magnetic survey lines – km	–	–	687

Geological Description

The island of Hispaniola was largely formed as a result of typical island arc volcanism and tectonism, the result of subduction of the North America plate below the Caribbean plate during the Cretaceous Period. Island arc volcanism elsewhere in the world has produced world-class deposits and island arc regimes are highly prospective areas for:

- Cu and Cu-Au porphyry type deposits;
- Low to high sulphidation Au and Au-Ag epithermal type deposits; and
- Volcanogenic Hosted Massive Sulphide (“VHMS”) Au-Ag-Cu-Zn type deposits.

The Neita Concession is comprised largely of rocks of the Tireo Formation, a succession of intermediate volcanic and volcanoclastic rocks that can be traced for over 300 kilometres across the island of Hispaniola. Recent exploration of the Tireo Formation has identified multi-million ounce gold discoveries at Neita (Unigold), Romero (GoldQuest) and significant mineralization at La Miel (Eurasian Minerals / Newmont) in Haiti.

In Q4 2013, the Company estimated an inferred mineral resource totalling 39.5 million tonnes at an average grade of 1.6 g/t Au (2.0 M ozs Au) for the Candelones Main, Connector and Extension deposits. The estimate assumed exploitation of the resource by means of open pit mining.

In Q1 2015, the Company estimated an inferred mineral resource for the Candelones Extension deposit totalling 5.3 million tonnes averaging 5.3 g/t Au and 0.35% Cu. This estimate assumed exploitation of the resource by means of underground mining methods. Both estimates were completed by Micon International Ltd. ("Micon"), a consulting company independent of Unigold.

Geological observations from drill core and field observations suggest that the Candelones deposit is complex and evidence supporting both epithermal and VHMS-style origins are present.

The Company's current model assumes that the gold, copper, zinc and silver mineralization originally formed in a VHMS-style environment. The mineralization is believed to be related to a period of dacitic volcanism in a shallow-water, back-arc environment. The dacites are capped by volcanoclastic rocks of andesitic composition. Late stage epithermal alteration is believed to have remobilized and/or deposited additional gold and copper mineralization at select sites along the stratabound, VHMS system. The entire system was then disrupted by extensive post-mineral tectonic activity.

The initial drilling at the Candelones Extension deposit focused on what was interpreted to be a relatively thick (several tens of metres) stratabound zone of 1-2 g/t Au mineralization with minor silver, copper and zinc localized at or adjacent to the contact between underlying dacite volcanic rocks with overlying andesite volcanics.

The Candelones Main, Connector and Extension Zones have been traced by drilling over a 3,000 metre strike length, to a maximum depth of 500 metres. The mineralization remains open at depth.

Induced Polarity ("IP") ground geophysics, regional soil geochemistry and regional scale surface mapping and sampling all suggest that the Candelones deposit lies within a ENE trending belt that extends across the entire Neita Concession, a distance approaching 10.0 kilometres in length. The IP coverage is limited to this southern trend and offers a number of potential targets requiring drill testing. To the north, numerous copper in soil anomalies have been identified that require field follow up.

In November 2015, the Company approved a limited diamond drill program to test for high-grade (+6.0 g/t Au) feeder systems and/or massive sulphide mounds at the Candelones Extension. Drilling commenced in December 2015 and continued until March 2016. In all, 15 holes (4,996 metres) were completed at three separate targets. Four holes (1,415 metres) were completed as at December 31, 2015. In Q1 2016, 11 holes (3,581 m) were completed. The results of this targeted exploration program has proven that higher grade mineralization is present and that the historical drill pattern failed to capture the potential associated with this mineralization. High-grade gold, silver, copper and zinc mineralization was identified at all three targets tested; three of every four holes drilled intersected elevated gold grades. All three targets remain open, offering excellent targets for future drilling to increase the quantity and quality of the mineral resource.

The targeted exploration program completed in Q1 2016 has isolated what is currently interpreted to be a structural corridor, plunging at approximately 25 to 30° to the northeast and open in both directions. In addition, the Company has identified several gaps along this trend greater than 10,000 square metres in area that have not been tested with the current drill pattern. These target areas offer immediate opportunities to increase the quantity and quality of the mineral resource.

After reviewing and interpreting the exploration results, drilling resumed in July and continued into December 2016. Drilling in Q3 commenced at Target C at the western periphery of the Candelones Extension deposit where drilling in Q1 identified elevated gold, silver, lead, zinc and copper mineralization. The mineralization occurs in a strongly brecciated dacite with a silica-sulphide matrix. There is strong evidence of sub-vertical faulting, both pre and post

mineral. The Company completed six holes (2,100 metres) at Target C. Results are reported in Unigold Press Releases 2016-11 (August 16, 2016) and 12 (September 7, 2016). Notable results include:

- LP16-109; 15.0m @ 3.2 g/t Au; 6.4 g/t Ag; 0.1% Cu and 0.7% Zn including:
4.0 m @ 10.1 g/t Au; 20.9 g/t Ag; 0.2% Cu and 2.4% Zn; and
- LP16-110; 12.0m @ 9.7 g/t Au; 7.0 g/t Ag; 0.1% Cu and 1.6% Zn.

The drilling successfully extended the footprint of the mineral resource 100m to the west where there was no historical drilling. It also provided further evidence suggesting that the mineralization is sub-vertical and may be controlled by sub-vertical faulting.

Drilling at Target A (1,200m east) was designed to evaluate the western extent of the flat lying, high-grade, gold-copper rich massive sulphide mineralization identified in Q1. Results were summarized in press releases 2016-13 (October 5, 2016) and 2016-14 (November 2, 2016). Notable results include:

- LP16-114; 21.2m @ 6.0 g/t Au with 0.9% Cu;
- LP16-115; 5.7m @ 3.8 g/t Au with 1.2% Cu; and
- LP16-118; 5.0m @ 7.8 g/t Au with 0.3% Cu.

The drilling successfully extended the gold-copper rich massive sulphides 60m to the west, defining an overall footprint in excess of 350m in length. The mineralization remains open to the east and to the west.

Drilling at Target B was designed to test the limits of an interpreted, sub-vertical, epithermal feeder with elevated gold, silver, copper and zinc identified in Q1. Results from the initial five holes at Target B were summarized in press releases 2016-14 (November 2, 2016) and 2016-15 (December 15, 2016). Notable results include:

- LP16-120; 18.8m @ 2.0 g/t Au; 3.4 g/t Ag; 0.1% Cu and 0.7% Zn and
6.7m @ 3.3g/t Au with 1.9% Cu;
- LP16-123 14.7m @ 6.5 g/t Au; 2.4 g/t Ag; 0.9% Cu and 2.4% Zn and
8.0m @ 9.4 g/t Au with 0.9% Cu.
- LP16-128; 24.4m @ 3.2 g/t Au; 13.8 g/t Ag; 0.2% Cu and 2.9% Zn and
1.1m @ 0.6 g/t Au with 0.4% Cu

The results at Target B indicate strong mineral zonation with an upper zone returning strong Au-Ag-Cu-Zn mineralization overlying a Au-Cu rich zone that has little to no zinc mineralization. The mineralization is associated with strongly fragmented / brecciated dacite as angular to subangular fragments hosted in a silica+sulphide (pyrite+/- sphalerite) matrix. LP16-128 was a vertical hole collared to drill down the core of the interpreted vertical feeder. The hole intersected over 200 metres of anomalous Au-Ag-Cu-Zn mineralization transitioning into a barren dacite tuff. The tuff continued for approximately 65 metres where it transitioned into fragments of pyrite rich massive sulphide, similar to the Au-Cu rich massive sulphides intersected at Target A, 200 metres east and 100 metres higher. Unfortunately, the hole was lost due to technical reasons and could not be completed to the targeted depth. Assays for the massive sulphide fragments returned:

All of the higher grade intervals identified by the drilling in 2016 occur within a broader interval of lower grade gold mineralization measuring several tens of metres in thickness and, in many cases, upwards of 100 metres in thickness. This low-grade halo continues to be closely related to the andesite-dacite contact that dips 45-65 degrees to the southeast

Finally, the Company completed an eight hole drill program testing the near surface oxide potential at the Candelones Connector deposit, 1000 metres to the west of the Candelones Extension. Significant results were reported in press release 2017-01 (February 1, 2017), including:

- DCZ16-49; 17.0m @ 0.5 g/t Au, 1.8 g/t Ag
- DCZ16-50; 14.0m @ 0.7 g/t Au, 1.1 g/t Ag and
- DCZ16-52; 8.6m @ 0.8 g/t Au, 6.8 g/t Ag

These results expanded the footprint of the previously identified near surface oxide resource to the east and north. The oxide resource remains open.

In total, 31 holes (9,350m) were completed in the second half of 2016.

The Company's objective continues to be to increase the quantity (size), quality (grade) and confidence level (classification) of the 2013 and 2015 mineral resource estimates. (For more information please see the Technical Reports available on the company website www.unigoldinc.com or at www.sedar.com).

Metallurgy

In 2014, SGS Mineral Services SA, Santiago, Chile completed metallurgical tests on a bulk sample collected from the Candelones Extension drill core. The composite samples were selected to mimic the average grades of the mineral resource, approximately 1.60 g/t Au. The testing indicated:

- Gold recoveries of 89% with copper recoveries of 88% to a sulphide concentrate at a 16% mass pull;
- The concentrate contains no levels of elements that would incur downstream processing penalties;
- 30% of the gold recovered in gravity circuit tests;
- Results consistent with initial metallurgical test work reported in 2012; and
- Multiple final processing solutions to produce either gold doré at site or to pursue in-country concentrate processing remain open to the Company.

There has been no test work completed on the higher grade mineralization intersected by recent exploration drilling. Unigold believes that the higher grades intersected in recent exploration drilling will have a positive impact on the overall metallurgy, particularly the gold and copper grade of the sulphide concentrate.

The material categories of exploration and evaluation assets are summarized below:

	December 31, As at 2015	Year to date expenditures	December 31, 2016
Consulting (contract geologists and other technical specialists)	\$ 6,210,221	\$ 452,968	\$ 6,663,189
Drilling (including supplies and logistics expenses)	12,943,717	318,733	13,262,450
Field expense (including geochemistry and geophysics)	2,220,332	68,943	2,289,275
Laboratory analysis	4,439,622	200,913	4,640,535
Travel	1,538,751	3,679	1,542,430
Wages & salaries	4,090,043	310,642	4,400,685
Other (includes legal costs, capitalized depreciation)	5,693,208	509,227	6,202,435
	\$ 37,135,894	\$ 1,865,105	\$ 39,000,999

Exploration Outlook

In 2017, Unigold's ability to undertake exploration will depend on renewing its license to explore the Neita concession and raising funds and/or entering into another transaction (such a joint venture, property sale or a merger) to continue exploration. If funding were available to the Company, the planned exploration program in 2017 could include: horizontal gradient airborne MAG to assist prioritizing drill targets; high resolution airborne photography to generate a hyper accurate topographic base for the concession; a deep-penetration Induced Polarization survey to identify deep, high-grade massive sulphide systems similar to target A; an infill drilling program focusing on the high-grade zones for resource definition at the Candelones Extension; exploration drilling to test geophysical and structural anomalies proximal to the Candelones Extension deposit; and metallurgical testing to evaluate the metallurgical recovery of the oxide mineralization.

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,	2016	2015	2014
Net loss for the year	\$ (1,187,704)	\$ (791,903)	\$ (2,089,177)
Net loss per share	(0.03)	(0.03)	(0.09)
Total assets	42,495,258	38,758,327	38,311,980
Long-term financial liabilities	nil	nil	nil
Dividends	nil	nil	nil

Results of Operations

For the year ended December 31, 2016, the Company recorded a loss of \$1,187,704 or \$ 0.03 per share, compared with a loss of \$791,903 or \$ 0.03 per share in 2015.

Compensation, including salaries, non-cash stock-based compensation and directors' fees, totalled \$826,597 (2015 – \$477,635). The Company granted stock options valued at \$487,034 (2015 – \$132,269) which accounts for the increase. This share-based payment is a non-cash expense.

Travel and business development expenses increased to \$75,389 from \$20,638. The Company resumed marketing initiatives in advance of the stock offering and continued them in the fall with the objective of attracting new investors.

The material components of general and administrative costs are detailed below.

	2016	2015
Rent	\$ 10,738	\$ 48,826
Insurance	34,159	41,526
Computer supplies and support	33,551	25,805
Telecommunications	4,971	3,877
Other	13,294	9,886
Total	\$ 96,713	\$ 129,920

The Company surrendered its office in Toronto January 2016 when the lease expired and is renting office space from another company, which is the reason for the decrease in rent expense from 2015.

The May 2016 financing raised gross proceeds of \$4.8M. The funds were invested in a one-year cashable guaranteed investment with a major Canadian bank. As a result of the investment of the additional funds, investment income increased to \$19,767 (2015 – \$1,972).

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.

Market appetite for investing in resource stocks is at a historically very low level. The price of gold declined significantly over the last three years, from U.S. \$1,664 per ounce at January 1, 2013 to U.S. \$1,062 December 31, 2015 (London fix). The price recovered somewhat in 2016 ending the year at U.S. \$1,159. Most resource companies have seen significant stock price erosion over the last four years. M&A activities and financing activities are also at extremely low levels. Globally, resource nationalism has made investors wary. Many major projects have been deferred or cancelled. There has been a continuing sell-off at the junior end of the market that is starving junior exploration companies of capital. Investors are looking for low-risk, near-term, high yield opportunities that the junior mining sector cannot currently provide. The Company may not be able to raise capital in these markets or, if financing is possible, it may be small to limit dilution.

Despite these market conditions, Unigold was able to raise \$1M in 2015 and \$4.8M in 2016 that it has used to continue exploration in the Dominican Republic. In June 2015, Unigold raised gross proceeds of \$1,020,000 from a non-brokered private placement with Osisko Gold Royalties Ltd. ("Osisko"). In order to effect the private

placement, the Company was required to consolidate the shares on a 10-for-1 basis in order to increase the share price to above the minimum set by the TSX Venture Exchange for a sale of shares.

On May 25, 2016, Unigold Inc. closed a private placement of 16,000,000 units of the Company (the "Units") at a price of \$0.30 per Unit for gross proceeds of \$4,800,000. Each Unit consists of one common share of the Company (a "Unit Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one common share of the Company (a "Warrant Share" and together with the Units, Unit Shares, and Warrants, the "Securities") at an exercise price of \$0.45 at any time prior to May 25, 2018. The Company has the right to accelerate the expiry date of the Warrants on notice to the holders of Warrants if the closing price of the Company's common shares on a stock exchange in Canada is higher than \$0.90 per common share for more than 20 consecutive trading days at any time after September 26, 2016, in which case the Warrants will expire 30 days after the date on which such notice is given.

In connection with the closing of the Private Placement, the Company issued an aggregate of 1,120,000 broker units (the "Broker Units") and paid an aggregate of \$343,324 in cash to the agents. Each Broker Unit entitles the holder thereof to purchase one unit of the Company until May 25, 2018 at an exercise price of \$0.30 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company having the same terms as the Warrants.

The Securities, the Broker Units and the securities issuable upon the exercise of the Broker Units were subject to a four-month hold period that expired September 26, 2016. The proceeds from the Private Placement are being used to fund the Company's continued exploration and development of its gold assets in the Dominion Republic, and for general working capital purposes.

Many of Unigold's costs are denominated in U.S. \$. The Canadian \$ weakened compared to the U.S. \$ throughout 2015 from \$0.85 to \$0.71 which impacted activities in 2016 as costs denominated in Canadian \$ rose. The Canadian dollar closed fiscal 2016 up slightly at U.S \$0.74.

The Company had issued approximately one million warrants with expiry dates in 2015. All expired unexercised during 2015. No warrants had expiry dates in 2016. In 2016, 150,000 options were exercised (2015 – nil) and 327,500 stock options expired or were cancelled (2015 – 795,000).

As at December 31, 2016, the Company has working capital of \$2,568,555 (2015 – \$473,967) and cash balances of \$2,594,593 (2015 – \$596,348) to settle current accounts payable and accrued liabilities of \$77,913 (2015 – \$154,932).

Financial Outlook

Unigold has adequate cash available at December 31, 2016 to continue its operations.

Exploration or in-fill drilling will not resume in 2017 until the exploration concession is renewed.

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:

(\$ thousands, except per share amounts)	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	–	–	–	–	–	–	–	–
Net loss	(249)	(140)	(636)	(163)	(125)	(309)	(140)	(217)
Net loss per share: Basic and diluted	(0.00)	(0.00)	(0.02)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)
Acquisition of exploration and evaluation assets	245	743	208	371	416	84	71	204

The net loss in Q2 2016 includes a non-cash share based payment of \$487,034. Acquisition of exploration and evaluation activities varies on the level and type of activity with drilling consuming the most funds. In 2015, one drill operated in one month of Q4. In 2016, one drill operated in for two months in Q1, three months in Q3 and two months in Q4.

Related Party Transactions

Included in the accounts for the years ended December 31, 2016 and 2015 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,	2016	2015
Management services fees paid to corporations controlled by or under significant influence of an officer of the Company	\$ 308,075	\$ 56,221
Professional fees paid to officers or former officers	205,800	216,475
	\$ 513,875	\$ 272,696

In 2015, exploration expenses were paid by Unigold's Toronto office. In 2016, the exploration activities were handled by a contractor, which is the reason for the increase in management service fees. 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'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 estimated as follows:

Year	Total	2017	2018	2019	2020	2021
Office lease	\$ 8,000	\$ 8,000	\$ –	\$ –	\$ –	\$ –
Services	128,000	128,000	–	–	–	–
	\$ 136,000	\$ 136,000	\$ –	\$ –	\$ –	\$ –

In connection with the 2013 private placement, an investment agreement was signed which gives the International Finance Corporation ("IFC") the right to participate in future equity financings by Unigold on a pro rata basis to its non-diluted shareholding at the applicable time as long as the IFC holds Unigold shares equal to at least 2% of the issued and outstanding Unigold shares on a non-diluted basis. The IFC did not participate in the 2015 private placement.

In connection with the 2015 private placement, an investment agreement was signed which gives Osisko the following rights:

(i) Participation Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold shares on a non-diluted basis, Osisko will have the right to participate in future equity financings by Unigold on a pro rata basis to its non-diluted shareholding at the applicable time.

(ii) Nomination Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold Shares on a non-diluted basis, Osisko will be entitled to nominate the greater of: (a) two (2) nominees, and (b) the number of nominees obtained by multiplying Osisko's percentage ownership of Unigold shares (on a non-diluted basis) by the number of directors Unigold's management slate of nominees proposed to the Board (fractional numbers being rounded down to the nearest whole number) at any meeting of shareholders of Unigold.

(iii) Royalty Option: Osisko will be granted an option to purchase a 2% net smelter return ("NSR") royalty on Unigold's Neita property for a consideration of \$2,000,000, exercisable 90 days following the delivery of a feasibility study. Once exercised, Unigold will have the right to repurchase a 1% NSR (being 50% of the 2% NSR held by Osisko) for \$1,000,000 until 90 days following the achievement of commercial production.

(iv) Royalty/Stream Right: As long as Osisko holds Unigold Shares equal to at least 10% of the issued and outstanding Unigold Shares on a non-diluted basis, Osisko will have the right of first refusal over any royalty, stream, forward, off-take, gold loan or other agreement involving the sale of a similar interest in products from properties of Unigold that Unigold proposes to enter into from time to time. In the event that Osisko does not exercise its right of first refusal, Unigold may thereafter offer such right to a third party on terms no more favourable to such third party than those offered to Osisko.

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. The Dominican Republic is subject to an annual rainy season from approximately April to October which results in a small cost increase on field operations. Exploration and evaluation expenditures are higher in quarters when drilling is under way.

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 policy of capitalizing exploration costs on its properties and the valuation of such properties, and the stock-based compensation calculation.

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. 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 comparable in the estimate of future volatilities.

Environmental Matters

In the risks section above, reference was made to several risks affecting 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. There were no reportable environmental compliance events during the period.

Corporate Social Responsibility ("CSR"), Safety, Health and Environment

The Company engages in and adheres to the principles of sound Corporate Social Responsibility with the local communities and people where it operates. While the company recognizes that the funds to achieve these goals are derived from shareholders investment in the company, it also believes that those same shareholders recognize that pragmatic and cost effective CSR activity benefits all stakeholders and enables ongoing field activity with the support of local leaders, government, landowners and the community in general.

There were no lost time accidents or reportable environmental events during the period.

Future Accounting Changes

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, 2015, 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; and
- IFRS 16, *Leases*, bring all leases onto the balance sheet.

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, 2018, and IFRS 16 is effective for the Company's fiscal year starting January 1, 2019.

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.

Liquidity Risk

As at December 31, 2016, the Company has working capital of \$2,568,555 (2015 – \$473,967). As of December 31, 2016, the Company has cash balances of \$2,594,593 (2015 – \$596,348) to settle current accounts payable and accrued liabilities of \$77,913 (2015 – \$154,932).

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, 2015. 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, 2016, interest rate risk is minimal since the Company has no interest-bearing debt instruments.

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, 2016, the Company had cash balances denominated in United States dollars ("U.S. \$") of \$192,700 (2015 – \$14,713). U.S. \$ payables as at December 31, 2016 were 13,248 (2015 – U.S. nil).

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. \$ 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, 2015. 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 its 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.

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. The Company is not subject to externally imposed capital requirements.

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.

The Company has evaluated its internal controls over financial reporting and believes that as of the report date, its systems of internal controls over financial reporting are sufficiently designed and maintained to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Certain weaknesses in its systems are apparent. These weaknesses arise primarily from the limited number of personnel employed in the accounting and financial reporting area, a situation that is common in smaller companies. As a consequence of this situation:

- a) It is not feasible to achieve the complete segregation of duties; and
- b) The Company does not have full competency "in House" in complex areas of financial accounting, such as taxation.

The Company believes these weaknesses are mitigated by:

- a) The nature and present levels of activities and transactions within the Company being readily transparent;
- b) The thorough review of the Company's financial statements by senior management and the audit committee of the board of directors;
- c) By the assistance and advice rendered by the Company's auditors; and,
- d) By the active participation of senior management in monitoring financial reporting.

Nevertheless, these mitigating factors cannot eliminate the possibility that a material misstatement will occur as a result of the aforesaid weaknesses in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

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, 2016.

Outstanding Share Data

Details about the Company's capitalization as at April 13, 2017 are as follows:

Common shares issued and outstanding	45,621,309
Potential issuance of common shares – warrants	19,740,000
Stock options issued to directors, employees, officers and consultants	3,830,000

Qualified Person

The foregoing scientific and technical information has been prepared or reviewed by Wes Hanson, P.Geo., the Chief Operating Officer and Technical Director of the Company. He also supervises all work associated with the Company's exploration programs in the Dominican Republic. Mr. Hanson is a "qualified person" within the meaning of National Instrument 43-101. W. Lewis P. Geo. and A. San Martin MAusIMM(CP), both employed by Micon have reviewed and approved statements associated with the mineral resource estimates.

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.

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.

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.

Anti-Corruption Legislation

Unigold is subject to Canada's Corruption of Foreign Public Officials Act (the "Anti-Corruption Legislation"), which prohibits Unigold or any officer, director, employee or agent of Unigold or any shareholder of Unigold acting on its behalf from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The Anti-Corruption Legislation also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. Unigold's international activities create the risk of unauthorized payments or offers of payments by Unigold's employees, consultants or agents, even though they may not always be subject to Unigold's control. Unigold discourages these practices by its employees and agents. However, Unigold's existing safeguards and any future improvements may prove to be less than effective, and Unigold's employees, consultants and agents may engage in conduct for which Unigold might be held responsible. Any failure by Unigold to adopt appropriate compliance procedures and ensure that Unigold's employees and agents comply with the Anti-Corruption Legislation and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on Unigold's ability to conduct business in certain foreign jurisdictions, which may have a material adverse impact on Unigold and its share price.

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 mill-feed 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.

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, Chief Financial Officer and Secretary, and Chief Operating 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 exposing the Company to potential significant foreign currency translation and transaction exposures, 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.

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.

Resource Nationalism

Resource nationalism is the tendency of people and governments to assert control over natural resources located on their territory. The Company's exploration activities are conducted in foreign jurisdictions could be exposed to a risk that governmental expropriation or non-renewal of licenses to operate, demands for state or local investor participation, changes in taxes and royalties, or demands for local content/value add that could result in a partial/total loss of the Company's property interests without compensation.

Social License to Operate

The social licence is the level of acceptance or approval continually granted to a company's operations or project by local community and other stakeholders. It is usually informal and intangible, and is granted by a community based on the opinions and views of stakeholders, including local populations, aboriginal groups, and other interested parties. Due to this intangibility, it can be difficult to determine when social license has been achieved for a project. Social license may manifest in a variety of ways, ranging from absence of opposition to vocal support or even advocacy, and these various levels of social license (as well as, of course, the absence of social license) may occur at the same time among different interested parties. It is distinct from regulatory license, which can typically only be conferred by governments. Local communities and influential groups may have the power to slow or stop development.

UNIGOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2016 and 2015
Expressed in Canadian Dollars

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management has prepared the information and representations in this 2016 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.

In the opinion of management, 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.

UHY McGovern Hurley LLP, Chartered Professional Accountants, have audited the 2016 consolidated financial statements and their report outlines the scope of their examination and gives their opinion on the 2016 consolidated financial statements.

s/ Joseph Del Campo
Interim Chief Executive Officer

s/ John Green
Chief Financial Officer

April 13, 2017

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, 2016 and 2015, and the consolidated statements of changes in shareholders' equity, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows for the years then ended, 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, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 13, 2017

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

As at,	December 31, 2016	December 31, 2015
Assets		
Current assets		
Cash	\$ 2,594,593	\$ 596,348
Other receivables	32,468	8,608
Other financial assets and prepaids	19,407	23,943
Total current assets	2,646,468	628,899
Non-current assets		
Property, plant and equipment (Note 6)	564,044	709,787
Exploration properties (Note 7)	283,747	283,747
Exploration and evaluation assets (Note 7)	39,000,999	37,135,894
Total assets	\$ 42,495,258	\$ 38,758,327
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 77,913	\$ 154,932
Total liabilities	77,913	154,932
Equity attributable to shareholders of the Company		
Share capital (Note 8(a))	57,299,940	55,075,544
Reserve for warrants (Note 8(b))	3,249,939	1,099,080
Reserve for share-based payments (Note 8(c))	1,671,314	1,304,771
Accumulated deficit	(19,806,679)	(18,878,831)
Total equity attributable to shareholders of the Company	42,414,514	38,600,564
Non-controlling interest	2,831	2,831
Total equity	42,417,345	38,603,395
Total liabilities and equity	\$ 42,495,258	\$ 38,758,327

Nature of operations (Note 1)

Going concern (Note 2)

Commitments and contingencies (Notes 7 and 16)

Approved on Behalf of the Board:

s/ Joseph Del Campo
Director

s/ Joseph Hamilton
Director

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

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

	Share capital		Warrants	Other reserves		Accumulated Deficit	Equity attributable to shareholders
	Number of shares	Amount		Share-based payments	Total other reserves		
Balance, December 31, 2014	24,371,309	\$ 54,094,860	\$ 1,389,382	\$ 2,446,170	\$ 3,835,552	\$ (19,670,493)	\$ 38,259,919
Transfer to deficit on expiry	–	–	(290,302)	(1,293,263)	(1,583,565)	1,583,565	–
Private placement, net of share issue costs	5,100,000	980,684	–	–	–	–	980,684
Share-based payment	–	–	–	151,864	151,864	–	151,864
Net loss for the year	–	–	–	–	–	(791,903)	(791,903)
Balance, December 31, 2015	29,471,309	\$ 55,075,544	\$ 1,099,080	\$ 1,304,771	\$ 2,403,851	\$ (18,878,831)	\$ 38,600,564
Transfer to deficit on expiry	–	–	–	(259,856)	(259,856)	259,856	–
Private placement, net of share issue costs	16,000,000	4,345,558	–	–	–	–	4,345,558
Warrants issued	–	(2,150,859)	2,150,859	–	2,150,859	–	–
Options exercised	150,000	29,697	–	(14,697)	(14,697)	–	15,000
Share-based payment	–	–	–	641,096	641,096	–	641,096
Net loss for the year	–	–	–	–	–	(1,187,704)	(1,187,704)
Balance, December 31, 2016	45,621,309	\$ 57,299,940	\$ 3,249,939	\$ 1,671,314	\$ 4,921,253	\$ (19,806,679)	\$ 42,414,514

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

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

For the year ended December 31,	2016	2015
Operating expenses		
Compensation (<i>Note 11</i>)	\$ 826,597	\$ 477,635
Professional and consulting fees	107,179	111,624
Travel and business development	75,389	20,638
Listing and shareholder information	72,036	63,658
General and administrative expenses	96,713	129,920
Amortization	1,064	3,295
Loss on disposal of equipment	4,608	1,587
Foreign exchange loss (gain)	23,885	(14,482)
Net loss for the year before the undernoted	(1,207,471)	(793,875)
Investment income	19,767	1,972
Net loss and comprehensive loss for the year	\$ (1,187,704)	\$ (791,903)
Net loss per share - basic and diluted (<i>Note 10</i>)	\$ (0.03)	\$ (0.03)

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,	2016	2015
Cash flows from operating activities		
Net loss for the year	\$ (1,187,704)	\$ (791,903)
Adjustments to add/(deduct) non-cash items		
Share-based payment	487,034	132,269
Amortization	1,064	3,295
Loss on disposal of equipment	4,608	1,587
Deduct investment income	(19,767)	(1,972)
	(714,765)	(656,724)
Working capital adjustments		
Other receivables	(8,748)	8,694
Other financial assets and prepaids	4,535	13,380
Accounts payable and accrued liabilities	(72,781)	105,701
Net cash flows from operating activities	(791,759)	(528,949)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,920)	–
Disposal of property, plant and equipment	265	72,324
Acquisition of exploration and evaluation assets	(1,571,555)	(568,533)
Investment income	4,656	1,972
Net cash flows from investing activities	(1,570,554)	(494,237)
Cash flows from financing activities		
Private placement (Note 8(a))	4,800,000	1,020,000
Share issue costs	(454,442)	(39,316)
Exercise of options	15,000	–
Net cash flows from financing activities	4,360,558	980,684
Net increase (decrease) in cash	1,998,245	(42,502)
Cash, beginning of year	596,348	638,850
Cash, end of year	\$ 2,594,593	\$ 596,348

Supplemental information pertaining to cash flows (Note 13)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

Expressed in Canadian dollars unless otherwise stated.

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. The Company’s executive office is located at 44 Victoria Street, Suite 1102, 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 97% 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 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 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 and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. 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, social and environmental requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

Expressed in Canadian dollars unless otherwise stated.

4. Summary of Significant Accounting Policies

(a) Statement of compliance

The accounting policies applied in these consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of April 13, 2017, the date the Board of Directors approved these financial statements. The policies set out below have been consistently applied to all periods presented.

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. 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 pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

(d) Foreign currencies

The Company and its subsidiaries consider the Canadian dollar to be their functional currency of its primary operations. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 profit or loss. The Company's presentation currency is the Canadian dollar.

(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

Property, plant and equipment are 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 property, plant and equipment related to exploration activities has been capitalized to exploration and evaluation costs.

Property, plant and equipment are 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 profit or 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 that 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 profit or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(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, 2016 and 2015.

(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.

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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 payments

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, *Note 9*.

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 reserve for share-based payments.

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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

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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, accounts payable and accrued liabilities.

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. Accounts payable and accrued liabilities 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 profit or loss. 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, 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.

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(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. 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 profit or loss.

(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) Other comprehensive income or loss

Other 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, 2016 and 2015, the Company did not have any available-for-sale investments or derivative instruments.

(q) Income or loss per share

Basic income or loss per common share is calculated by dividing the income or loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted income or 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. This 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 loss per share calculation. The diluted 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, 2016 and 2015.

(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 finance leases at December 31, 2016 and 2015.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

Expressed in Canadian dollars unless otherwise stated.

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 that 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. In making this judgement, management has assessed various sources of information which may include 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 properties and exploration and evaluation assets

While assessing whether any indications of impairment exist for exploration properties and 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 may 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 properties and exploration and evaluation assets;

- ii. the inputs used in accounting for share-based payment expense. 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

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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;

- iii. the nil provision for restoration, rehabilitation and environmental obligations which is included in the consolidated statement of financial position. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine or restoration of the property. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities;
- iv. the estimated useful life of property, plant and equipment;
- v. the Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made; and
- vi. the existence and estimated amount of contingencies (*Note 16*).

6. Property, Plant and Equipment

Cost	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance December 31, 2014	\$ 13,771	\$ 15,626	\$ 138,173	\$ 158,563	\$ 1,396,041	\$ 338,239	\$ 2,060,413
Additions	–	–	–	–	–	–	–
Disposals/transfer	–	(753)	(7,691)	(81,247)	–	(13,514)	(103,205)
Balance December 31, 2015	\$ 13,771	\$ 14,873	\$ 130,482	\$ 77,316	\$ 1,396,041	\$ 324,725	\$ 1,957,208
Additions	–	–	–	–	–	3,920	3,920
Disposals/transfer	–	(14,873)	–	–	–	–	(14,873)
Balance December 31, 2016	\$ 13,771	\$ –	\$ 130,482	\$ 77,316	\$ 1,396,041	\$ 328,645	\$ 1,946,255

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Amortization and impairment	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance December 31, 2014	\$ –	\$ 9,225	\$ 76,080	\$ 86,530	\$ 796,425	\$ 147,073	\$ 1,115,333
Amortization	–	1,235	18,447	13,856	119,924	37,003	190,465
Disposals/transfer	–	(460)	(5,827)	(46,793)	–	(5,297)	(58,377)
Balance December 31, 2015	\$ –	\$ 10,000	\$ 88,700	\$ 53,593	\$ 916,349	\$ 178,779	\$ 1,247,421
Amortization	–	–	12,536	7,116	95,950	29,188	144,790
Disposals/transfer	–	(10,000)	–	–	–	–	(10,000)
Balance December 31, 2016	\$ –	\$ –	\$ 101,236	\$ 60,709	\$ 1,012,299	\$ 207,967	\$ 1,382,211

Carrying amounts	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
At December 31, 2015	13,771	4,873	41,782	23,723	479,692	145,946	709,787
At December 31, 2016	13,771	–	29,246	16,607	383,742	120,678	564,044

Vehicles, field equipment and camp and buildings relate to the Company's exploration activities. During the year ended December 31, 2016, \$143,726 (2015 – \$187,171) of amortization was capitalized to exploration and evaluation assets.

7. Exploration Properties and Exploration and Evaluation Assets

Exploration properties and exploration and evaluation assets consist of the following:

	Balance December 31, 2014	2015 Additions/ (Impairment)	Balance December 31, 2015	2016 Additions/ (Impairment)	Balance December 31, 2016
Exploration property interests					
Neita, Dominican Republic	\$ 283,747	\$ –	\$ 283,747	\$ –	\$ 283,747
Exploration and evaluation assets					
Neita, Dominican Republic	\$ 36,389,678	\$ 746,216	\$ 37,135,894	\$ 1,865,105	\$ 39,000,999

Neita Property

The Company owns 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on the Neita Property in the northwestern Dominican Republic, as well as a sole and exclusive option for the commercial mining of the mineral deposits, subject to a new license renewal. In March 2012, Unigold's license was renewed until 2015. In 2015, the Company applied for and was granted a one-year license extension as permitted under Dominican law. Subsequent to December 31, 2015, Unigold was granted an additional one-year extension in February 2016. During the year ended December 31, 2016, \$143,726 (2015 – \$187,171) of amortization was capitalized to exploration and evaluation assets and \$154,062 (2015 – \$19,595) of non-cash share-based expenses were capitalized to exploration and evaluation assets. See Note 16(g) regarding net smelter return commitment.

As at April 13, 2017, the concession is expired but, pertaining to the prerogatives set forth by Article 16 of the Mining Law Application Rules, management understands that the exclusive right of the concession area is protected by the application of a new exploration concession, which was duly filed by the Company on November 26th, 2016. As at April 13, 2017, the Dominican Republic General Mines Direction is analyzing the exploration concession

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application. To the knowledge of management, there are no technical issues that would justify the denial of the application.

8. 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 45,621,309 shares as at December 31, 2016 (2015 – 29,471,309). The Company consolidated the common shares of the Company on the basis of one (1) new common share for every ten (10) common shares issued and outstanding (the "Consolidation"). The Consolidation was approved by shareholders of Unigold at the annual and special meeting of shareholders held on March 31, 2015 and became effective as of June 24, 2015. All references to common shares outstanding, per share amounts, warrants and options have been retroactively restated to reflect the Consolidation.

On May 25, 2016, Unigold closed a private placement of 16,000,000 units of the Company at a price of \$0.30 per unit for gross proceeds of \$4,800,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.45 at any time prior to May 25, 2018. The Company has the right to accelerate the expiry date of the warrants on notice to the holders of warrants if the closing price of the Company's common shares on a stock exchange in Canada is higher than \$0.90 per common share for more than 20 consecutive trading days at any time after September 26, 2016, in which case the warrants will expire 30 days after the date on which such notice is given.

In connection with the closing of the private placement, the Company issued an aggregate of 1,120,000 broker units and paid an aggregate of \$343,324 in cash to the agents. Each broker unit entitles the holder thereof to purchase one unit of the Company until May 25, 2018 at an exercise price of \$0.30 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company having the same terms as the May 25, 2016 warrants.

On June 25, 2015, Unigold issued 5,100,000 post-consolidation common shares at a price of \$0.20 per share for aggregate gross proceeds of \$1,020,000. See also Note 16(g).

	Year ended December 31, 2016		Year ended December 31, 2015	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance, beginning of year	29,471,309	55,075,544	24,371,309	54,094,860
Private placements	16,000,000	4,800,000	5,100,000	1,020,000
Cash share issue costs	–	(454,442)	–	(39,316)
Value assigned to warrants issued	–	(1,990,736)	–	–
Value assigned to broker units	–	(160,123)	–	–
Option exercise	150,000	15,000	–	–
Option exercise-transfer of valuation	–	14,697	–	–
Balance, end of year	45,621,309	57,299,940	29,471,309	55,075,544

(b) Reserve for warrants

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

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	Year ended December 31, 2016			Year ended December 31, 2015		
	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 year	1,500,000	5.00	\$ 1,099,080	2,542,500	3.56	\$ 1,389,382
Expired – transferred to deficit	–	–	–	(1,042,500)	1.50	(290,302)
Private placement	16,000,000	0.45	1,990,736	–	–	–
Broker Units	1,120,000	0.30	160,123	–	–	–
Balance, end of year	18,620,000	0.81	\$ 3,249,939	1,500,000	5.00	\$ 1,099,080

As a result of the private placement financing in May 2016, the Company issued 16,000,000 warrants. Each Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.45 at any time prior to May 25, 2018. The Company has the right to accelerate the expiry date of the Warrants on notice to the holders of Warrants if the closing price of the Company's common shares on a stock exchange in Canada is higher than \$0.90 per common share for more than 20 consecutive trading days at any time after September 26, 2016, in which case the Warrants will expire 30 days after the date on which such notice is given.

The fair value of the warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected life	2 years
Expected volatility	245 %
Risk-free rate	0.63%
Expected annual dividend	Nil
Grant date fair value	\$0.124

In connection with the closing of the Private Placement, the Company issued an aggregate of 1,120,000 broker units (the "Broker Units"). Each Broker Unit entitles the holder thereof to purchase one unit of the Company until May 25, 2018 at an exercise price of \$0.30 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company having the same terms as the Warrants.

The fair value of the broker warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected life	2 years
Expected volatility	245 %
Risk-free rate	0.63%
Expected annual dividend	Nil
Grant date fair value	\$0.143

As a result of the International Finance Corporation ("IFC") financing in September 2013, the Company issued 1,500,000 IFC Warrants to purchase common shares of the Company at a price of \$5.00 per share until June 10, 2017. An "accelerator clause" applies to 50% of the warrants. If the Company has filed a NI 43-101 compliant mineral resource estimate outlining 3,000,000 ounces of gold and the stock price trades above \$10.00 for thirty days, then Unigold may call for exercise of 50% of the warrants that, if not exercised, will expire in 60 days.

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At December 31, the Company had warrants issued as follows:

Exercise Price	2016			2015			Expiry Date
	Number of Warrants Outstanding	Weighted Average Contractual Life - Years	Number of Warrants Exercisable	Number of Warrants Outstanding	Weighted Average Contractual Life - Years	Number of Warrants Exercisable	
\$5.00	1,500,000	0.4	1,500,000	1,500,000	1.4	1,500,000	June 10, 2017
\$0.45	16,000,000	1.4	16,000,000	–	–	–	May 25, 2018
\$0.30	1,120,000	1.4	1,120,000	–	–	–	May 25, 2018
\$0.81	18,620,000	1.3	18,620,000	1,500,000	1.4	1,500,000	

(c) Reserve for share-based payments

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

	Year ended December 31, 2016	Year ended December 31, 2015
Balance, beginning of year	\$ 1,304,771	\$ 2,446,170
Expired/forfeited – transferred to deficit	(259,856)	(1,293,263)
Granted – employee stock options	641,096	151,864
Exercised	(14,697)	–
Balance, end of year	\$ 1,671,314	\$ 1,304,771

9. 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, 2016		Year ended December 31, 2015	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	2,507,500	\$0.76	1,752,500	\$1.90
Granted	1,800,000	0.36	1,550,000	0.10
Expired/forfeited	(327,500)	1.29	(795,000)	1.99
Exercised	(150,000)	0.10	–	–
Outstanding, end of year	3,830,000	\$0.55	2,507,500	\$0.76

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

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Exercise Price	2016			2015			Expiry Date
	Number of Options Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Options Exercisable	Number of Options Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Options Exercisable	
\$1.10	–	–	–	270,000	0.9	270,000	Nov.17, 2016
\$3.30	240,000	0.5	240,000	270,000	1.5	270,000	Jun.26, 2017
\$2.80	75,000	1.2	75,000	75,000	2.2	75,000	Mar.27,2018
\$1.00	315,000	1.5	315,000	342,500	2.5	342,500	July 3, 2018
\$0.10	1,400,000	3.8	1,400,000	1,550,000	4.8	1,550,000	Sep.30,2020
\$0.35	1,700,000	4.5	1,700,000	–	–	–	June 22,2021
\$0.50	100,000	4.6	100,000	–	–	–	July 21,2021
\$0.55	3,830,000	3.7	3,830,000	2,507,500	3.6	2,507,500	

During the year ended December 31, 2016, the Company granted 1,800,000 stock options to officers, directors and consultants. The options vested immediately. The grant date fair value of the options was estimated based on the Black-Scholes option-pricing model, using the assumptions below:

Grant date	June 22, 2016	July 21, 2016
Number of stock options granted	1,700,000	100,000
Exercise price	\$0.35	\$0.50
Expected life	5.0 years	5.0 years
Expected volatility	245%	245%
Risk-free rate	0.7%	0.7%
Expected annual dividends	\$ nil	\$ nil
Expected forfeitures	Nil	Nil
Grant date fair value	\$ 0.35	\$0.50

During the year ended December 31, 2015, the Company granted 1,550,000 stock options to officers, directors and consultants. The options vested immediately. The grant date fair value of the options was estimated based on the Black-Scholes option-pricing model, using the assumptions below:

Grant date	September 30, 2015
Number of stock options granted	1,550,000
Exercise price	\$0.10
Expected life	5.0 years
Expected volatility	207%
Risk-free rate	0.81%
Expected annual dividends	\$nil
Expected forfeitures	nil
Grant date fair value	\$0.098

As at December 31, 2016, there are 732,131 options available for grant (2015 – 439,631). During the year ended December 31, 2016, share-based payment expense of \$641,096 was recorded (2015 – \$151,864). Of this amount \$154,062 (2015 – \$19,595) was capitalized to exploration and evaluation assets. The weighted average exercise price of stock options exercisable as at December 31, 2016 is \$0.55 (2015 – \$0.76).

10. Net Loss per Share

For the years ended December 31, 2016 and 2015, 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.

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Year ended December 31,	2016	2015
Loss attributable to shareholders	\$ (1,187,704)	\$ (791,903)
Weighted average number of shares-basic	39,165,025	27,012,131
Basic loss per share	\$ (0.03)	\$ (0.03)
Incremental shares on assumed exercise of options and warrants	—	—
Weighted average number of shares-diluted	39,165,025	27,012,131
Diluted loss per share	\$ (0.03)	\$ (0.03)

11. Compensation

The compensation expense of the Company for the years ended December 31, 2016 and 2015 was as follows:

	2016	2015
Salaries and non-wage costs	\$ 219,563	\$ 240,366
Directors' fees	120,000	105,000
Share-based payment	487,034	132,269
	\$ 826,597	\$ 477,635

In 2015, the Directors' fees of \$105,000 were accrued but not paid. The fees were paid in 2016.

12. 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 key managers working for Unigold are independent contractors. The remuneration of directors and key management of the Company for the years ended December 31, 2016 and 2015 was as follows:

Year ended December 31,	2016	2015
Aggregate compensation	\$ 633,875	\$ 377,696
Share-based payments	574,004	146,970
	\$ 1,207,879	\$ 524,666

Included in the accounts for the years ended December 31, 2016 and 2015 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,	2016	2015
Management services fees paid to corporations controlled by or under significant influence of an officer of the Company	\$ 308,075	\$ 56,221
Professional fees paid to officers or former officers	205,800	216,475
	\$ 513,875	\$ 272,696

The payments made to insiders are included in aggregate compensation.

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13. Supplemental Information Pertaining to Cash Flow

Year ended December 31,	2016	2015
Income taxes paid	\$ –	\$ –
Change in accrued exploration and evaluation assets	4,238	3,968
Amortization included in exploration and evaluation assets (<i>Note 7</i>)	143,476	187,171
Share-based payments charged to exploration and evaluation assets (<i>Note 7</i>)	154,062	19,595

14. 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 during 2016 and 2015.

(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 and other receivables.

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, 2016. Management believes that the credit risk concentration with respect to financial instruments included in other receivables is minimal.

(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, 2016, the Company has working capital of \$2,568,555 (2015 – \$473,967). As of December 31, 2016, the Company has cash balances of \$2,594,593 (2015 – \$596,348) to settle current accounts payable and accrued liabilities of \$77,913 (2015 – \$154,932). The Company's other current assets consist of other receivables of \$32,468 (2015 – \$8,608) and other financial assets and prepaids of \$19,407 (2015 – \$23,943).

The Company's ability to meet its financial obligations is dependent upon securing financing. See *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.

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(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, 2016, the Company had cash balances denominated in United States dollars ("U.S. \$") of \$192,700 (2015 – \$14,713). U.S. \$ payables as at December 31, 2016 were 13,248 (2015 – U.S. nil).

Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have resulted in a significant fluctuation in the loss for the year ended December 31, 2016. 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 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, 2016, interest rate risk is minimal since the Company has no interest-bearing debt instruments.

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, 2016.

(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, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

The following is a summary of the Company's financial instruments as at December 31, 2016 and 2015:

	As at December 31, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	\$ 2,594,593	\$ 2,594,593	\$ 596,348	\$ 596,348
Other receivables	32,468	32,468	8,608	8,608
Accounts payable and accrued liabilities	77,913	77,913	154,932	154,932

15. Capital Risk Management

The Company considers its capital structure to consist of equity attributable to shareholders of the Company which at December 31, 2016 was \$42,414,514 (2015 – \$38,600,564). 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

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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. The Company and its subsidiaries are not subject to externally imposed capital requirements other than the capital requirements of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

16. 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's exploration activities are subject to various 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.

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.

(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 up to \$14,000 be paid on termination for other than cause. The Dominican Republic has laws requiring payments of approximately \$84,000 if those employees are terminated. As the triggering event has not taken place, 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	2017	2018	2019	2020	2021
Office lease	\$ 8,000	\$ 8,000	\$ –	\$ –	\$ –	\$ –
Services	128,000	128,000	–	–	–	–
	\$ 136,000	\$ 136,000	\$ –	\$ –	\$ –	\$ –

The Company has entered into a lease for office premises. The lease has a life of one year (December 31, 2015 – 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

Expressed in Canadian dollars unless otherwise stated.

Year ended December 31,	2016	2015
Lease payments	\$ 6,011	\$ 48,826

Non-cancellable operating lease commitments:

	As at December 31, 2016	December 31, 2015
Within one year	\$ 8,000	\$ 6,000
After one year but not more than five years	–	–
More than five years	–	–

(f) 2013 Private Placement

In connection with the 2013 private placement, an investment agreement was signed which gives the International Finance Corporation (“IFC”) the right to participate in future equity financings by Unigold on a pro rata basis to its non-diluted shareholding at the applicable time as long as the IFC holds Unigold shares equal to at least 2% of the issued and outstanding Unigold shares on a non-diluted basis. The IFC did not participate in the 2015 or 2016 private placements.

(g) 2015 Private Placement

In connection with the 2015 private placement, an investment agreement was signed which gives Osisko Gold Royalties Ltd. (“Osisko”) the following rights:

(i) Participation Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold shares on a non-diluted basis, Osisko will have the right to participate in future equity financings by Unigold on a pro rata basis to its non-diluted shareholding at the applicable time. Osisko exercised its right and participated in the 2016 financing.

(ii) Nomination Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold Shares on a non-diluted basis, Osisko will be entitled to nominate the greater of: (a) two (2) nominees, and (b) the number of nominees obtained by multiplying Osisko’s percentage ownership of Unigold Shares (on a non-diluted basis) by the number of directors Unigold’s management slate of nominees proposed to the Board (fractional numbers being rounded down to the nearest whole number) at any meeting of shareholders of Unigold.

(iii) Royalty Option: Osisko will be granted an option to purchase a 2% net smelter return (“NSR”) royalty on Unigold’s Neita property for a consideration of \$2,000,000, exercisable 90 days following the delivery of a feasibility study. Once exercised, Unigold will have the right to repurchase a 1% NSR (being 50% of the 2% NSR held by Osisko) for \$1,000,000 until 90 days following the achievement of commercial production.

(iv) Royalty/Stream Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold shares on a non-diluted basis, Osisko will have the right of first refusal over any royalty, stream, forward, off-take, gold loan or other agreement involving the sale of a similar interest in products from properties of Unigold that Unigold proposes to enter into from time to time. In the event that Osisko does not exercise its right of first refusal, Unigold may thereafter offer such right to a third party on terms no more favourable to such third party than those offered to Osisko.

17. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

Expressed in Canadian dollars unless otherwise stated.

As at and for the year ended December 31, 2016

	Canada	Dominican Republic	Total
Assets	\$ 2,548,980	\$ 39,946,278	\$ 42,495,258
Liabilities	62,752	15,161	77,913
Amortization expense	(1,064)	–	(1,064)
Investment income	19,734	33	19,767
Financing expense	–	–	–
Other expenses	(1,178,186)	(30,349)	(1,208,535)

As at and for the year ended December 31, 2015

	Canada	Dominican Republic	Total
Assets	\$ 536,119	\$ 38,222,208	\$ 38,758,327
Liabilities	144,582	10,350	154,932
Amortization expense	(3,295)	–	(3,295)
Investment income	1,947	25	1,972
Financing expense	–	–	–
Other expenses	(793,629)	3,049	(790,580)

18. Tax Note**(a) Provision for Income Taxes**

Major items causing the Company's income tax rate to differ from the 2016 combined Canadian federal and provincial statutory rate of approximately 26.5% (2015 – 26.5%) were as follows:

Years ended December 31,	2016	2015
Loss before income taxes:	\$ (1,187,704)	\$ (791,903)
Expected income tax (recovery) based on statutory rate	(315,000)	(210,000)
Increase (decrease) resulting from:		
Share-based payment	170,000	40,000
Share issue costs	(120,000)	(10,000)
Expenses not deductible for tax purposes	9,000	–
Non capital losses expired	–	164,000
Capital gain	–	38,000
Other	(2,000)	(14,000)
Change in benefit of tax assets not recognized	258,000	(8,000)
	\$ –	\$ –

(b) Deferred Income Tax Balances

Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profits will be available against which the Company and its subsidiaries can utilize the benefits.

UNIGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS***For the years ended December 31, 2016 and 2015*

Expressed in Canadian dollars unless otherwise stated.

Years ended December 31,	2016	2015
Non-capital loss carry-forwards	\$ 16,775,000	\$ 15,644,000
Capital loss carry-forwards	7,091,000	7,091,000
Share issue costs	400,000	416,000
Exploration and evaluation assets	2,868,000	3,137,000
Property, plant and equipment	1,400,000	1,280,000
	\$ 28,534,000	\$ 27,568,000

The Company has approximately \$888,000 (2015 – \$888,000) and \$1,795,000 (2015 – \$1,795,000) of Canadian development expenses and Canadian exploration expenditures, respectively, and \$39,470,000 (2015 – \$37,873,000) of foreign exploration expenditures as at December 31, 2016 which, under certain circumstances, may be utilized to reduce taxable income of future years. As at December 31, 2016, the Company had available for deduction against future taxable income, non-capital losses in Canada of approximately \$16,775,000 (2015 – \$15,644,000) which expire as follows:

Year of Expiry	Amount
2026	\$ 959,000
2027	1,309,000
2028	665,000
2029	1,399,000
2030	1,630,000
2031	1,731,000
2032	2,481,000
2033	2,382,000
2034	2,026,000
2035	1,061,000
2036	1,132,000
	\$ 16,775,000

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

Corporate information

Directors

Jose Acero

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

Daniel Danis, MSc, P.Geo. ⁽²⁾⁽⁵⁾

*Businessman
Laval, Quebec, Canada*

Joseph Del Campo, CPA, CMA ⁽¹⁾⁽³⁾⁽⁶⁾
*Interim President and Chief Executive Officer of Unigold
Woodbridge, Ontario, Canada*

Joseph Hamilton, P.Geo., CFA ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁵⁾
*Managing Director of Primary Capital
Orono, Ontario, Canada*

Ruben Padilla ⁽⁵⁾
*Chief Geologist, Talisker Explorations Services Inc.
Toronto, Ontario*

Charles Page, MSc, P.Geo. ⁽¹⁾⁽²⁾⁽⁵⁾
*Consulting Geologist
Burlington, Ontario, Canada*

- (1) Audit Committee
- (2) Compensation Committee
- (3) Corporate Governance and Nominating Committee
- (4) Chairman
- (5) Technical Committee
- (6) Corporate Social Responsibility Committee

Officers

Joseph Del Campo, CPA, CMA
Interim President and Chief Executive Officer

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

Wes Hanson, P.Geo. ⁽⁵⁾⁽⁶⁾
Chief Operating Officer

Stock Listing

TSX Venture Exchange, Tier 2 Company,
Trading Symbol: UGD
CUSIP: 90476X

Auditors

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Toronto, Ontario

Legal Counsel

Bennett Jones LLP,
Toronto, Ontario

Marat Legal, S.R.L.
Santo Domingo, Dominican Republic

Registrar & Transfer Agent

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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.