2003 Annual Report

Unigold Inc.

Strategically Creating Value

UNIGOLD

Strategically Creating Value *through acquisition, exploration and development*

President Hipolito Mejia (second from left) **and Jose Acero** (far left) **met with Alfred Lenarciak and Daniel Danis at the official signing ceremony for the acquisition of the Fiscal Reserves.**

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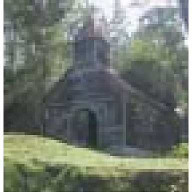
Forward-Looking Statements:

Certain information included in this report is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Forward-looking statements are based on the beliefs, estimates and opinions of Unigold's management on the date the statements are made. Unigold undertakes no obligation to update these forward-looking statements of management's beliefs and estimates or opinions or other factors should they change.

All resource estimates reported in this report are calculated in accordance with the Canadian National Instrument 43-101 and the Canadian Institute of Mining and Metallurgy Classification system.



Corporate Profile

- Unigold Inc. is an exploration company, focusing on gold assets in the Dominican Republic.
- Currently exploring for gold deposits on its 930 square kilometres of properties; Neita, Sabaneta, and Los Guandules in the Dominican Republic.
- The Company has all the elements needed to build a successful mining company: cash, no debt, exploration upside, and the management expertise to successfully put these assets to work.
- The strategy is to target bulk tonnage, near surface, open pittable, oxide gold deposits.
- The goal is to find a gold deposit equivalent in size to the world class Pueblo Viejo Gold Mine which has produced over 5 million ounces since 1975 and contains an additional geological inventory of 30 million ounces of gold.

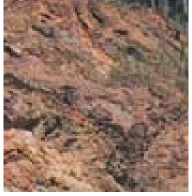
The rolling hills of the Neita property

Strategically Creating Value *through acquisition, exploration and development*

Highlights

- Drilled 10 holes on Los Condelones Gold Deposit with results up to 2.2 g/t Au over 61 metres (including 3.1 g/t Au over 31 metres).
- Discovered new zone at El Vallesito running up to 3.2 g/t Au and 20% Cu.
- Discovered new zone at Jimenez running up to 11.9 g/t Au and 53% Cu.
- Raised $3 million by way of 3 private placements in 2003.
- The properties represent the largest land position for exploration or mining in the Dominican Republic.
- Operating in a very stable country possessing good infrastructure, with a history of successful mining.
- The exploration properties share similar geology with Pueblo Viejo in the Dominican Republic, one of the largest gold and silver deposits in the world.
- The Company has been granted tax-free status in the Dominican Republic for 20 years, which eliminates a 12% sales tax, import/export duties and corporate income tax.
- We have an experienced, highly skilled management team and board of directors with a proven success record in mineral exploration.
- The Company has no debt and good access to capital.

Mechanical trenching on El Corozo Hill



President's Message

DEAR SHAREHOLDERS,

2003 marked the first full year of operations for Unigold. The year proved to be very interesting for most companies in the gold sector - and for Unigold it was no exception. Gold opened the year at US$343.80 and closed out the year at US$416.25, thus providing some of the best market conditions in the last ten years.

The Company raised $3 million by way of three private placements in 2003 and this has put us in the position to carry out our initial exploration program on our very prospective properties in the Dominican Republic. Our properties, Neita, Sabaneta and the recently acquired Los Guandules cover over 930 square kilometres and represent the largest land holding for exploration or mining in the country.

Our ultimate goal is to create and enhance shareholder value through strategic acquisition, exploration, development and eventual production of precious metal mineral properties in countries with stable political environments.

Our initial focus has been on gold exploration in the Dominican Republic and we have achieved excellent sampling and diamond drilling results for our efforts.

The vast bulk of the area within the Neita and Sabaneta properties has seen minimal exploration as the government had previously withheld these properties from public sector acquisition, believing them to hold great exploration promise. We also believe that these properties hold great promise as they are underlain by very favourable geology in an environment known to host the "world class Pueblo Viejo Gold Deposit".

Placer Dome Inc. has acquired the right to operate the Pueblo Viejo Gold Deposit and is undertaking a feasibility study expected to be completed in early 2005.

Unigold's strategy on the Dominican Republic properties is to target, bulk tonnage, near surface, open pittable, oxide gold deposits. Unigold's goal is to find a gold deposit equivalent

President Mejia officially opening the Los Candelones drilling program

"WE HAVE ONE OF THE LARGEST UNDEVELOPED, HIGHLY PROSPECTIVE EXPLORATION PROJECTS IN THE WORLD TODAY. WE OWN 100 PERCENT OF THE PROPERTIES... WE HAVE NO DEBT AND UNIGOLD HAS RAISED THE FINANCIAL RESOURCES TO CARRY OUT ITS INITIAL EXPLORATION PROGRAM".

in size to the world class Pueblo Viejo Gold Mine which has produced over 5 million ounces since 1975 and contains an additional geological inventory of 30 million ounces of gold.

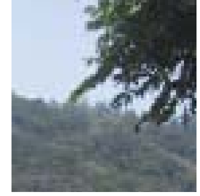
The Neita property and to a lesser extent Sabaneta and Los Guandules properties contain numerous large hydrothermal alteration zones with coincident silicification and soil geochemical gold anomalies that represent prime targets for exploration work. Limited trenching and our ongoing diamond drill program on the Neita property has shown that there is significant gold in the geological system. One gold resource, the Los Candelones Gold Deposit, has already been found by diamond drilling on the Neita property which is open along strike and down dip. There is a very high potential to host additional gold resources.

Starting in December 2003 to late March 2004, Unigold has expanded the Los Candelones Gold Deposit by diamond drilling 10 holes for a total of 1012 metres. The evaluation of the mineralized zone is ongoing. The President of the Dominican Republic Hippolito Mejia, in a ribbon cutting ceremony in February 2004, officially opened the diamond drilling program.

As a direct result of the ongoing diamond drill program, we have increased the known strike length of the mineralization to the northwest a total of 100 metres and also shown that the mineralization continues down dip in excess of 175 metres and remains open to depth. We have increased the overall grade potential of the zone with hole SC27 which assayed 1.6 g/t gold over 68 metres including a central core which ran 2.1 g/t over 47 metres and with hole SC29 which assayed 2.1 g/t over 61 metres including 3.1 g/t over 31 metres. We have established that the mineralized zone dips steeply to the northeast and that some of the previous holes were drilled down dip and are of limited value in establishing the grade and thickness of the main ore zone. These holes do however establish that mineralization is present. Recent IP geophysics suggest that the Los Candelones West and Los Candelones East mineralized zones are in fact one continuous structure with a strike length in excess of 700 metres. The IP chargeability also suggests that Los Candelones is comprised of multiple parallel zones. We intend to devote further resources to this deposit in 2004.

Very recent exploration results on the El Corozo alteration zone and structure, which is known to be 1.5 km by 2 km in size is very encouraging. Stream sediment samples returned values up to 1.1 g/t gold, soil sampling has returned gold anomalies up to 500 ppb with a large coincident copper anomaly in excess of 500 ppm and associated zinc. Limited trenching returned values up to 1.6 g/t gold in highly silicified volcanics. We have very recently started to drill this hydrothermally altered structure and are encountering significant thickness of silicified, hydrothermally altered and pyritized volcanic and sedimentary rocks.

Unigold has also identified a 22 km long northwest trending structure between mafic and felsic volcanic rocks which may represent a major gold-copper system. We have undertaken limited work on this structure but have identified significant gold and copper values in three separate locations. At Jimenez, a copper in soil anomaly in excess of 500 ppm was traced for over 1 kilometre and is open at both ends.



Limited trenching uncovered a silicified quartz vein and sulphide system which assayed 0.65% copper over 6.7 metres. Nearby float rock samples assayed up to 11.9 g/t gold. About 8 kilometres to the southeast along the structure at El Vallesito, Unigold has identified an outcrop with assays of 3.2 g/t gold and 20% copper in veins. A further 6 kilometres to the southeast in the Rosso area, government geologists in the early 1980's, had unearthed a gold mineralized zone with values up to 2.4 g/t gold over 29 metres in trenching and found float that assayed 7.9% copper in the vicinity. This 22 kilometre strike length of northwest trending structure is a high priority target for 2004.

Re-interpretation of the magnetometer and radiometric airborne geophysical survey flown for the government in the mid-1990's has also provided Unigold with numerous other hydrothermally altered zones on which to focus resources in 2004. Unigold is extremely encouraged with the results of the exploration to date in 2003 and early 2004 and expects that the balance of 2004 will provide equally encouraging results.

In May of 2003, Unigold began negotiations and subsequently entered into a Letter of Intent with the Dominican Republic Government regarding the acquisition by Unigold of the future revenues up to US$175 million to be received by the government from the 3.2% Net Smelter Return royalty on the Pueblo Viejo gold deposit currently being evaluated by Placer Dome Inc.

The ongoing negotiations have altered the terms of a potential deal with the government somewhat. The Dominican Republic government is now concentrating on the presidential election scheduled for May 16th and no resolution is possible until sometime after the election. The sitting senate and congress still have 2 years to run on their mandate.

As we enter 2004, all our key elements are intact. We have one of the largest undeveloped, highly prospective exploration projects in the world today. We own 100% of the properties and we have a 20 year tax holiday. We have no debt and Unigold has raised the financial resources to carry out its initial exploration program. But perhaps most importantly, we have the team we need to realize the potential provided by these assets.

In 2003, we started the process, and in 2004 we will continue to work diligently, utilizing all the resources available to us, and thereby enabling Unigold to achieve its goal of creating shareholder value.

John P. Thompson
President and Chief Executive Officer

May 5, 2004

PROPERTIES

PROPERTY ACQUISITION

The large land package of Fiscal Reserves became available for acquisition when the Dominican Republic decided to allow the Pueblo Viejo Gold Mine to go to public auction. The Fiscal Reserve properties were held by the Dominican Republic government and were not available for acquisition until 2002.

In July 2002, Unigold acquired a 100% interest in the Neita and the Sabaneta Fiscal Reserves by way of special contract ratified with the government, by congress and by senate. Unigold's Fiscal Reserve properties represent the largest land position for exploration or mining in the Dominican Republic. A subsidiary was established, Unigold Dominicana, S.A., as its operating entity in the Dominican Republic.

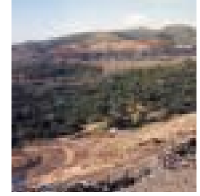
The Dominican Republic granted to Unigold 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on both the Neita and Sabaneta Properties, as well as a sole and exclusive option for the commercial mining of the mineral deposits. The initial duration of the Fiscal Reserve contract was for 6 months but with 2 one-year extensions after which the property must be converted to a Concession. A Concession is issued for 3 years plus 2 one-year extensions after which it must be converted to an Exploitation Licence which is issued for 75 years.

Unigold is required to pay to the Dominican Republic a total of $150,000 per Fiscal reserve over a 3-year period for exclusive exploration rights for a 100% interest in the properties. There are no fixed yearly exploration expenditure requirements however, Unigold is required to spend US$2.0 million in the Dominican Republic over a 3-year period with a minimum of half of this amount on the two Fiscal Reserves.

Recently, the government of the Dominican Republic granted free zone status to the Company properties Neita and Sabaneta for a period of 20 years. As a result, Unigold is not required to pay the 12% sales tax, corporate taxes or import-export duties for 20 years.

Unigold Inc. has recently signed an option agreement with a private Dominican Republic company to acquire a 100% interest in the Los Guandules Concession. This 12,175 hectare Concession is contiguous on the southern boundary of the Neita property and on the western boundary of the Sabaneta property. It covers the extension of the geologically favourable Cretaceous volcanic belt which extends northwest through the Dominican Republic and which includes the world class Pueblo Viejo gold deposit.

Town square in Santo Domingo



Mineral property location, Dominican Republic

AVAILABLE DATA AND GENERAL RESULTS

Neither Neita nor Sabaneta has seen systematic exploration as the government kept these properties off the market.

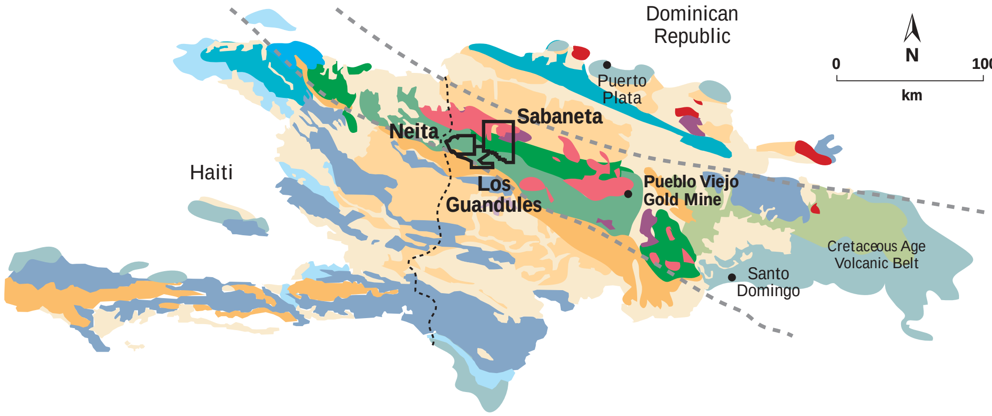
Exploration on the Neita and Sabaneta properties is ongoing. Unigold has compiled all of the available airborne and ground data and is actively exploring the properties with a program of geology, geochemistry, geophysics and diamond drilling.

In the mid-1990's, the entire Dominican Republic was flown with airborne geophysics consisting of total field magnetometer and radiometrics. Unigold obtained the raw data and a contract geophysicist completed a re-evaluation of the airborne over the properties.

Between 1996 and 1998, the European Union funded a detailed evaluation of part of the Los Candelones Alteration Zones, one of the major alteration zones found on the Neita property. Exploration was carried out by BRGM of France at a cost of $1.8 million. Diamond drilling returned grades of 1.1 g/t gold over 106 metres, 1.8 g/t over 54 metres, 1.3 g/t over 56 metres and 1.0 g/t over 46 metres in a quartz + sericite alteration of a volcanic-sedimentary sequence. Mineralization occurs on a hill, is structurally controlled and occurs within a north-northwest trending 600 metre strike length by 100 metre wide zone within quartz veins hosted in felsic dacite and dacite porphyry. A significant untested alteration zone, as defined by the airborne geophysics, occurs to the north. There is significant potential to increase the size of this mineralized zone both at depth and along strike.

In 2002 and 2003, an expenditure of about $6.0 million of the European Union Community aid dollars was expended on geological mapping, and evaluation of the mineral potential in the northwest area of the Dominican Republic. It is estimated that about $1.5 million of this European Union aid money was being spent on the Neita and Sabaneta properties. Unigold was granted timely access to the field data and this data has been used to help develop the follow-up program for 2003.

The Sabaneta property has seen very little exploration work other than the geological mapping and minor soil sampling, and more recently a mineral potential evaluation which is being funded by the European Union aid dollars and carried out by BRGM of France and the Spanish Geological survey.



Geology and location of Unigold property

NEITA GEOLOGY AND MINERALIZATION

The Neita Property covers an area of 25,221 hectares in the rugged Central Cordillera of northwestern Dominican Republic.

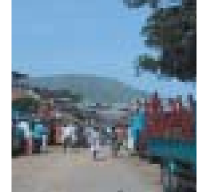
The upper Cretaceous volcanoclastic Tireo Formation covers basically the entire Neita Property. The Tireo belt extends for 290 kms in a northwest-southeast direction along the grain of the island. This volcanic sedimentary sequence was intruded by plutonic rocks that range from felsic to ultramafics and are thought to be related in the Neita Area to the nearby Loma de Cabrera Batholith.

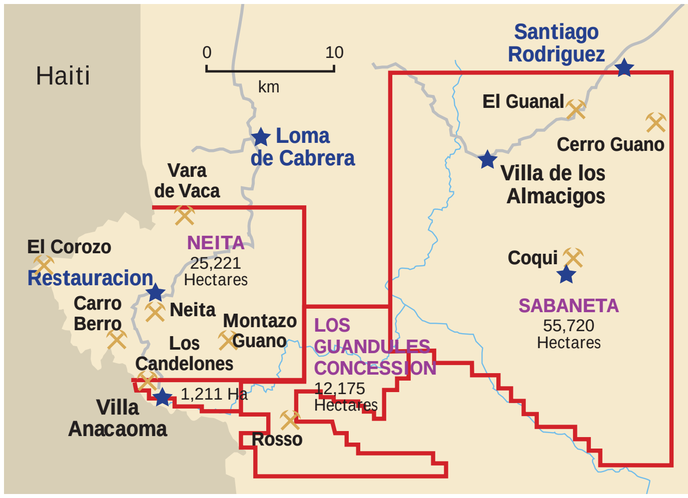
Two major structural trends are present in the area. The older trend is NW-SE and is part of the grain of the island as a result of the early tectonics of the island. The younger trend is NE-SW and displaces the older trend. This younger fault pattern is thought to be the pathway for the hydrothermal solutions that formed the gold mineralization and deposits of the Tireo formation.

More than ten large, altered and mineralized areas have been identified in the Neita Property. At least four mineralized areas contain high copper potential but low precious metal values. At least 6 other, large alteration zones, up to 3.0 km in size, containing gold in soil prospects (El Corozo, Cerro Berro, Vara de Vaca, Neita, Montazo-Guano and Candelones) have been under study at different time periods with an exploration emphasis in precious metals.

In the El Corozo area, geological mapping and prospecting has outlined a 750 metre long by 75 metre wide, north-south trending topographic ridge formed by silicification and brecciation of

Panorama of the Neita Property





Unigold Property Interests

the host mafic volcanic rocks situated adjacent to a felsic pyroclastic unit. The host north-south structure is considered to be a splay off a nearby regional north-west trending fault. The volcanics are highly altered and possess both copper and gold in soil anomalies. Immediately to the west, a silicified float rock sample assayed 6 g/t gold. Other reconnaissance rock samples in the area returned results of 1.5 and 0.7 g/t gold. Immediately to the west of the hill and immediately down slope of the El Corozo hill, stream sediment samples have assayed up to 1.1 g/t gold. Immediately adjacent to the silicification, in the valley to the east, a 2 km oblong target is interpreted by airborne geophysics to be a large hydrothermal alteration zone. A similar 2.5 km long hydrothermal alteration zone is located immediately to the south of the silicification zone and is centered on the northwest regional structure. A quartz diorite intrusive occurs adjacent to the fault and a 0.9 g/t gold grab sample was obtained from the base of the hill. IP geophysics, more trenching and diamond drilling are planned for this area.

The largest silicification and hydrothermal alteration zone occurs in the Montazo-Guano area. This target trends east-west and has a length of about 3 km and a width of about 1 km. Two separate northwest trending regional structures cut the target. Alteration may be controlled by two northeast-southwest secondary faults. Strong argillic alteration is enveloping the quartz veining. Low but consistent gold values averaging 0.3 g/t is widespread. Previous trenching on the eastern margin of the alteration zone returned values up to 0.56 g/t over 64 metres (MT02) and 0.42 g/t over 22 metres (GT01) while trenching on the western margin of the zone, located 2.5 km away, returned values up to 0.54 g/t gold over 100 metres. Eight scattered drill holes were completed in 1997 with grades up to 0.44 g/t gold over 16 metres (SM01). The main target has never been properly sampled or drilled. A recent stream sediment sample taken from southeast of the target ran 106 ppb gold and one reconnaissance rock sample on the western end of the target ran 928 ppb gold.

In the Loma de Montazo area, located about 9 km southeast of El Corozo along the same north-west-southeast regional structure, the Company has identified a 4 km long, north-east trending, fault bounded hill composed predominantly of silicified and altered andesitic tuff and pyroclastic dacite. Rhyolite occurs in fault contact to the north. Airborne magnetics and radiometrics have outlined an alteration zone on the north side of the fault. Stream sediment sampling evaluating this target has returned very encouraging values of 0.6 and 0.5 g/t gold. Reconnaissance rock geochemistry along the silicified rocks on the ridge has returned gold values of 0.3, 0.2, 0.2 and 0.1 g/t.

The Neita area located just to the south of the town of Restauracion was drilled in the 1960's for copper by Mitsubishi Mining. They drilled 27 holes and intersected discontinuous copper values up to 5% in veins within andesites and fragmented andesitic tuff. About 3 km to the northeast in the Poso Negro area, and within the same host rocks, a 10 cm vein of mineralization was recently uncovered which ran 53.5% copper. Recent follow-up has shown that this alteration zone contains both gold and copper mineralization and extends for a strike length of at least 2.5 km and a width of 300 metres. Assays in this gold-copper system range up to 11.9 g/t gold and up to 53.5% copper. An evaluation of this very large alteraton zone is underway.

"UNIGOLD DRILLED 10 HOLES ON LOS CANDELONES GOLD DEPOSIT WITH RESULTS UP TO 2.2 G/T AU OVER 61 METRES (INCLUDING 3.1 G/T AU OVER 31 METRES)".

LOS CANDELONES GOLD DEPOSIT

The Company has commenced a 5,000 metre diamond drill program on the Los Candelones Gold Deposit designed to expand the known mineralization and to evaluate two other high priority mineralized alteration zones located on the Neita property. A total of 10 holes totaling over 1,012 metres have been completed, 6 on the Los Candelones West Zone and the other 4 on the Los Candelones East Zone. Gold assay results have been received for the 9 holes and results for the other hole is pending.

In the Los Candelones area, gold mineralizaton occurs on a hill, is structurally controlled and occurs within north-northwest trending quartz veins and silicification hosted in Cretaceous age felsic dacite and dacite porphyry domes which are flanked by pyroclastic rocks, very similar to the geological setting at the world class Pueblo Viejo Gold Deposit.

The gold mineralization occurs within a stock work containing chalcopyrite, sphalerite, pyrite, galena, plus gold and silver. On the Candelones gold in soil anomaly, trenching results included 0.73 g/t gold over 44 metres (CTO4). Previous diamond drilling intersections of up to 1.12 g/t gold over 106 metres (SC18) were obtained. The oxidized upper zone averages about 26 metres in thickness, and there is significant potential to increase the tonnage of this deposit both at depth and along the strike.

Four of the six diamond drill holes completed and analyzed to date on the Los Candelones West gold mineralization have encountered very encouraging alteration, silicification and mixed sulphide mineralization. The Los Candelones West strike length has now been extended from 250 metres to at least 400 metres and the zone has also been deepened from 125 metres to a depth of 175 metres down dip. The mineralization remains open along strike and down dip. The strike length of the mineralized zone is now believed to be in excess of 700 metres based on the diamond drilling and on a recently completed ground induced polorization ("IP") geophysical survey.

As a direct result of the ongoing diamond drill program, the known strike length of the Los Candelones West mineralization has been increased from 300 metres to 400 metres in strike length to the northwest, continues down dip in excess of 175 metres and remains open to depth. The Company has significantly increased the overall grade potential of the zone with hole SC27 which assayed 1.6 g/t gold over 68 metres including a central core which ran

Drilling on the Los Candelones Gold Deposit

3.6 g/t over 26 metres and with hole SC29 which assayed 2.2 g/t over 61 metres including 3.1 g/t over 31 metres. Unigold has established that the mineralized zone dips steeply to the northeast and that some of the holes drilled in 1987 by BRGM were drilled down dip and are of limited value in establishing the grade and thickness of the main ore zone. These holes do however establish that mineralization is present. Further resources will be devoted to drilling this deposit in 2004.

The higher grade gold mineralization at Los Candelones occurs within an altered, silicified and brecciated structure in dacitic rock associated with pyrite, chalcopyrite and sphalerite. The correlation coefficient with gold for the four diamond drill holes, SC26 to SC 29 is 0.27 for silver, 0.14 for copper and 0.5 for zinc. The association of gold mineralization with copper and zinc is very similar to the mineralization at Pueblo Viejo.

Results from the first drill holes are outlined in the following table:

Hole No.	Intersection From (metres)	Intersection To (metres)	Interval Core length (metres)	Gold Assay grams/tonne	Comments
Los Candelones West					
SC-26	**0**	**91**	**91**	**0.6**	Collared 30 m behind SC-16
including	**51**	**77**	**26**	**1.1**	Porphyritic dacite, 5 – 10% sulphides
SC-27	**0**	**68**	**68**	**1.6**	Collared 30 m NW of SC-16
including	**41**	**67**	**26**	**3.6**	Argillic altered dacite, 5 – 10% sulphides
Including	**56**	**60**	**4**	**12.5**	
SC-28	**10**	**44**	**32**	**0.5**	Collared 50 m SW of SC-27
including	**32**	**43**	**11**	**0.9**	Silicified & argillic altered dacite, 5 – 10% sulphide
SC-29	**39**	**100**	**61**	**2.2**	Collared 50 m N of SC-27
including	**57**	**88**	**31**	**3.1**	Strongly mineralized & silicified dacite, strong pyrite, sphalerite & chalcopyrite.
Including	**84**	**88**	**4**	**10.58**	
SC-30	**0**	**48**	**48**	**0.11**	Collared 75 m NW of SC-29
SC-31	**0**	**20**	**20**	**0.02**	Collared 100m NW of SC-30
Los Candelones East					
SC-32	**0**	**35**	**35**	**0.5**	Drilled W direction at north edge of zone
Including	**30**	**34**	**4**	**2.0**	Strongly mineralized & silicified dacite, strong pyrite, sphalerite & chalcopyrite.
	71	**74**	**3**	**0.9**	
SC-33	**0**	**15**	**15**	**1.75**	Drilled W, located 75 m S of SC32
SC-34	assays	pending			Drilled W, located 50 m S of SC33
Sc-35	**0**	**48**	**48**	**1.51**	Drilled SW, located 50 m SW of SC-32
Including	**0**	**16**	**16**	**2.18**	Oxide, dacite
including	**30**	**48**	**18**	**1.82**	Altered dacite, pyrite & chalcopyrite

The very high grade intersections within the gold zone in the two adjacent diamond drill holes, SC27 and SC29 located on strike of the zone 30 metres apart ran as follows:

Hole No.	Core length (metres)	Gold Assay grams/tonne	Silver Assay grams/tonne	Copper %	Zinc %
SC27	4	12.5	1.6	0.15	1.8
SC29	4	10.58	1.6	0.16	0.4

On Los Candelones East, the gold mineralization was previously believed to trend north-south. The first three (SC32, SC33 & SC34) of four new holes drilled in 2004 were angled westward. These holes combined with the IP geophysics and previous drilling has shown that the mineralization is in fact three parallel zones over 200 metres in width and trending northwest-southeast at a similar strike direction to Los Candelones West. A fourth hole, SC35 was drilled into the more northerly of the three zones to a depth of 77 metres, perpendicular to the mineralization and returned very good grade with an average value of 1.51 g/t gold over the upper 48 metres starting from surface. The upper 16 metres of altered and oxidized dacite ran 2.18 g/t gold. The lower zones were not tested with this hole. Further drilling will be undertaken on Los Candelones East in 2004.

A geophysical consulting company based in Toronto, has recently mobilized to the Neita property to conduct a minimum of 50 line-kilometres of IP on the Los Candelones, El Corozo, Montazo-Guano and Jimenez mineralized targets.

A total of 13.2 line-kilometres on 11 N-S trending lines spaced 200 metres apart has recently been completed on the Los Candelones Gold Deposit. Interpretation of the spectral IP and chargeability have outlined several parallel NW-SE trending sulphide-rich structures with one of the structures partly coincident with the existing diamond drilling. The ground IP geophysics on the Los Candelones area suggests that the Los Candelones West and Los Candelones East mineralized zones are in fact one continuous structure with a strike length in excess of 700 metres with perhaps some local structural offsetting.

The core from the ongoing diamond drill program on the Neita property is photographed and then sawn in half, and half of the core is bagged, boxed and transported to customs in Santo Domingo by Company employees where it is transported to Canada by commercial airline. The samples are assayed for gold by the fire assay method with an AA finish and for 34 additional elements by Aqua Regia Extraction and ICP analysis at Activation Laboratories Ltd., based in Ancaster, Ontario. The remaining half of the drill core is stored on the property in the Dominican Republic.

SABANETA GEOLOGY AND MINERALIZATION

The Sabaneta property covers an area of 55,720 hectares in the rugged Central Cordillera of Northwestern Dominican Republic on the Hispaniola Island of the Caribbean region.

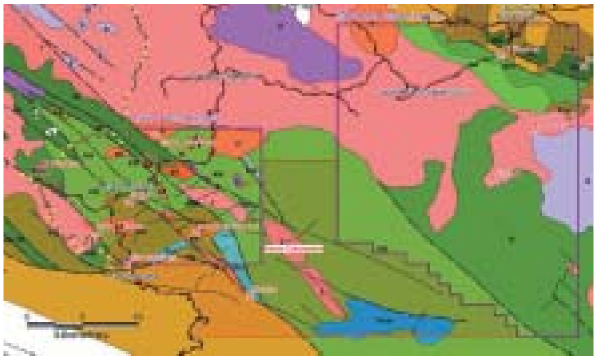
Rocks from the Duarte and Tireo formations have been mapped within the concession. The Tireo Group of rocks have been dated as Late Cretaceous, and occupy approximately a 290 kilometre long belt along the Cordillera Central in the Dominican Republic and the Massif du Nord in Haiti.

Gold exploration on the Sabaneta property has been extremely limited, but one occurrence of visible gold has been identified in the Duarte Formation, near Rancho de Mujeres and just south of the Cerro Guano area. One rock sample collected in the area returned over 200 g/t gold related to boudinaged quartz veins and is associated with a coincident gold in soil anomaly with a maximum value of 500 ppb. Stream sediment sample results are very encouraging in the southeast corner of the property where historically locals have conducted placer mining.

LOS GUANDULES GEOLOGY AND MINERALIZATION

This 12,175 hectare Concession is contiguous on the southern boundary of the Neita property and on the western boundary of the Sabaneta property. It covers the extension of the geologically favourable Cretaceous volcanic belt which extends northwest through the Dominican Republic and includes the world class Pueblo Viejo gold deposit. This property contains the Rosso gold in soil anomaly and gold showing which is on an extension of a mineralized structure, located on our Neita property. Previous trenching in the 1980's on the Rosso showing has returned values up to 2.4 g/t gold over 29 metres. Float has also assayed up to 7.9% copper. Three shallow drill holes were completed in the 1980's and intersected gold mineralization.

EXPLORATION PROGRAM



Neita and Sabaneta area geology

With two high-potential properties secured at Neita and Sabaneta, all the previous geological, geochemical, and geophysical data was compiled. Unigold contracted the services of a geophysicist to re-interpret past data from the 1995 airborne survey. In excess of 20 anomalous areas of coincident high potassium values and low thorium/potassium ratios were outlined, some of which were also coincident with known soil anomalies, alteration zones, or interpreted structures. Unigold is also acquiring geological mapping studies for Neita and Sabaneta that were being conducted in 2003 by the European Union, under an international aid program.

As 2004 unfolds, exploration will identify other favourable geological areas for precious metal deposits. The initial exploration program includes geochemical soil sampling, geological mapping, trench sampling and IP geophysics and diamond drilling for prime targets. Unigold is initially evaluating a number of known gold occurrences and is exploring for additional favourable areas for gold mineralization at Neita and Sabaneta in the Dominican Republic. A $2 million exploration program is underway that includes:

- Data compilation and evaluation of ground and airborne geophysical survey
- Geological mapping
- 8,000 soil samples
- 5,000 metres of trenching
- 6,000 metres of diamond drilling

Guano Area Alteration

Strategically Creating Value *through acquisition, exploration and development*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the accompanying financial statements and related notes.

OVERVIEW

The Company is a mining exploration and development company with no producing properties and, consequently, has no current operating income or cash flow. The development of the Company's properties therefore depends on the Company's ability to obtain additional required financing. Financing of the Company's activities to date has been primarily obtained from equity issues. It is expected that the Company's activities will continue to be funded through external financing.

LIQUIDITY AND FINANCIAL RESOURCES

Consolidated cash and cash equivalents were $1,393,902 as of December 31, 2003, an increase of $765,929 from the previous year ended December 31, 2002. Working capital as at December 31, 2003 was $1,301,565, an increase of $691,611 from the December 31, 2002 amount of $609,954.

The main reason for the higher cash balance and increase in working capital is as a result of various equity issues completed during 2003.

In March 2003, the Company closed a $500,000 private placement by issuing 833,333 units to three arm's length purchasers at a price of $0.60 per unit, with each unit consisting of one common share and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.75 for one year. The shares were subject to a twelve-month hold period from the date of issue.

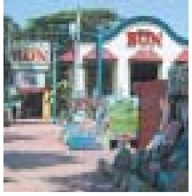
In July, the Company closed a brokered private placement to issue 2,736,666 common shares at $0.30 per share for gross proceeds of $821,000. The shares were subject to a four-month hold period from the date of issue.

In October, the Company closed a brokered private placement to issue 6,413,335 units of the Company at a price of $0.30 per unit for gross proceeds of $1,924,000. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder thereof to purchase one common share at any time for a period of 24 months following the closing date at a price of $0.45 for the first 12 months following the closing date and thereafter for a further period of 12 months at a price of $0.55. The shares were subject to a four-month hold period from the date of issue.

The Company also received proceeds of $146,250 from the exercise of 195,000 stock options under the registered stock option plan.

OUTLOOK

The Company commenced a drilling program on the Neita property in December 2003. The program is to drill approximately 60 holes of approximately 100 metres each in order to assist in evaluating the mineral potential of the property. Additional financing will be required in order to complete this program.



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect management's best current estimates.

Management has developed and maintains systems of internal control to ensure that the Company's assets are protected from loss or improper use and that transactions are authorized and properly recorded and financial records are reliable.

The Board of Directors carries out its responsibilities for these consolidated financial statements principally through its Audit Committee. The Audit Committee meets periodically with management and the auditors to review the consolidated financial statements and the results of audit examinations.

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

John P. Thompson
President and
Chief Executive Officer

Joseph Del Campo
Vice President, Finance and
Chief Financial Officer

March 8, 2004

AUDITORS' REPORT

TO THE SHAREHOLDERS OF UNIGOLD INC.

We have audited the consolidated balance sheets of Unigold Inc. as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit and cash flows for the year ended December 31, 2003 and fifteen-month period ended December 31, 2002. These consolidated financial statements are the responsibility of the Company's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and cash flows for the year ended December 31, 2003 and fifteen-month period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.

McGovern, Hurley, Cunningham, LLP

McGovern, Hurley, Cunningham, LLP
Chartered Accountants
Toronto, Canada

March 8, 2004

UNIGOLD INC.

CONSOLIDATED BALANCE SHEETS

(Canadian $)

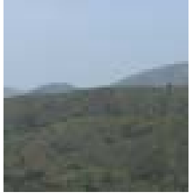
	As at December 31, 2003	As at December 31, 2002
Assets		
Current		
Cash	$ 1,393,902	$ 627,973
Marketable securities	–	156,550
Other receivables	36,239	42,676
Prepaid expenses	19,432	46,917
	1,449,573	874,116
Equipment *(note 4)*	257,356	–
Mineral properties *(note 5)*	396,879	258,275
Deferred exploration costs *(note 5)*	817,784	144,151
Public listing status *(note 3)*	100,000	100,000
	$ 3,021,592	$ 1,376,542
Liabilities		
Current		
Accounts payable and accrued liabilities *(note 9)*	$ 148,008	$ 264,162
Non-controlling interest	2,831	2,831
Shareholders' Equity		
Share capital *(note 6)*	7,429,779	5,037,158
Share purchase warrants *(note 6)*	552,781	–
Contributed surplus *(note 6)*	42,000	–
(Deficit)	(5,153,807)	(3,927,609)
	2,870,753	1,109,549
	$ 3,021,592	$ 1,376,542

Approved on Behalf of the Board:

John P. Thompson
Director

Joseph Del Campo
Director

See accompanying notes to the financial statements



UNIGOLD INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(Canadian $)

	For the 12 months ended December 31, 2003	For the 15 months ended December 31, 2002
Revenue		
Interest income	$ 3,438	$ 361
Administrative expenses		
Travel, promotion and business development	289,135	98,144
Listing and shareholder information	267,654	30,264
Salaries and wages	233,732	–
General and administrative expenses	130,356	11,155
Consulting fees	111,004	195,039
Professional fees	110,671	210,948
Stock-based compensation	42,000	–
Foreign exchange loss	7,221	610
Interest on long-term debt	–	163,269
Amortization	20,757	–
	1,212,530	709,429
Loss before the undernoted items	(1,209,092)	(709,068)
Other revenues (expenses)		
Gain on settlement of long-term debt and accrued interest	–	1,805,462
Write-off of mineral properties	–	(39,100)
Loss on sale of marketable securities	(17,106)	–
	(17,106)	1,766,362
(Loss) income before income taxes	(1,226,198)	1,057,294
Income taxes payable	–	412,735
Income taxes (recoverable) from loss carry-forwards	–	(412,735)
	–	–
Net (loss) income for the period	(1,226,198)	1,057,294
Deficit, beginning of period	(3,927,609)	(4,984,903)
Deficit, end of period	$ (5,153,807)	$ (3,927,609)
Net (loss) income per share - Basic and fully diluted	$ (0.07)	$ 0.15

See accompanying notes to the financial statements

UNIGOLD INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian $)

	For the 12 months ended December 31, 2003	For the 15 months ended December 31, 2002
Cash flows (used in) operating activities		
Net (loss) income for the period	$ (1,226,198)	$ 1,057,294
Add (deduct) items not requiring cash:		
Stock-based compensation	42,000	–
Write-off of mineral properties	–	28,000
Amortization	20,757	–
Interest on long-term debt	–	163,269
Gain on settlement of long-term debt and accrued interest	–	(1,805,462)
Loss on sale of marketable securities	17,106	–
	(1,146,335)	(556,899)
Net changes in non-cash working capital balances *(note 10)*	57,212	181,780
Cash flows (used in) operating activities	(1,089,123)	(375,119)
Cash flows from financing activities		
Issuance of common shares, net of costs	2,392,621	1,687,224
Issuance of share purchase warrants	552,781	–
Reduction of long-term debt	–	(50,000)
Cash flows from financing activities	2,945,402	1,637,224
Cash flows (used in) investing activities		
Deferred exploration costs	(673,633)	(144,151)
Acquisition of mineral properties	(138,604)	(258,275)
Acquisition of subsidiary, net of cash acquired *(note 3)*	–	(260,187)
Acquisition of equipment	(278,113)	–
Cash flows (used in) investing activities	(1,090,350)	(662,613)
Increase in cash	765,929	599,492
Cash, beginning of period	627,973	28,481
Cash, end of period	$ 1,393,902	$ 627,973
Supplemental Information		
Income taxes paid	–	–
Interest paid	–	–

See accompanying notes to the financial statements

UNIGOLD INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Canadian $)

As at December 31, 2003 and 2002

1. NATURE OF OPERATIONS

Unigold Inc. (the "Company"), a development stage enterprise, and its wholly owned subsidiary, Unigold Resources Inc. ("Resources") are in the process of exploring their mineral properties in the Dominican Republic. Mineral properties and deferred exploration costs are recorded at cost and the recoverability of these amounts is dependent upon the discovery of economically recoverable reserves, future profitable production from mineral properties which reach the commercial production stage, or proceeds from the disposition thereof.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies are summarized as follows:

Principles of Consolidation:

These consolidated financial statements include the accounts of the Company, which is incorporated in Canada under the Ontario Business Corporations Act, and its wholly owned subsidiary, Unigold Resources Inc., which is incorporated in Canada under the Canadian Business Corporations Act and its 96.7% owned subsidiary, Unigold Dominicana, S.A., which is incorporated in the Dominican Republic.

Foreign Exchange Translation:

The Company considers the Canadian dollar to be the functional currency of its primary operations and, accordingly, amounts denominated in other currencies are translated into Canadian dollars using the temporal method. This method translates monetary balances at the rates of exchange at the dates of the consolidated balance sheets, non-monetary balances at historical exchange rates and revenue and expense items at average exchange rates during the year, except for amortization which is translated at rates pertaining to the related capital assets. The resulting gains and losses are included in the consolidated statements of operations and deficit.

Mineral Properties and Deferred Exploration:

Mineral properties are recorded at the direct cost of acquisition. Deferred exploration costs represent the costs incurred in conducting exploration work for unknown or unproven ore deposits. These costs are deferred until the commencement of commercial mining operations, or until such time that the interests in the associated properties are disposed of. Deferred exploration costs associated with projects, which prove to be economically unviable, are written off. Proceeds derived from the full or partial disposal of interests in associated properties are credited against the carrying cost of the associated property.

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

The Company reviews its mineral properties on an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. In reviewing its mineral properties, the Company estimates the potential future cash flows expected to result from each asset and its eventual disposition. If the sum of the undiscounted, expected potential future cash flow is less than the carrying value of the asset, an impairment loss is recognized. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write-down.

Land Reclamation and Environmental Costs:

During the course of acquiring and exploring potential mining properties, the Company must comply with government regulated environmental evaluation, updating and reclamation requirements. The costs of complying with these requirements are capitalized as incurred, as deferred costs until such time as the properties are put into commercial production, at which time the costs incurred will be charged to operations on a unit-of-production basis over the estimated mine life. Upon abandonment or sale of a property, all deferred costs relating to the property will be expensed in the year of such abandonment or sale. The cost and extent of future site cleanup, reclamation or remediation cannot be determined at this time and no amount has been recorded in these financial statements.

Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the report period. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Stock-based Compensation Plans:

Effective January 1, 2002, the Company adopted the recommendations of The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These recommendations require that compensation of all awards made to non-employees and certain awards made to employees be measured and recorded in the financial statements at fair value. This Section also sets out a fair value-based method of accounting for stock options issued to employees and applies to awards granted on or after January 1, 2002.

The Company, as permitted by Section 3870, has chosen to continue its existing policy of recording no compensation cost on the grant of stock options to employees. Any consideration paid by employees on exercise of stock options is credited to capital stock.

Loss Per Share:

The Company adopted the recommendations of the CICA for the calculation of earnings per share. Basic per share amounts are calculated using the weighted average number of shares outstanding for the period. Under this standard, the treasury method is used to determine the dilutive effect of stock options and other dilutive instruments.

Public Listing Status:

The public listing status was acquired as a result of the business combination referred to in Note 3 and is considered to have an indefinite life. Should the Company determine that there is an impairment in the value of this asset, an appropriate write-down of value will be charged to operations.

Equipment and Amortization:

Equipment is recorded at cost. The equipment noted below is amortized over their estimated useful lives using the following annual rates and methods.

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

Income Taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the liability method of tax allocation, future income taxes are determined based on the differences between the financial reporting amounts and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the substantively enacted tax rates in which the income tax assets and liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

3. BUSINESS COMBINATION

Effective December 31, 2002, the Company acquired all the issued and outstanding common shares of Unigold Resources Inc. ("Resources"). A total of 10,322,286 common shares were issued to effect the acquisition. Since the former shareholders of Resources received approximately 64% of the outstanding common shares of the combined entity, Resources is deemed to be the acquirer and the combination is accounted for as a reverse takeover ("RTO"). Resources was incorporated on October 3, 1996, and is engaged in the business of mining, primarily with respect to the acquisition of mineral rights and the exploration and development of mineral properties.

As Resources is deemed to be the purchaser and parent company for accounting purposes, its net assets are included in the consolidated balance sheet at their historical carrying value and the financial statements present a continuation of the business of Resources. The number of common shares outstanding in the financial statements is that of the legal parent, being the Company, and the dollar value ascribed to these shares is that of Resources, the legal subsidiary.

The net tangible assets of the Company at the time of acquisition are deemed to have been acquired by Resources for fair value, which is estimated to be equal to net book value of the tangible assets of the Company. The public listing status is estimated to have a fair value of $100,000. The fair value of the net assets acquired is as follows:

Cash	$ 517,037
Other current assets (net)	160,187
Public listing status	100,000
	$ 777,224

4. EQUIPMENT

	Cost $	Accumulated Amortization $	**Net 2003 $**	Net 2002 $
Office furniture and equipment	22,277	4,455	**17,822**	–
Computer equipment	59,297	17,045	**42,252**	–
Vehicles	22,631	3,395	**19,236**	–
Field equipment	197,829	19,783	**178,046**	–
	302,034	44,678	**257,356**	–

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Mineral properties and deferred exploration costs consist of the following:

	December 31, 2003		December 31, 2002	
	Mineral properties $	**Deferred exploration costs $**	Mineral properties $	Deferred exploration costs $
Dominican Republic				
Neita and Sabaneta	**313,452**	**817,784**	258,275	144,151
Los Guandules	**83,427**	**–**	–	–
	396,879	**817,784**	258,275	144,151

Neita Property, Dominican Republic

The Neita Property covers an area of 25,221 hectares in Central Cordillera of northwestern Dominican Republic.

Pursuant to the Neita Exploration Contract, the Dominican Republic granted the Company the exploration rights for gold, silver, zinc, copper and all associated minerals in the property, as well as the sole and exclusive option for the commercial mining of the mineral deposits.

Pursuant to the Neita Exploration Contract, Unigold is required to pay to the Dominican Republic surface tax in a nominal amount, as well as pay the following amounts:

(a) US$30,000 on the day of signing of the Neita Exploration Contract (paid);
(b) US$20,000 on July 10, 2003 (paid);
(c) US$50,000 on July 10, 2004;
(d) US$50,000 on July 10, 2005.

In the event that mining commences on the Neita property, Unigold will be obligated to pay tax equal to 25% of its net taxable income, plus a further 5% of net taxable income to municipalities, as well as payment of the aforementioned surface tax. The consideration was determined following arm's length negotiations between the Dominican Republic and the Company following a process of public invitation to tender.

Sabaneta Property, Dominican Republic

The Sabaneta Property is located on the northwestern part of the Dominican Republic. The property covers an area of 55,720 hectares.

Pursuant to the Sabaneta Exploration Contract, the Dominican Republic granted the Company the exploration rights for gold, silver, zinc, copper and all associated minerals in the property, as well as the sole and exclusive option for the commercial mining of the mineral deposits.

Pursuant to the Sabaneta Exploration Contract, Unigold is required to pay to the Dominican Republic surface tax in a nominal amount, as well as pay the following amounts:

(a) US$30,000 on the day of signing of the Sabaneta Exploration Contract (paid);
(b) US$20,000 on July 10, 2003 (paid);
(c) US$50,000 on July 10, 2004;
(d) US$50,000 on July 10, 2005.

In the event that mining commences on the Sabaneta Property, Unigold will be obligated to pay tax equal to 25% of its net taxable income, plus a further 5% of net taxable income to municipalities, as well as payment of the aforementioned surface tax. The consideration was determined following arm's length negotiations between the Dominican Republic and the Company following a process of public invitation to tender.

Los Guandules Property, Dominican Republic

On February 21, 2003, the Company signed a letter of intent with a private Dominican company to acquire a 100% interest in the Los Guandules concession. This approximately 12,500 hectare concession joins the southern boundary of the Neita property and the western boundary of the Sabaneta property. The cost to acquire this concession is a payment of US$30,000 (which has been paid) and the issuance of 330,000 shares of the Company *(see also Note 14)*.

Royalty Interest, Dominican Republic

The Company has entered into a letter of intent with the Dominican Republic Government ("DRG") to purchase a 3.2% net smelter return ("NSR") held by the DRG on the Pueblo Viejo gold deposit currently being evaluated by Placer Dome Inc.

The Company would be entitled to earn up to US$175 million from future revenues generated from the 3.2% NSR. Revenues in excess of US$175 million would be shared 40/60 between the Company and the DRG. In return the Company will make a payment of US$21,362,000 upon the signing of a formal agreement and US$21,362,000 upon an announcement by Placer Dome Inc. that commercial production has commenced. Payments will be made in cash and/or in any other form of consideration acceptable to the DRG.

In addition, the Company will be required to provide funding to a Dominican non-profit organization created to support and assist the Dominican people. The Company will be required to contribute a total of US$4,280,000 in cash and 1,300,000 common shares of the Company. The acquisition is subject to satisfactory completion of certain conditions.

6. SHARE CAPITAL

As explained in Note 3, the fiscal 2002 business combination is accounted for as an RTO. Under RTO accounting, the capital structure of the consolidated entity is the capital structure of the legal parent, Unigold Inc., and is different from that appearing in the financial statements of Unigold Resources Inc. in the earlier periods.

Authorized

Unlimited number of common shares

Issued

26,758,069 common shares

Transactions during the period are as follows:

	Shares #	Amount $
Balance, December 31, 2001	11,758,232	16,131,071
Share redemption *(Note 3)*	(5,879,116)	(8,065,535)
Balance of capital stock of legal parent, Unigold Inc., Issued prior to the business combination *(Note 3)*	5,879,116	8,065,536
RTO combination adjustment to reduce the capital stock amount to that of Unigold Resources Inc. prior to the business combination	–	(3,805,602)
Shares of the Company outstanding at the date of acquisition	5,879,116	4,259,934
Shares issued upon the business acquisition which is accounted for as an RTO *(see Note 3)*	10,322,286	777,224
Balance, December 31, 2002	16,201,402	5,037,158
Private placements	9,983,334	2,953,267
Shares issued for services	378,333	99,000
Stock options exercised	195,000	146,250
Share issue costs	–	(805,896)
Balance, December 31, 2003	26,758,069	7,429,779

Prior to the business combination, Unigold Resources Inc. had issued the following common shares:

	Shares #	Amount $
Opening balance, September 30, 2001	11,544,572	3,349,934
Private placements	9,000,000	900,000
Shares issued for services	100,000	10,000
Shares outstanding as at date of acquisition	20,644,572	4,259,934

On March 3, 2003, the Company closed a $500,000 private placement by issuing 833,333 units to three arm's length purchasers at a price of $0.60 per unit, with each unit consisting of one common share and one-half of one share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one common share at a price of $0.75 for one year. The share purchase warrants have been valued at $20,833. A finder's fee of 4% of the total was paid on this private placement. The shares are subject to a 12-month hold period from the date of issue.

On July 4, 2003, the Company closed a brokered private placement with Maison Placements Canada Inc. (the "Agent") to issue 2,736,666 common shares of the Company at $0.30 per common share for gross proceeds of $821,000. The shares are subject to a four-month hold period from the date of issue. For its services in connection with this offering, the Agent has been paid a cash commission of $57,470, being seven percent of the gross proceeds of the offering, as well as 410,500 broker warrants which will ultimately entitle the Agent to purchase that number of common shares at a price of $0.30 per common share for a maximum period of two years from the date of closing. The warrants have been valued at $72,248. The agent has also been paid a work fee of $100,000, $30,000 of which has been paid in cash and the balance of which has been paid by issuing the Agent 233,333 common shares valued at $70,000.

On October 9, 2003, the Company closed a brokered private placement with Maison Placements Canada Inc. (the "Agent") to issue 6,080,000 units of the Company at a price of $0.30 per unit for gross proceeds of $1,824,000. Each unit consists of one common share and one-half of one warrant, with each whole warrant entitling the holder thereof to purchase one common share at any time for a period of 24 months following the closing date at a price of $0.45 for the first 12 months following the closing date and thereafter for a further period of 12 months at a price of $0.55. The shares are subject to a four-month hold period from the date of issue. For its services in connection with this offering, the Agent has been paid a cash commission of $127,680, being seven percent of the gross proceeds of the offering, as well as 912,000 broker warrants which will ultimately entitle the Agent to purchase that number of common shares at a price of $0.30 per common share for a maximum period of two years from the date of closing. The 912,000 broker warrants have been valued at $143,680.

On October 20, 2003, the Company closed a brokered private placement with Maison Placements Canada Inc. (the "Agent") to issue 333,335 units of the Company at a price of $0.30 per unit for gross proceeds of $100,000. Each unit consists of one common share and one-half of one share purchase warrant, with each whole share purchase warrant entitling the holder thereof to purchase one common share at any time for a period of 24 months following the closing date at a price of $0.45 for the first 12 months following the closing date and thereafter for a further period of 12 months at a price of $0.55. The shares are subject to a four-month hold period from the date of issue. For its services in connection with this offering, the Agent has been paid a cash commission of $7,000, being seven percent of the gross proceeds of the offering, as well as 50,000 broker warrants which will ultimately entitle the Agent to purchase that number of common shares at a price of $0.30 per common share for a maximum period of two years from the date of closing. The 50,000 broker warrants have been valued at $7,000.

All the broker warrants referred to above were valued using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%, average expected volatility of 79%, average risk-free interest rate of 3.5%, and an expected average life of 2 years.

Share Purchase Warrants

As at December 31, 2003, the following share purchase warrants are outstanding:

Exercise Price $	Number of Shares #	Estimated Value $	Expiry Date
0.20	450,000	45,000	November 4, 2004
0.75	416,666	20,833	March 3, 2004
0.30	410,500	72,248	July 4, 2005
0.45 – 0.55	3,040,000	258,400	October 9, 2005
0.45 – 0.55	166,667	12,500	October 20, 2005
0.30	912,000	136,800	October 9, 2005
0.30	50,000	7,000	October 20, 2005
	5,445,833	552,781	

A summary of warrants outstanding and changes during the period is presented below:

	December 31, 2003		December 31, 2002	
	Number #	Weighted average exercise price $	Number #	Weighted average exercise price $
Outstanding, beginning of period	–	–	–	–
Issued	5,445,833	0.44	–	–
Outstanding, end of period	5,445,833	0.44	–	–

Stock options

The Company has a stock option plan (the "Plan"), which was approved by the shareholders on May 7, 2003. The purpose of the Plan 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 ten 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 status of the Plan as at December 31, 2003 and December 31, 2002 and changes during the periods ended on those dates is presented below:

	December 31, 2003		December 31, 2002	
	Number #	Weighted average exercise price $	Number #	Weighted average exercise price $
Outstanding, beginning of period	–	–	490,000	0.61
Granted	**2,610,000**	**0.62**	582,509	0.16
Exercised	**(195,000)**	**0.75**	–	–
Cancelled	–	–	(1,072,509)	0.37
Outstanding, end of period	**2,415,000**	**0.60**	–	–

As at December 31, 2003, the Company had incentive stock options issued to directors, officers, employees and consultants outstanding as follows:

Stock Options #	Exercise Price $	Expiry Date
1,305,000	0.75	February 13, 2008
160,000	0.33	May 7, 2008
350,000	0.40	August 21, 2008
600,000	0.48	October 9, 2008
2,415,000		

Stock-based Compensation

The Company does not record compensation cost on the grant of stock options to employees, as described in Note 2. Had compensation cost for the Company's stock-based compensation plan been determined based on the fair value at the grant dates for awards under the plan for options awarded on or after January 1, 2002, the Company's net loss and loss per share would have been increased to the pro forma amounts indicated below:

		December 31, 2003 $	December 31, 2002 $
Net (loss) income	As reported	**(1,126,198)**	1,057,294
	Unrecorded stock option compensation	**(686,100)**	–
	Pro forma	**(1,812,298)**	1,057,294
Basic (loss) income per share			
	As reported	**(0.07)**	0.15
	Pro forma	**(0.10)**	0.15

For the purpose of pro forma disclosure above, the following assumptions were used under the Black-Scholes option pricing model: dividend yield of 0%, average expected volatility of 89%, average risk-free interest rate of 3.5%, and an expected average life of 5 years.

Stock options were also granted to non-employees of the Company. The fair value of these options at the date of grant was estimated to be $42,000 using the Black-Scholes option pricing model as described above.

7. EARNINGS PER SHARE

As at December 31, 2003, the existence of stock options and share purchase warrants outstanding would reduce the reported loss per share, thus the fully diluted loss per share amount has not been presented. As at December 31, 2002, there were no dilutive securities outstanding, as a result, fully diluted earnings per share is the same as basic earnings per share.

Basic loss from operations per common share is based on the weighted average number of shares outstanding during the year of 18,193,560 (2002 - 6,822,286).

8. INCOME TAXES

The Company utilizes the asset and liability method of accounting for income taxes.

(a) Provision for Income Taxes
Major items causing the Company's income tax rate to differ from the federal statutory rate of 39% were as follows:

	2003 $	2002 $
(Loss) income before taxes:	**(1,226,198)**	1,057,294
Expected income tax (recovery)	**(478,217)**	412,735
Increase (decrease) resulting from:		
Non-deductible expenses:		
Loss on sale of investments	**6,671**	–
Write-down of mineral properties	**–**	15,249
Other	**5,190**	–
Share issue costs	**(42,498)**	–
Application of non-capital losses	**–**	(427,984)
Current year valuation allowance	**508,854**	–
	–	–

(b) Future Tax Balances
The tax effects of temporary differences that give rise to future income tax assets at December 31, 2003 are as follows:

	2003 $	2002 $
Future income tax assets - long-term portion:		
Resource properties	**1,535,933**	1,193,943
Non-capital losses	**1,866,168**	1,554,749
Share issue costs	**169,993**	–
Valuation allowance	**(3,572,094)**	(2,748,692)
	–	–

As at December 31, 2003, the Company had available for deduction against future taxable income, non-capital losses of approximately $4,634,100 (2002 - $3,986,535) which, if unutilized, begin to expire in 2004. The Company has approximately $888,120 (2002 - $888,120) and $1,795,212 (2002 - $1,795,212) of Canadian development expenses and Canadian exploration expenditures, respectively, and $1,242,933 (2002 - $378,061) of foreign exploration expenditures as at December 31, 2003 which, under certain circumstances, may be utilized to reduce taxable income of future years.
The potential income tax benefit of these losses has not been recognized in the accounts.

9. RELATED PARTY TRANSACTIONS

During the period, the Company incurred costs of $88,620 (2002 - $77,466) for consulting services provided by its directors and officers of which Nil (2002 - $39,833) was included in accounts payable and accrued liabilities at December 31, 2003.

10. CONSOLIDATED STATEMENTS OF CASH FLOWS

The net change in non-cash working capital balances related to operations consists of the following:

	2003 $	2002 $
Other receivables	**6,437**	(21,734)
Prepaid expenses	**27,485**	(42,881)
Accounts payable and accrued liabilities	**(116,154)**	221,395
Due to subsidiary	**–**	25,000
Proceeds on sale of marketable securities	**139,444**	–
	57,212	181,780

11. FINANCIAL INSTRUMENTS

Fair Value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet 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 carrying amounts for cash, other receivables and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

Foreign Exchange Risk

Certain of the Company's expenses are incurred in United States and Dominican Republic currencies and are therefore subject to gains or losses due to fluctuations in that currency.

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.

12. COMMITMENT

The Company is committed to minimum amount rentals under a long-term lease for premises which expires January 31, 2006. Minimum rental commitments under the lease approximates $161,194. Minimum rental commitments for successive years are as follows: 2004 - $77,373; 2005 - $77,373; and 2006 - $6,448.

13. SEGMENTED INFORMATION

The Company's only activity is mineral exploration and development. All of the Company's exploration activities relate to the Dominican Republic properties referred to in Note 5.

	2003		
	Canada $	Dominican Republic $	Total $
Assets	**1,524,355**	**1,497,237**	**3,021,592**
Liabilities	**51,934**	**98,905**	**150,839**
Interest income	**3,438**	**–**	**3,438**
Administrative expenses	**1,212,530**	**–**	**1,212,530**

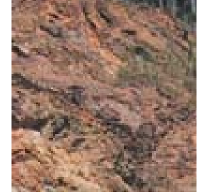
On or about July 2002, the Company changed its focus on mineral exploration from Canada to the Dominican Republic. As at December 31, 2002, all of the Company's assets and liabilities with the exception of the mineral properties referred to in Note 5 were in Canada. For the period ended December 31, 2002 substantially all the operating revenues and expenses were related to Canadian operations.

14. SUBSEQUENT EVENTS

(a) On February 16, 2004, the Company entered into a definitive agreement with Americana de Exploitaciones Mineras, S.A. ("Americana") and the shareholders thereof relating to the acquisition by the Company of the Los Guandules concession in Municipalities of Elias Pina and Dajabon, Dominican Republic. Under the terms of the agreement, in consideration for the payment of US$30,000 (which has been previously paid) and the issue of an aggregate of 330,000 common shares of the Company, the Company will be granted an option to acquire, at its election, the rights of Americana under the Los Guandules concession agreement or all of the shares of Americana for the price of $1.00 at any time for a period of five years. Completion of the transaction is subject to the receipt of all required regulatory approvals.

(b) The Company has extended the term of an aggregate of 416,666 outstanding warrants to purchase common shares of the Company. The expiry date of such warrants, originally March 3, 2004, has been extended to September 3, 2004. The exercise price of the warrants, being $0.75, remains unchanged.

(c) On March 4, 2004, 16,666 purchase warrants were exercised to acquire 16,666 common shares of the Company at $0.45 per share for total proceeds of $7,500.



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ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 10:00am, on Thursday, June 17, 2004 at the Toronto Board of Trade, 1 First Canadian Place, 3rd Floor, Ketchum/Osgoode MacDonald Room, Toronto, Ontario, Canada

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