



UNIGOLD INC.

FIRST QUARTER INTERIM REPORT

THREE MONTHS ENDED
MARCH 31, 2003

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REPORT TO SHAREHOLDERS

OVERVIEW

Unigold Inc. (the "Company") began operations on January 1, 2003 and began trading on the TSX Venture Exchange on February 11, 2003. The Company was established for the primary purpose to explore, find and develop gold deposits on its 81,000 hectares properties, Neita and Sabaneta in the Dominican Republic.

The Company's strategy on the properties will be to target, bulk tonnage, near surface, open pittable, oxide gold deposits where the gold can be recovered by conventional methods and the deposit can be put into production quickly and with low capital expense.

The Company's goal is to find a gold deposit equivalent in size to the world class Pueblo Viejo Gold Mine, in the Dominican Republic, that has produced over 5 million ounces since 1975 and contains an additional geological inventory of 30 million ounces of gold.

EXPLORATION

The Company has identified approximately 25 prime targets for exploration work based on previous gold in soil geochemistry, stream sediment sampling, trenching and an airborne magnetic and radiometric survey as well as geological mapping and a lineament and fault structural study. One gold showing with upside potential has already been found on the property, confirming that there is gold in the system. There is a very high potential to find additional gold mineralization on the properties.

LIQUIDITY & FINANCIAL RESOURCES

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.

During this quarter, 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.

It is expected that a private placement of a maximum of 6,666,667 special warrants at a price of \$0.30 per special warrant will close on or about June 3, 2003. Each special warrant will entitle the holder to acquire, without payment of any additional consideration, one common share of the Company. The net proceeds of this private placement will be used to finance the exploration program in the Dominican Republic and for general corporate purposes.

Cash and cash equivalents were \$523,971 as of March 31, 2003, down \$104,002 from the year ended December 31, 2002. Working capital has been reduced by \$191,303 during this quarter to \$418,651 from \$609,954.



JOHN P. THOMPSON
President and Chief Executive Officer
May 23, 2003

CONSOLIDATED BALANCE SHEETS

(unaudited – Canadian \$)	as at March 31 2003	as at December 31 2002
CURRENT ASSETS		
Cash and cash equivalents	\$ 523,971	\$ 627,973
Marketable securities	156,550	156,550
Other receivables	68,777	42,676
Prepaid expenses	103,964	46,917
	853,262	874,116
MINERAL PROPERTIES (Note 2)	302,202	258,275
DEFERRED EXPLORATION COSTS (Note 2)	282,724	144,151
FIXED ASSETS, NET	26,645	–
PUBLIC LISTING STATUS	100,000	100,000
Total Assets	\$ 1,564,833	\$ 1,376,542
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 434,611	\$ 264,162
NON-CONTROLLING INTEREST	2,831	2,831
SHAREHOLDERS' EQUITY		
Share Capital (Note 3)	5,494,466	5,037,158
Warrants (Note 3)	20,833	–
Contributed Surplus (Note 4)	42,000	–
Deficit	(4,429,908)	(3,927,609)
	1,127,391	1,109,549
Total Liabilities and Shareholders' Equity	\$ 1,564,833	\$ 1,376,542

See accompanying notes to the financial statements

APPROVED ON BEHALF OF THE BOARD:



JOHN P. THOMPSON
Director



JOSEPH DEL CAMPO
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(unaudited – Canadian \$)

Three months ended March 31

	2003	2002
REVENUE		
Interest income	\$ 688	\$ -
	688	-
ADMINISTRATIVE EXPENSES		
Professional fees	99,603	8,117
Consulting fees	43,804	-
Salaries and wages	17,054	-
Interest on long-term debt	-	46,996
Travel, promotion and business development	81,686	5
Listing and shareholder information	164,125	4,508
General and administrative expenses	53,970	1,227
Stock-based compensation	42,000	-
Foreign exchange gain	(1,055)	-
Depreciation expense	1,800	-
	502,987	60,853
NET LOSS	(502,299)	(60,853)
Deficit, beginning of period	(3,927,609)	(5,048,805)
DEFICIT, END OF PERIOD	\$ (4,429,908)	\$ (5,109,658)
BASIC NET LOSS PER SHARE	\$ (0.03)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	16,390,291	5,772,286

See accompanying notes to the financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited – Canadian \$)	Three months ended March 31	
	2003	2002
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Net loss	\$ (502,299)	\$ (60,853)
Items not affecting cash		
Depreciation expense	1,800	–
Stock-based compensation (note 4)	42,000	–
	(458,499)	(60,853)
Change in non-cash working capital items	87,301	59,281
	(371,198)	(1,572)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares, net of costs	457,308	–
Issuance of share purchase warrants	20,833	–
	478,141	–
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
Deferred exploration costs	(138,573)	(11,100)
Acquisition of fixed assets	(28,445)	–
Mineral properties	(43,927)	–
	(210,945)	(11,100)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,002)	(12,672)
Cash and cash equivalents, beginning of period	627,973	13,052
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 523,971	\$ 380

See accompanying notes to the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. BASIS OF ACCOUNTING

The accompanying unaudited financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended March 31, 2003 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2003. For further information see the Company's consolidated financial statements including the notes thereto included in the Annual Report for the year ended December 31, 2002.

2. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Mineral properties and deferred exploration costs consist of the following:

	March 31, 2003		December 31, 2002	
	Mineral properties	Deferred exploration costs	Mineral properties	Deferred exploration costs
Neita and Sabaneta	\$ 258,275	\$ 282,724	\$ 258,275	\$ 144,151
Los Guandules	43,927	-	-	-
	<u>\$ 302,202</u>	<u>\$ 282,724</u>	<u>\$ 258,275</u>	<u>\$ 144,151</u>

NEITA PROPERTY

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. The Company 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 signing the contract (which amount has been paid);
- (b) US\$20,000 on July 10, 2003;
- (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, the Company 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

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. The Company is required to pay to the Dominican Republic surface tax in a nominal amount, as well as pay the following amounts:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (a) US\$30,000 on the day signing the contract (which amount has been paid);
- (b) US\$20,000 on July 10, 2003;
- (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, the Company 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

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 25,000 hectare concession joins the southern boundary of the Neita property and the western boundary of the Sabaneta property.

3. SHARE CAPITAL

AUTHORIZED

Unlimited number of common shares without par value

ISSUED

17,134,735 common shares

Transactions during the period are as follows:

	Number of Shares	Amount
Balance, December 31, 2002	16,201,402	\$ 5,037,158
Shares Issued:		
Sponsorship (i)	100,000	20,000
Private Placement (ii)	833,333	479,167
Share issue fees and expenses	-	(41,859)
Balance, March 31, 2003	17,134,735	\$ 5,494,466

- (i) Shares issued to Maison Placements Canada Inc. regarding sponsorship for TSX Venture Exchange listing.
- (ii) 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 5% of the total was paid on this private placement. The shares are subject to a 12-month hold period from the date of issue.

4. STOCK OPTIONS

Effective January 1, 2002, the Company adopted the new recommendations of 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

compensation and other stock-based payments made in exchange for goods and services. These new recommendations require that compensation of or 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.

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

Number of Options	Exercise Price	Expiry Date
1,500,000	\$ 0.75	February 13, 2008

On February 13, 2003, 1,500,000 stock options were granted to certain of the directors, officers, employees and consultants of the Company.

As stated above, the Company does not record compensation cost on the grant of stock options to employees. Had compensation cost for the Company's stock-based compensation plan been determined based on the fair value at the grant dates, the Company's net loss and loss per share would have been increased to the pro forma amounts indicated below:

		Three months ended March 31, 2003
NET LOSS	As reported	\$ (502,299)
	Pro forma	\$ (985,299)
BASIC LOSS PER SHARE	As reported	\$ (0.03)
	Pro forma	\$ (0.06)

On February 13, 2003, 200,000 options were granted to two 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 pricing model based on the following assumptions: risk-free interest rate of 3.6%; expected life of five years; and volatility of 49%.

5. SUBSEQUENT EVENTS

- (i) On May 7, 2003, 160,000 stock options at an exercise price of \$0.33 were granted to certain of the directors and officers of the Company. The options expire May 7, 2008.
- (ii) On May 15, 2003, the Company issued 45,000 common shares and warrants to purchase up to 450,000 common shares of the Company at a price of \$0.20 per share to Maison Placements Canada Inc. with respect to the Fiscal Agency Agreement dated October 23, 2002, between the Company and Maison. The warrants expire on November 4, 2004.
- (iii) The Company expects completing a brokered private placement of a maximum of 6,666,667 special warrants at a price of \$0.30 per special warrant, on or about June 3, 2003. Each special warrant will entitle the holder to acquire, without payment of any additional consideration, one common share of the Company.

CORPORATE INFORMATION

DIRECTORS

JOHN P. THOMPSON

JOSEPH DEL CAMPO

DAVID R. BELL

PAUL DE POURTALES

ALFRED LENARCIAK

J. CHRISTOPHER COWAN

JOSE ACERO

OFFICERS

JOHN P. THOMPSON, MSC, PENG,
President & CEO

JOSEPH DEL CAMPO, CMA,
Vice President Finance & CFO

DANIEL DANIS, MSC,
Vice President Exploration

STOCK LISTING

TSX – Venture Exchange
Trading Symbol: UGD

AUDITORS

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LEGAL COUNSEL

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Toronto, Ontario

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