UNIGOLD INC.

FIRST QUARTER INTERIM REPORT

March 31, 2007

<u>Notice to Readers:</u>

The Consolidated Financial Statements and the accompanying notes thereto contained in this report have not been reviewed or audited by the Company's auditor.

UNIGOLD INC.

Form 51-102F1

Management's Discussion and Analysis

Three Months Ended March 31, 2007

The following discussion and analysis of the operating results and financial condition of Unigold Inc. ("Unigold" or the "Company") has been prepared as of May 24, 2007 and should be read in conjunction with the unaudited consolidated financial statements of the Company and notes thereto for the three month period ended March 31, 2007. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Nature of Operations

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

Forward Looking Statements

This Management's Discussion and Analysis, contains certain forward-looking statements related to, among other things, expected future events and the financial and operating results of the Company. Forward-looking statements are subject to inherent risks and uncertainties including, but not limited to, market and general economic conditions, changes in regulatory environments affecting the Company's business and the availability and terms of financing. Consequently, actual results and events may differ materially from those included in, contemplated or implied by such forward-looking statements for a variety of reasons.

Exploration / Operational Overview

Exploration expenditures of $611,682 were recorded in the first quarter of 2007 on the Neita Property in the Dominican Republic. This brings the inception to date amount spent to $4,457,890. The main focus has been on the Los Candelones Gold Deposit where 12 diamond drill holes averaging 116 metres in depth in a grid of 50 by 50 metres were completed during the first quarter of 2007, totaling approximately 1,400 metres. The drilling program was to target the ore body to the west of the main area that potentially would further increase the mineralized area. Samples have been sent to the laboratory and assay results are expected in the second quarter of 2007.

Geologial exploration was carried out on the Neita Property with soil geochemical sampling in three different areas. NE-SW Corredor, Montazo-Candelones and Rosso Area, respectively. These areas were sampled from mid-November 2006 to present. A total of approximately 7,000 soil samples were taken from these areas of which 3,222 soil samples have been sent to the SGS Laboratory in Canada and are awaiting results.

A prospecting program was also carried out on the Neita Property during the first quarter of 2007. The objective was to define much better the nature and geometry of gold anomalous areas within the property found in 2006 and to evaluate target areas within the property. A total of 73 rock samples were taken during this program and sent to the laboratory for assaying. Results are pending.

The Company initiated an airborne geophysical survey at the end of March 2007 with FUGRO Airborne Surveys Corp. The survey, flown at 200-metre flight gridlines, will encompass approximately 2,600 line kilometres and will consist of magnetic, electromagnetic and radiometric readings. The Company has mandated SGS Minerals Services (Lakefield) for an investigation into cyanidation of the Los Candelones ore and to establish the parameters for a possible heap leaching of the oxidized ore of Los Candelones. Thus far, a variety of 10,000 samples are in the process of analysis with SGS.

The Company continued its promotional campaign by attending various conferences and road shows in Canada and in the United States. In addition, in March 2007, the Company hosted a technical property tour of the Neita Property for a group of 13 mining industry professionals.

Results of Operations

For the quarter ended March 31, 2007, the Company recorded a net loss of $159,979 or $ nil per share compared with a net loss of $330,004 or $0.01 per share in 2006.

Revenue is limited to interest earned on cash balances and term deposits and amounted to $80,388 in the first quarter of 2007, compared to $14,859 for the same period in 2006. The higher interest income in 2007 is as a result of having higher cash balances.

Administrative expenses were $240,367 in the first quarter of 2007. This is a net decrease of $104,496, or 30%, from the $344,863 recorded in the first quarter of 2006. The 2007 expenses include a foreign exchange loss of $17,772 due to the strenghtening Canadian dollar and a stock based compensation charge of $21,468 (a non cash item) on stock options vesting in this quarter. The 2006 expenses included a termination and settlement payment of $126,000 as a result of the chane of control of the Company in the first quarter of 2006.

Quarterly Information

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

	Net Revenues	Net Loss	Net loss per share
March 31, 2007	$80,388	$ (159,979)	$ nil
December 31, 2006	$85,291	$(1,100,076)	$(0.02)
September 30, 2006	$70,901	$ (69,212)	$ nil
June 30, 2006	$33,135	$ (201,300)	$ nil
March 31, 2006	$14,859	$ (330,004)	$(0.01)
December 31, 2005	$ 13	$ (98,155)	$ nil
September 30, 2005	$ 30	$ (87,287)	$ nil
June 30, 2005	$ 190	$ (160,163)	$(0.01)

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.

Cash on hand at March 31, 2007 was $7,117,743 a decrease of $690,977 from the year ended December 31, 2006. As at March 31, 2007, the Company has a working capital of $7,302,580. The net cash decrease is due to incurring net exploration expenditures of $579,995 and net general and administrative costs of $194,982, offset by a receipt of $84,000 on the exercise of stock options.

Trend Information

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

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the three months ended March 31, 2007, payments made to companies under the control or significant influence of officers and directors of the Company were as follows:

Management Services fees paid to corporations controlled by or have significant influence by officers and directors of the Company	$65,533
General & administrative expenses paid to a corporation controlled by an officer and director of the Company	$11,721
Professional fees paid to an officer and director of the Company	$10,700

Included in prepaid expenses as at March 31, 2007 is an advance in the amount of $100,000 to a corporation controlled by an officer and director of the Company for a future listing on a foreign stock exchange and a travel advance of $20,000 to an officer and director of the Company.

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.

Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company.

Critical Accounting Estimates

The Company prepares its financial statements in accordance with accounting principles generally accepted in Canada. The most significant accounting estimates are the policy of capitalizing exploration costs on its mining properties and the valuation of such properties, stock-based compensation, tax accounts and property receivables. The Company reviews its portfolio of properties on an annual basis to determine whether a write-down of the capitalized cost of any property is required under Canadian generally accepted accounting principles.

Changes in accounting policies

There were no changes in accounting policies during the first quarter of 2007 that affected the Company.

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 sundry receivables and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments.

Foreign Exchange Risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

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.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares of which 76,029,178 common shares are outstanding as of the date of this report. The Company currently has 9,000,000 share purchase warrants outstanding with an exercise price of $0.75, with an expiry date of July 11, 2007, and 455,760 broker warrants at an exercise price of $0.50 expiring July 11, 2007. The Company also has outstanding 3,080,000 stock options, with exercise prices ranging from $0.25 to $0.80 with expiry dates from February 13, 2008 to October 2, 2011.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and the Chief Financial Officer, has reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators) as of March 31, 2007. Management has concluded that, as of March 31, 2007, the disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company and its subsidiaries would be made known to them by others within those entities, particularly during the period in which this report was being prepared.

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There have been no changes in the Company's internal controls over financial reporting during the first quarter of 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Risks and Uncertainties

At the present time, the Company 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 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 the Company 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.

Qualified Person

The foregoing scientific and technical information has been prepared or reviewed by Daniel Danis, M.SC., the Chief Operating Officer of the Company. Mr. Danis is a "qualified person" within the meaning of National Instrument 43-101. Mr. Danis also supervises all work associated with the Company's exploration programs in the Dominican Republic.

Additional information relating to the Company may be accessed by visiting the SEDAR website at www.sedar.com.

UNIGOLD INC.
(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(Canadian $)

	As at March 31, 2007	As at December 31, 2006
Current assets		
Cash	**$ 7,117,743**	$ 7,808,720
Sundry receivables	**98,397**	132,360
Prepaid expenses	**158,383**	156,927
	7,374,523	8,098,007
Equipment *(note 3)*	**601,921**	635,655
Mineral Properties *(note 4)*	**367,174**	367,174
Deferred exploration costs *(note 4)*	**4,457,890**	3,846,208
Public listing status	**100,000**	100,000
	$ 12,901,508	$ 13,047,044
Current liabilities		
Accounts payable and accrued liabilities	**$ 71,943**	$ 162,969
Contingencies *(notes 1 and 9)*		
Non-controlling interest	**2,831**	2,831
Shareholders' Equity		
Common shares *(note 5(a))*	**18,457,586**	18,317,786
Share purchase warrants *(note 5(b))*	**1,627,300**	1,627,300
Contributed surplus *(note 5(d))*	**1,963,633**	1,997,964
Deficit	**(9,221,785)**	(9,061,806)
	12,826,734	12,881,244
	$ 12,901,508	$ 13,047,044

Approved on Behalf of the Board:

Signed: *"Dr. Talal A. Alshair"*
Director

Signed: *"Daniel Danis"*
Director

See accompanying notes to the consolidated financial statements

UNIGOLD INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Canadian $)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Revenue		
Interest income	**$ 80,388**	$ 14,859
Administrative expenses		
Management services fees	**65,533**	76,692
General and administrative expenses	**51,693**	29,236
Listing and shareholder information	**44,051**	46,390
Professional and consulting fees	**10,700**	8,387
Travel, promotion and business development	**27,103**	43,492
Salaries and wages	---	138,348
Stock based compensation	**21,468**	**---**
Foreign exchange loss	**17,772**	---
Amortization	**2,047**	2,318
	240,367	344,863
Net loss for the period	**(159,979)**	(330,004)
Deficit, beginning of period	**(9,061,806)**	(7,361,214)
Deficit, end of period	**$ (9,221,785)**	$ (7,691,218)
Loss per share – Basic and diluted	**$ (0.00)**	$ (0.01)
Weighted average number of shares outstanding	**76,029,178**	33,248,699

See accompanying notes to the financial statements

UNIGOLD INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Canadian $)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Cash flows from operating activities		
Net loss for the period	$ (159,979)	$ (330,004)
Add items not requiring cash:		
Stock based compensation	21,468	---
Amortization	2,047	2,318
	(136,464)	(327,686)
Net changes in non-cash working capital balances *(note 7)*	(58,518)	(90,815)
	(194,982)	(418,501)
Cash flows from financing activities		
Private placements, net of costs	---	4,015,385
Exercise of stock options	84,000	91,100
Exercise of share purchase warrants	---	70,000
	84,000	4,176,485
Cash flows from investing activities		
Deferred exploration costs	(579,995)	(108,230)
Acquisition of equipment	---	(26,591)
	(579,995)	(134,821)
(Decrease) increase in cash	(690,977)	3,623,163
Cash, beginning of period	7,808,720	64,159
Cash, end of period	$ 7,117,743	$ 3,687,322
Supplemental Information		
Income taxes paid	-	-
Interest paid	-	-

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS

Unigold Inc. (the "Company") is a development stage company and is in the process of exploring its mineral properties in the Dominican Republic.

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 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. The Company's mining assets 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 uncertainties.

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 requirements.

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 Canada 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 sheet, 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 equipment. The resulting gains and losses are included in the consolidated statements of operations and deficit.

Mineral Properties and Deferred Exploration Costs:
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 properties are credited against the carrying cost of the related property.

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

The Company reviews its mineral properties 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. An impairment loss is recognized when the carrying amount of the mineral properties is not recoverable and exceeds its fair value. 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.

Asset Retirement Obligations:
The Company will record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mining properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral properties and deferred exploration costs and amortized over the useful life of the properties. The Company does not believe that it currently has any legal obligations relating to the reclamation of its mineral properties.

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. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation, warrants, property receivable and tax accounts. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Stock-Based Compensation:
The Company has adopted the CICA Handbook Section 3870 which required the Company to follow the fair value method of accounting for all stock-based compensation arrangements. The fair value of each option granted during the period is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model on the date of the grant, with the related increase to contributed surplus.

Loss Per Share:
Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted 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.

Public Listing Status:
The public listing status was acquired as a result of a business combination in 2002 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

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

Income Taxes:
The Company uses the liability method of accounting for income taxes. Under this 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 that are expected to be in effect in the periods 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. EQUIPMENT

	As at March 31, 2007			As at December 31, 2006		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Office furniture and equipment	$ 20,618	$ 4,949	$ 15,669	$ 20,618	$ 4,124	$ 16,494
Computer equipment	41,080	24,668	16,412	41,080	23,338	17,742
Vehicles	100,805	45,041	55,764	100,805	40,519	60,286
Field equipment	647,802	133,726	514,076	647,802	106,669	541,133
	$ 810,305	$208,384	$ 601,921	$ 810,305	$ 174,650	$ 635,655

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Mineral properties and deferred exploration costs consist of the following:

	Balance, Dec. 31, 2005	Additions	Balance, Dec. 31, 2006	Additions	Balance, March. 31, 2007
Mineral properties					
Neita	$ 283,747	$ -	$ 283,747	$ -	$ 283,747
Los Guandules	83,427	-	83,427	-	83,427
	$ 367,174	$ -	$ 367,174	$ -	$ 367,174
Deferred exploration costs					
Neita	$ 2,439,876	$ 1,406,332	$ 3,846,208	$ 611,682	$ 4,457,890
Los Guandules	-	-	-	-	-
	$ 2,439,876	$ 1,406,332	$ 3,846,208	$ 611,682	$ 4,457,890
Total	$ 2,807,050	$ 1,406,332	$ 4,213,382	$ 611,682	$ 4,825,064

Neita Property
The Neita Property covers an area of 25,221 hectares in Central Cordillera in northwestern Dominican Republic. Pursuant to the July 2002 Neita Exploration Contract between the Company and the Dominican Republic government, the Company was granted 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on the Neita Property, as well as a sole and exclusive option for the commercial mining of the mineral deposits. Payments totaling US$150,000 have been made to the Dominican Republic government for the Neita Property. In 2006, the regulatory authorities in the Dominican Republic granted the Neita Property the exploration concession status. The exploration concession is issued for three years plus two one-year extensions after which it must be converted to an exploitation licence which is issued for 75 years.

Los Guandules
On February 16, 2004, the Company entered into a definitive agreement with Americana de Exploitaciones Mineras, S.A. ("Americana"), a Dominican private company, and the shareholders thereof, relating to the acquisition by the Company of the Los Guandules concession in the 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 and the issuance of 330,000 common shares of the Company.

5. SHARE CAPITAL

(a) Common Shares

Authorized - unlimited number of common shares without par value
Issued – 76,029,178 common shares

Transactions during the first quarter 2007 and for the year ended December 31, 2006 are as follows:

	Number of Shares	Amount
Balance, December 31, 2005	35,093,965	$ 8,550,122
Shares Issued:		
Private placement (i)	4,444,443	1,000,000
Private placement (ii)	20,180,770	3,228,923
Private placement (iii)	9,000,000	3,005,900
Stock options exercised	260,000	91,100
Stock options exercised -option valuation	-	114,250
Share purchase warrants exercised	5,950,000	2,082,500
Broker compensation options exercised	800,000	240,000
Broker compensation options exercised - valuation	-	52,000
Share purchase warrants exercised- warrant valuation	-	495,833
Broker warrants issued as share issue costs (iii)	-	(133,200)
Share issue costs	-	(409,642)
Balance, December 31, 2006	75,729,178	$18,317,786
Shares Issued:		
Stock options exercised	300,000	84,000
Stock options exercised – option valuation	-	55,800
Balance, March 31, 2007	76,029,178	$18,457,586

(i) In January 2006, the Company completed a non-brokered private placement of 4,444,443 common shares of the Company at a price of $0.225 per common share for aggregate gross proceeds of approximately $1,000,000.

(ii) In February 2006, the Company completed a non-brokered private placement of 20,180,770 common shares of the Company at a price of $0.16 per common share for aggregate gross proceeds of $3,228,923 to Shairco. A finders fee of 5% of the gross proceeds was paid on the private placement.

(iii) On July 11, 2006, the Company closed a non-brokered private placement (the "Private Placement") of 9,000,000 units of the Company ("Units") at a price of $0.50 per Unit for aggregate gross proceeds of $4,500,000. Each Unit consists of one common share of the Company (a "Common Share") and one warrant (a "Warrant"), with each Warrant entitling the holder thereof to purchase one Common Share at any time for a period of 12 months following the date of the closing of the Private Placement at a price of $0.75. The agents were collectively paid a cash commission of $170,910 and were issued 455,760 compensation warrants, with each warrant entitling the holder thereof to purchase one Common Share at any time for a period of 12 months following the date of the closing of the Private Placement at a price of $0.50 and valued at $133,200. All of the securities issued in connection with the Private Placement are subject to a four-month hold period. The gross proceeds have been prorated to Common Shares and Warrants based on the relative fair value of each component, as follows: Common Shares - $3,005,900;

Warrants - $1,494,100. The Black-Scholes option pricing model was used to determine the fair market value of the Warrants and compensation warrants using the following assumptions: expected dividend yield: 0%; expected volatility: 160%; risk-free interest rate: 4.24%; and an expected life of one year.

(b) Share Purchase Warrants

As at March 31, 2007, the following share purchase warrants are outstanding:

Exercise Price	Number of Shares	Fair Value	Expiry Date
$0.75	9,000,000	$1,494,100	July 11, 2007
$0.50	455,760	133,200	July 11, 2007
	9,455,760	$1,627,300	

A summary of share purchase warrants outstanding and changes during the first quarter ended March 31, 2007 and for the year ended December 31, 2006 is presented below:

	March 31, 2007			December 31, 2006		
	Number	Weighted average exercise price	Fair value	Number	Weighted average exercise price	Fair value
Balance, beginning of year	9,455,760	$0.74	$1,627,300	5,950,000	$0.35	$ 495,833
Issued	-		-	9,455,760	$0.74	1,627,300
Expired	-		-	-		-
Exercised	-		-	(5,950,000)	$0.35	(495,833)
Balance, end of period	9,455,760	$0.74	$1,627,300	9,455,760	$0.74	$1,627,300

(c) Stock-based Compensation

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 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.

Share purchase plan

The Company has a share purchase plan that provides the directors of the Company with the authority to select those employees and members of management of the Company and designated affiliates who may participate in the share purchase plan. The Company matches the participant's contribution, which cannot exceed ten per cent of the participant's basic annual remuneration, on a quarterly basis and each participant is then issued Common Shares having a value equal to the aggregate amount contributed to the share purchase plan by the participant and the Company. The purchase price per share is the weighted average price of the Common Shares on a stock exchange for the calendar quarter in respect of which the Common Shares are issued. Such Common Shares are delivered to participants 12 months following their date of issue. A maximum of 850,000 Common Shares may be issued pursuant to the share purchase plan. To date, no Common Shares have been issued pursuant to the share purchase plan.

Share Bonus Plan

The share bonus plan permits Common Shares to be issued as a discretionary bonus to employees and management of the Company and designated affiliates. A maximum of 200,000 Common Shares may be issued pursuant to the share bonus plan. To date, no Common Shares have been issued pursuant to the share bonus plan.

A summary of the Stock Option Plan as at March 31, 2007 and December 31, 2006 and changes during the periods then ended is presented below:

	March 31, 2007		December 31, 2006	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	3,835,000	$0.66	2,415,000	$0.50
Granted	---	---	1,850,000	$0.80
Exercised	(300,000)	0.28	(260,000)	$0.35
Cancelled / Expired	(455,000)	0.72	(170,000)	$0.48
Outstanding, end of year	3,080,000	$0.69	3,835,000	$0.66

As at March 31, 2007, the Company had stock options issued to directors, officers, employees and consultants of the Company as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
520,000	520,000	$0.75	February 13, 2008
50,000	50,000	$0.33	May 7, 2008
140,000	140,000	$0.40	August 21, 2008
180,000	180,000	$0.48	October 9, 2008
340,000	340,000	$0.25	November 10, 2009
1,850,000	1,725,000	$0.80	October 2, 2011
3,080,000	2,955,000		

(d) Contributed Surplus

A summary of contributed surplus activity during the three months ended March 31, 2007 and for the year ended December 31, 2006 is presented below:

	March 31, 2007	December 31, 2006
Balance, beginning of year	$ 1,997,964	$ 1,443.414
Stock-based compensation	21,469	720,800
Stock options exercised	(55,800)	(114,250)
Broker compensation options exercised	-	(52,000)
Share purchase warrants expired	-	-
Balance, end of period	$ 1,963,633	$ 1,997,964

6. RELATED PARTY CONTRACTUAL OBLIGATIONS AND TRANSACTIONS

Included in the accounts for the three-month period ended March 31, 2007 are payments made to corporations under the control or significant influence of officers and directors as follows:

Management Services fees paid to corporations controlled by or have significant influence by officers and directors of the Company	$	65,533
General and administrative expenses paid to a corporation controlled by an officer and director of the Company	$	11,721
Professional fees paid to an officer and director of the Company	$	10,700

Included in prepaid expenses as at March 31, 2007 is an advance in the amount of $100,000 to a corporation controlled by an officer and director of the Company for a future listing on a foreign stock exchange and a travel advance of $20,000 to an officer and director of the Company.

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.

7. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2007	2006
Sundry receivables	$ 33,963	$ (23,026)
Prepaid expenses	(1,456)	10,000
Accounts payable and accrued liabilities	(91,025)	(77,789)
	$ (58,518)	$ (90,815)

8. 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 sundry receivables and accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments.

Foreign Exchange Risk

The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar.

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.

9. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company is a party to certain management contracts. These contracts contain clauses requiring that US$63,000 and $54,000 be paid upon a change of control of the Company.

The Company is committed to a minimum amount rental under a lease for premises which expires February 28, 2008. Minimum rental commitments under the lease are $28,600. Minimum rental commitments for the periods indicated are as follows:

2007 -	(April – December)	$23,400
2008 -		$ 5,200

10. SUBSEQUENT EVENTS

Subsequent to March 31, 2007, 330,000 common shares of the Company were issued to Americana de Exploitaciones Mineras, S.A. relating to the Los Guandules concession.