UNIGOLD

UNIGOLD INC.

(A Development Stage Company)

FIRST QUARTER INTERIM REPORT

For the Three Months Ended

March 31, 2008

Notice to Readers:

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.

Management's Discussion and Analysis

For the three months ended March 31, 2008

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 23, 2008 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, 2008. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Nature of Operations and Going Concern

The Company is in the process of exploring its mineral properties located in the Dominican Republic and has not as yet determined whether these properties contain 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.

The Company has approximately $8.2 million (net of an impairment charge of $2.8 million) invested in asset-backed-commercial paper ("ABCP") in which no active market currently exists and the funds cannot be accessed. See ABCP Investment section of this Management's Discussion and Analysis for more details. There is no assurance as to the ultimate full recovery of these funds.

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

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.

Overview / Exploration Activities

Exploration expenditures of $981,567 were recorded in the first quarter of 2008. This brings the inception to date amount spent to $8,393,845. The exploration focus in the first quarter of 2008 has been on the Juan del Bosque area of the Neita Property. A total of 1,616 metres of trenches and a 13 hole, 1,650 metre drilling campaign has been completed. Near surface gold mineralization was intercepted in 9 of 13 drill holes over a strike length of 650 metres.

Drilling highlights include:

30 metres of 1.0 g/t gold including 8 metres of 1.7 g/t gold hole JB07
63 metres of 0.3 g/t gold including 30 metres of 0.5 g/t gold in hole JB10
41 metres of 0.5 g/t gold including 13 metres of 1.0 g/t gold in hole JB05
25 metres of 0.4 g/t gold in hole JB02

Mineralization at Juan del Bosque is structurally controlled with gold occuring in sub-vertical en-echelon faults and breccias in barite and clay-altered dacite. The main alteration assemblages, in decreasing order of importance with respect to gold mineralization are silicification, illite-quartz, illite-kaolinite, illite-montmorillonite, montmorillonite-chlorite.

Unigold Inc. is very encouraged by these early results and believes that the large alteration footprint (>5 km^2) surrounding the Juan del Bosque project is part of an important epithermal gold system. Several samples taken from Guano hill in highly silicified barite breccia contained high temperature and high acidity alteration minerals such as dickite, alunite and nacrite. Such conditions are generally associated with a high sulfidation epithermal system like Pueblo Viejo. Work is continuing on the project with a ground magnetic survey and detailed mapping currently underway.

Trenching highlights:

The first two trenches out of six already done were announced previously. Trench JB-07-01 is showing barite stockwork zone underlying a baritic silicified brick-red zone (jasperoid) grading more then 6 g/t of gold over 5 metres. Trench JB-07-02 is showing a very-hard brick-red highly siliceous rock capping a barite veinlets stockwork zone grading above 1 g/t of gold for 23 metres. This discovery of a new gold zone is located on the eastern flank of the Montazo-Guano large alteration zone, nine kilometres northeast of the Los Candelones high-sulfidation epithermal gold deposit.

TRENCH	LENGTH METRES	GRADE G/T GOLD
TR-JB-07-01	19	1.76
including	5	6.19
TR-JB-07-02	23	1.01
TR-JB-07-03A	9	0.49
TR-JB-07-04A	8	1.02
TR-JB-07-04B	7	0.50

TR-JB-07-07	**31**	**0.31**
TR-JB-07-07	**5**	**1.24**
TR-JB-07-08	**7**	**0.50**
TR-JB-07-08	**6**	**0.50**
TR-JB-07-10	**61**	**0.50**
including	**36**	**0.71**
including	**10**	**1.08**
including	**4**	**1.96**

This zone has been traced over a 900 metre strike length. Grab samples taken over half a kilometre in length from outcropping barite-bearing advanced argillic altered rocks graded locally above 10 grams on several samples and even above 22 grams per tonne gold (see results from the September 26, 2007 press release). New grabs have been taken recently outside the known area in order to extend the zone (see results below). Samples came from jasperoid unit widely exposed in this outcropping area. Furthermore, several angular barite-bearing silicified and argillized blocks have been discovered up to 300 metres east from the outcropping zone northeast termination, thus extending the gold-zone possible strike length. A broad gold in soil anomaly overlaps the whole Juan del Bosque zone. Soil samples grading up to 0.6 g/t gold have been encountered.

Sample number	Gold g/t
116867	0.89
116868	0.77
116873	0.75
116875	**4.64**
63853	**3.68**
63855	**3.03**
63856	0.54
63858	**3.88**
63859	0.65
63869	**2.29**

Discovery of the Juan del Bosque zone by Unigold geologists results from follow-up of an exploration model published for the Pueblo-Viejo deposit (Sillitoe et al., 2007, Economic Geology, vol. 101, pp. 1427-1435).

The Juan del Bosque zone occurs at the base of a shallow-water sedimentary sequence which conformably overlies a dacitic tuff sequence. Alteration grades from slightly propylitic to advance argillic in the dacitic tuffs. Gold mineralization occurs on the fringe of a low-magnetic pyrite-bearing advanced argillic zone which is bordered by propylitized magnetite-bearing dacitic tuffs exhibiting positive aeromagnetic features. The overlying sedimentary sequence includes limestones, and non-calcareous sandstone and siltstone. A thin, black, thinly-laminated cherty carbonaceous mudstone has also been observed in this sedimentary pile. Silicified bedded green limestones have been observed resting directly on the southern Juan del Bosque gold-barite showings.

Assays were done at the ACME laboratory in Santiago, Chile by fire assay procedure and gravimetric finish. True width is estimated to be two-thirds of reported width.

Results of Operations

For the quarter ended March 31, 2008, the Company recorded a net loss of $270,585, or $nil per share, compared with a net loss of $159,979,or $nil per share, in 2007.

Revenue is limited to interest earned on cash balances and short term investments and amounted to $439 in the first quarter of 2008, compared to $80,388 for the same period in 2007. The lower interest revenue is as a result of the funds invested in the ABCP, as the Company has not recorded any interest on these investments since August 2007.

Expenses increased slightly to $271,024 in the first quarter of 2008, compared to $240,367 recorded in the first quarter of 2007. Higher investor relations activities, legal fees and interest on the bank loan mostly account for the increase in expenditures.

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, 2008	$ 439	$ (270,585)	$ nil
December 31, 2007	$ 1,403	$(1,831,088)	$(0.02)
September 30, 2007	$41,803	$(1,586,310)	$(0.02)
June 30, 2007	$69,500	$ (359,308)	$ nil
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

The high net loss in the third and fourth quarters of 2007 is mostly due to the impairment charge on the ABCP of $1.3 million in the third quarter and $1.5 million in the fourth quarter.

Liquidity and Capital Resources

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

As at March 31, 2008, the Company has a working capital deficiency of $1,759,154. The Company's ability to meet its financial obligations is dependent upon securing financing and the positive resolution to the ABCP restructuring plan, as the Company has approximately $8.2 million (net of an impairment charge of $2.8 million) invested in the ABCP's. In the interim, the Company has obtained a credit facility with a senior Canadian bank to finance the current working capital needs. See Note 3, 6 and 14 of the notes to the consolidated financial statements for additional information.

ABCP Investments:

As at March 31, 2008, the Company had $11 million invested, including interest to maturity at August 14, 2007, in Asset Backed Commercial Paper ("ABCP") initially rated R1-High by the Dominion Bond Rating Service. In mid August of 2007, a number of non-bank sponsors of ABCP, including those with which the Company had invested, announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets. As a result, there is presently no active market for the ABCP held by the Company.

As at March 31, 2008, the non-bank ABCP market remained the subject of a restructuring plan with the intention of replacing the ABCP with a number of long-term floating rate notes. The restructuring plan, if implemented, would see the pooling of all of the underlying assets from all the ABCP trusts with the exception of those assets designated as ineligible for pooling ("Ineligible Assets") and those series of assets backed exclusively by traditional financial assets ("Traditional Series"). ABCP relating to the pooled assets will be replaced with four classes of notes named A1, A2, B, and C in declining order of seniority. ABCP relating to Ineligible Assets and Traditional Series would be replaced with new tracking notes whose characteristics are designed to track the performance of the particular assets of the series to which they correspond.

On April 25, 2008 the affected parties in the ABCP restructuring voted to approve the restructuring plan which has been conducted under the Companies' Creditors Arrangement Act. Subject to the court sanctioning of the plan, the restructuring is currently planned to be completed by mid-year. However, numerous motions challenging several aspects of the restructuring terms, including the blanket legal releases remain before the court and there remains the possibility that future court decisions could impact the timing and ultimate issuance of the restructured notes. As a result, the Company continues to classify its holdings in ABCP as long-term investments.

Management has estimated the fair value impairment on ABCP held as prescribed by CICA Section 3855 by using a probability weighted cash flow approach. Management has used the following methodology and made the following assumptions:

Issuer	Face Value	Fair Value Estimate	Maturity Date
	---------- Millions---------		
Master Asset Vehicle 2 Notes			
A1 and A2 (provisionally rated AA*)	$ 8.9	$ 7.2	December 2016
B and C	1.1	0.3	December 2016
Master Asset Vehicle 3 Tracking Note**	0.7	0.6	September 2015
Ineligible Asset Tracking Note	0.3	0.1	October 2016
	$11.0	$ 8.2	

* provisional ratings as provisionally released by DBRS
** provisionally rated AAA

Approximately 87% of the face value of the original investments made and 95% of the estimated fair value of the total investments relate to the A1, A2 and traditional asset tracking notes subject to restructuring. The principal estimates underlying the fair values are as follows:

A1 and A2 notes

- interest at a rate 0.5% less than the Banker's Acceptance ("BA") rate
- premium yields of 1.75% over the BA rate required by prospective buyers of these notes.

Master Asset Vehicle 3 Tracking Note

- interest at a rate 0.5% above the Banker's Acceptance ("BA") rate
- premium yields of 1.5% over the BA rate required by prospective buyers of these notes

Using these assumptions, the Company estimates that the A1, A2 and traditional asset tracking notes will generate returns between 3% and 4%. The Company has then applied its best estimate of prospective buyers' required yield and calculated the present value of the new notes using required yield as the discount factor. Using a range of potential discount factors allows the Company to estimate a range of recoverable values. The B,C and ineligible tracking notes have been assigned values based on observed comparable values.

No estimate of the restructuring costs, which have been stated as being immaterial by the restructuring committee, nor any interest income which may have accrued since August 2007 have been included in the fair value assessment.

The Company's fair value methodology utilized as at March 31, 2008 continues to support the carrying value of $8.2 million that has been recorded as a long term asset on the Company's balance sheet. The range of fair values estimated by the Company varied between $7.6 and $8.6 million. As a result, the Company believes that no additional impairment charge is required beyond the amount recorded at December 31, 2007 ($2.8 million).

The calculation of our fair value estimate assumes that the restructuring is approved in its current form. In the event the restructuring is unsuccessful or materially changed, values could be materially different from the estimated value presented here. While we believe that we have utilized an appropriate methodology to estimate fair value, given the number of uncertainties there can be so assurance that management's estimate of potential recovery as at March 31, 2008 is accurate.

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

Included in the accounts for the three month period ended March 31, 2008 and 2007 are payments made to corporations under the control or significant influence of officers and directors as follows:

		2008		2007
Management Services fees paid to corporations controlled by or have significant influence by officers and directors of the Company	$	45,235	$	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 of the Company	$	14,000	$	10,700
Deferred exploration costs paid to a corporation controlled by an officer and a director of the Company	$	45,000	$	-

Included in prepaid expenses as at March 31, 2008 is an advance in the net amount of $40,095 (December 31, 2007 - $69,717) to a corporation controlled by an officer and director of the Company for continuing costs associated with a listing on a foreign stock exchange and business development expenditures, and a travel advance of $20,000 (December 31, 2007 - $20,000) to an officer and director of the Company. Included in accounts payable and accrued liabilities is $75,935 (December 31, 2007 – Nil) payable 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 valuation of the investment in ABCP and the related impairment charge; the policy of capitalizing exploration costs on its mining properties and the valuation of such properties; stock-based compensation calculation; tax account valuation and property receivable valuation. 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

Effective January 1, 2008, the Company adopted the following new CICA Handbook Standards:

Section 1535 – Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. (Note 13)

Section 3862 – Financial Instruments, Disclosure; and Section 3863 – Financial Instruments, Present

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks. As these standards only address jpresentation and disclosure requirements, there is no impact to the Company's results. (Note 11)

Future accounting changes:

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canada GAAP and IFRS.

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. See note 3 to the audited consolidated financial statements.

The carrying amounts for cash and cash equivalents, sundry receivables, accounts payable and accrued liabilities and cheques issued in excess of cash on the balance sheets approximate fair value because of the limited term of these instruments. The fair value of the demand loan approximates carrying value due to the variability of the related interest rate. See note 3 regarding the fair value of other investments.

Liquidity Risk
As at March 31, 2008, the Company has a working capital deficiency of $1,759,154. The Company's ability to meet its financial obligations is dependent upon securing financing and the positive resolution to the ABCP restructuring plan, as the Company has approximately $8.2 million (net of an impairment charge of $2.8 million) invested in the ABCP's. In the interim, the Company has obtained a credit facility with a senior Canadian bank to finance the current working capital needs. See Note 3, 6 and 14.

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

Foreign Exchange Risk
The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar. As at March 31, 2008, the Company had cash balances of $139,639 in US 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.

Capital Management

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

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the three months ended March 31, 2008. The Company is not subject to externally imposed capital requirements.

The Company's objectives in managing capital are to safeguard its ability to operate as a going concern. See Note 3.

Outstanding Share Data

The Company's authorized share capital consists of an unlimited number of common shares of which 85,839,938 common shares are outstanding as of the date of this report.

The Company has 2,260,000 stock options outstanding, with exercise prices ranging from $0.25 to $0.80 with expiry dates from August 21, 2008 to October 2, 2011.

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
(Expressed in Canadian Dollars)

	As at March 31, 2008 *Unaudited*	As at December 31, 2007 *Audited*
Current assets		
Cash and cash equivalents	$ **159,905**	$ 114,474
Sundry receivables	**55,633**	43,695
Prepaid expenses *(note 9)*	**78,940**	104,765
	294,478	262,934
Other investments *(note 3)*	**8,158,718**	8,158,718
Equipment *(note 4)*	**516,745**	545,424
Mineral Properties *(note 5)*	**624,574**	624,574
Deferred exploration costs *(note 5)*	**8,393,845**	7,412,278
Public listing status	**100,000**	100,000
	$ **18,088,360**	$ 17,103,928
Current liabilities		
Accounts payable and accrued liabilities *(note 9)*	$ **535,227**	$ 190,622
Cheques issued in excess of cash	**58,405**	106,243
Bank loan *(note 6)*	**1,460,000**	510,000
	2,053,632	806,865
Contingencies *(notes 1, 3, and 12)*		
Non-controlling interest	**2,831**	2,831
Shareholders' Equity		
Common shares *(note 7(a))*	**27,331,166**	27,320,166
Contributed surplus *(note 7(d))*	**1,969,807**	1,972,557
Deficit	**(13,269,076)**	(12,998,491)
	16,031,897	16,294,232
	$ **18,088,360**	$ 17,103,928

Approved on Behalf of the Board:

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

Signed: *"Daniel Danis"*
Director

UNIGOLD INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited - Expressed in Canadian Dollars)

	Three month period ended March 31, 2008	March 31, 2007
Revenue		
Interest income	**$ 439**	$ 80,388
Administrative expenses		
Listing and shareholder information	**92,664**	44,051
Foreign exchange loss	**4,145**	17,772
General and administrative expenses	**47,901**	51,693
Management services fees	**49,483**	65,533
Travel and business development	**21,958**	27,103
Professional and consulting fees	**43,374**	10,700
Stock based compensation	**-**	21,468
Interest expense	**9,983**	-
Amortization	**1,516**	2,047
	271,024	240,367
Net (loss) for the period	**(270,585)**	(159,979)
Deficit, beginning of period	**(12,998,491)**	(9,061,806)
Deficit, end of period	**$ (13,269,076)**	$ (9,221,785)
Loss per share - Basic and diluted	**$ (0.00)**	$ (0.00)
Weighted average number of shares outstanding	***85,819,105***	*76,029,178*

See accompanying notes to the consolidated financial statements

UNIGOLD INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Three month period ended	
	March 31, 2008	March 31, 2007
Net loss for the period	**$ (270,585)**	$ (159,979)
Other comprehensive loss	**-**	-
Comprehensive loss for the period	**$ (270,585)**	$ (159,979)

See accompanying notes to the consolidated financial statements

UNIGOLD INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Three month period ended **March 31, 2008**	March 31, 2007
Cash flows from operating activities		
Net loss for the period	**$ (270,585)**	$ (159,979)
Add items not requiring cash:		
Amortization	**1,516**	2,047
Stock-based compensation	**-**	21,468
	(269,069)	(136,464)
Net changes in non-cash working capital balances *(note 10)*	**310,654**	(58,518)
	41,485	(194,982)
Cash flows from financing activities		
Bank loan	**950,000**	-
Exercise of stock options	**8,250**	84,000
	958,250	84,000
Cash flows from investing activities		
Deferred exploration costs	**(954,404)**	(579,995)
Increase (decrease) in cash and cash equivalents	45,431	(690,977)
Cash and cash equivalents, beginning of year	**114,474**	7,808,720
Cash and cash equivalents, end of period	**$ 159,905**	$ 7,117,743
Cash and cash equivalents consist of:		
Cash	**$ 159,905**	$ 891,558
Short term deposits	**-**	6,226,185
	$ 159,905	$ 7,117,743
Supplemental Information		
Income taxes paid	**$ -**	$ -
Interest paid	**9,983**	-

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Unigold Inc. (the "Company") is a development stage company, as defined by the Canadian Institute of Chartered Accountants Accounting Guideline 11, 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.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements.

The Company has approximately $8.2 million (net of an impairment charge of $2.8 million) invested in asset-backed-commercial paper ("ABCP") in which no active market currently exists and the funds cannot be accessed. See Note 3. There is no assurance as to the ultimate full recovery of these funds.

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

The accompanying consolidated financial statements do not include any adjustments relating to the carrying values and classification of assets or liabilities that might be necessary should the Company be unable to continue as a going concern.

Continued...

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 is 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 reporting 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, impairment provisions and tax accounts. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Continued...

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.

Cash and cash equivalents
Cash and cash equivalents include cash on hand and balances with banks and short term deposits with original maturities of three months or less. The deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

Continued...

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

The Company has classified its financial instruments as follows:

Cash and cash equivalents	Held for trading
Sundry receivables	Loans and receivables
Other investments	Available for sale
Accounts payable and accrued liabilities	Other liabilities

Hedges
Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company does not have any hedges.

Comprehensive Income (Loss)
Comprehensive income or loss includes unrealized gains and losses on available-for-sale investment, gains and losses on certain derivative instruments, and foreign currency gains and losses related to self-sustaining operations, none of which are included in the calculation of net earnings until realized.

Effective January 1, 2008, the Company adopted the following new CICA Handbook Standards:

Section 1535 – Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. (Note 13)

Section 3862 – Financial Instruments, Disclosure; and Section 3863 – Financial Instruments, Present

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks. As these standards only address presentation and disclosure requirements, there is no impact to the Company's results. (Note 11)

Future accounting changes:

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canada GAAP and IFRS.

Continued...

3. OTHER INVESTMENTS

As at March 31, 2008, the Company had $11 million invested, including interest to maturity at August 14, 2007, in Asset Backed Commercial Paper ("ABCP") initially rated R1-High by the Dominion Bond Rating Service. In mid August of 2007, a number of non-bank sponsors of ABCP, including those with which the Company had invested, announced that they could not place ABCP due to unfavourable conditions in the Canadian capital markets. As a result, there is presently no active market for the ABCP held by the Company.

As at March 31, 2008, the non-bank ABCP market remained the subject of a restructuring plan with the intention of replacing the ABCP with a number of long-term floating rate notes. The restructuring plan, if implemented, would see the pooling of all of the underlying assets from all the ABCP trusts with the exception of those assets designated as ineligible for pooling ("Ineligible Assets") and those series of assets backed exclusively by traditional financial assets ("Traditional Series"). ABCP relating to the pooled assets will be replaced with four classes of notes named A1, A2, B, and C in declining order of seniority. ABCP relating to Ineligible Assets and Traditional Series would be replaced with new tracking notes whose characteristics are designed to track the performance of the particular assets of the series to which they correspond.

On April 25, 2008 the affected parties in the ABCP restructuring voted to approve the restructuring plan which has been conducted under the Companies' Creditors Arrangement Act. Subject to the court sanctioning of the plan, the restructuring is currently planned to be completed by mid-year. However, numerous motions challenging several aspects of the restructuring terms, including the blanket legal releases remain before the court and there remains the possibility that future court decisions could impact the timing and ultimate issuance of the restructured notes. As a result, the Company continues to classify its holdings in ABCP as long-term investments.

Management has estimated the fair value impairment on ABCP held as prescribed by CICA Section 3855 by using a probability weighted cash flow approach. Management has used the following methodology and made the following assumptions:

Issuer	Face Value	Fair Value Estimate	Maturity Date
	---------- Millions---------		
Master Asset Vehicle 2 Notes			
A1 and A2 (provisionally rated AA*)	$ 8.9	$ 7.2	December 2016
B and C	1.1	0.3	December 2016
Master Asset Vehicle 3 Tracking Note**	0.7	0.6	September 2015
Ineligible Asset Tracking Note	0.3	0.1	October 2016
	$11.0	$ 8.2	

* provisional ratings as provisionally released by DBRS
** provisionally rated AAA

Approximately 87% of the face value of the original investments made and 95% of the estimated fair value of the total investments relate to the A1, A2 and traditional asset tracking notes subject to restructuring. The principal estimates underlying the fair values are as follows:

<u>A1 and A2 notes</u>

- interest at a rate 0.5% less than the Banker's Acceptance ("BA") rate
- premium yields of 1.75% over the BA rate required by prospective buyers of these notes.

<u>Master Asset Vehicle 3 Tracking Note</u>

- interest at a rate 0.5% above the Banker's Acceptance ("BA") rate
- premium yields of 1.5% over the BA rate required by prospective buyers of these notes

Continued...

Using these assumptions, the Company estimates that the A1, A2 and traditional asset tracking notes will generate returns between 3% and 4%. The Company has then applied its best estimate of prospective buyers' required yield and calculated the present value of the new notes using required yield as the discount factor. Using a range of potential discount factors allows the Company to estimate a range of recoverable values. The B,C and ineligible tracking notes have been assigned values based on observed comparable values.

No estimate of the restructuring costs, which have been stated as being immaterial by the restructuring committee, nor any interest income which may have accrued since August 2007 have been included in the fair value assessment.

The Company's fair value methodology utilized as at March 31, 2008 continues to support the carrying value of $8.2 million that has been recorded as a long term asset on the Company's balance sheet. The range of fair values estimated by the Company varied between $7.6 and $8.6 million. As a result, the Company believes that no additional impairment charge is required beyond the amount recorded at December 31, 2007 ($2.8 million).

The calculation of our fair value estimate assumes that the restructuring is approved in its current form. In the event the restructuring is unsuccessful or materially changed, values could be materially different from the estimated value presented here. While we believe that we have utilized an appropriate methodology to estimate fair value, given the number of uncertainties there can be so assurance that management's estimate of potential recovery as at March 31, 2008 is accurate.

4. EQUIPMENT

	As at March 31, 2008			As at December 31, 2007		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Office furniture and equipment	$ 20,618	$ 8,083	$ 12,535	$ 20,618	$ 7,423	$ 13,195
Computer equipment	41,080	29,593	11,487	41,080	28,661	12,419
Vehicles	103,149	62,597	40,552	103,149	59,309	43,840
Field equipment	701,632	249,461	452,171	701,632	225,662	475,970
	$ 866,479	$349,734	$ 516,745	$ 866,479	$ 321,055	$ 545,424

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5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Mineral properties and deferred exploration costs consist of the following:

	Balance, December 31, 2006	Additions	Balance, December 31, 2007	Additions	Balance, March 31, 2008
Mineral properties					
Neita	$ 283,747	$ -	$ 283,747	$ -	$ 283,747
Los Guandules	83,427	257,400	340,827	-	340,827
	$ 367,174	$ 257,400	$ 624,574	$ -	$ 624,574
Deferred exploration costs					
Neita	$ 3,846,208	$ 3,556,070	$ 7,412,278	$ 981,567	$ 8,393,845
Los Guandules	-	-	-	-	-
	$ 3,846,208	$ 3,556,070	$ 7,412,278	$ 981,567	$ 8,393,845
Total	$ 4,213,382	$ 3,823,470	$ 8,036,852	$ 981,567	$ 9,018,419

Neita Property
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 in northwestern Dominican Republic, 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 (issued), the Company has been granted an option to acquire, at its election, the rights of Americana under the Los Guandules concession agreement or all of the shares of Americana for the price of $1.00 at any time for a period of five years.

6. BANK LOAN

The Company has obtained from a senior Canadian bank (the "Bank") a revolving credit facility up to an amount not exceeding $4,000,000, in Canadian dollars or the equivalent thereof in U.S. dollars, by way of floating rate advances, to be used to finance the Company's working capital needs. Advances bear interest at the Canadian prime rate less 1% per annum and are due on demand.

To secure the repayment of advances made under this credit facility, the Company has granted in favour of the Bank a first-ranking hypothecation of the ABCP (described in note 3) plus an additional hypothec in the amount of $2,200,000.

As at March 31, 2008, the Company has drawn down $1,460,000 of this credit facility and has paid $9,983 in interest.

Continued...

7. SHARE CAPITAL

(a) Common Shares

Authorized - unlimited number of common shares without par value
Issued – 85,839,938 common shares

Transactions during the first quarter of 2008 and for the year ended December 31, 2007 are as follows:

	Number of Shares	Amount
Balance, December 31, 2006	75,729,178	$18,317,786
Shares Issued:		
Los Guandules option agreement	330,000	257,400
Share purchase warrants exercised	9,000,000	6,750,000
Share purchase warrants exercised - valuation	-	1,494,100
Broker compensation warrants exercised	455,760	227,880
Broker compensation warrants exercised - valuation	-	133,200
Stock options exercised	300,000	84,000
Stock options exercised - valuation	-	55,800
Balance, December 31, 2007	85,814,938	$27,320,166
Shares Issued:		
Stock options exercised	25,000	8,250
Stock options exercised - valuation	-	2,750
Balance, March 31, 2008	85,839,938	$27,331,166

(b) Share Purchase Warrants

As at March 31, 2008, there are no share purchase warrants outstanding.

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

	March 31, 2008			December 31, 2007		
	Number	Weighted average exercise price	Weighted average grant date fair value	Number	Weighted average exercise price	Weighted average grant date fair value
Balance, beginning of year	-	-	$ -	9,455,760	$0.74	$ 1,627,300
Issued	-	-	-	-	-	-
Exercised	-	-	-	(9,455,760)	0.74	(1,627,300)
Balance, end of year	-	-	-	-	-	$ -

Continued...

(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, 2008 and December 31, 2007 and changes during these periods is presented below:

	March 31, 2008		December 31, 2007	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	3,080,000	$0.69	3,835,000	$0.66
Granted	-	-	-	-
Exercised	(25,000)	0.33	(300,000)	$0.28
Cancelled / Expired	(620,000)	0.75	(455,000)	$0.72
Outstanding, end of year	2,435,000	$0.67	3,080,000	$0.69

Continued...

(c) Stock-based Compensation (continued)

As at March 31, 2008, 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
25,000	25,000	$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
1,750,000	1,750,000	$0.80	October 2, 2011
2,435,000	2,435,000		

* expired subsequent to the quarter end.

(d) Contributed Surplus

A summary of contributed surplus activity during the first quarter of 2008 and for the year ended December 31, 2007 is presented below:

	March 31, 2008	December 31, 2007
Balance, beginning of year	$ 1,972,557	$ 1,997,964
Stock-based compensation	-	30,393
Stock options exercised	(2,750)	(55,800)
Balance, end of period	$ 1,969,807	$ 1,972,557

Continued...

9. RELATED PARTY CONTRACTUAL OBLIGATIONS AND TRANSACTIONS

Included in the accounts for the three month period ended March 31, 2007 and 2006 are payments made to corporations under the control or significant influence of officers and directors of the Company as follows:

		2008		2007
Management Services fees paid to corporations controlled by or have significant influence by officers and directors of the Company	$	45,235	$	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 of the Company		14,000		10,700
Deferred exploration costs paid to a corporation controlled by an officer and a director of the Company		45,000		-

Included in prepaid expenses as at March 31, 2007 is an advance in the net amount of $40,095 (December 31, 2007 - $69,717) to a corporation controlled by an officer and director of the Company for continuing costs associated with a listing on a foreign stock exchange and business development expenditures, and a travel advance of $20,000 (December 31, 2007 - $20,000) to an officer and director of the Company. Included in accounts payable and accrued liabilities is $75,935 (December 31, 2007 - $Nil) payable to officers and directors 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.

10. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

		2008		2007
Sundry receivables	$	(11,938)	$	33,963
Prepaid expenses		25,825		(1,456)
Accounts payable and accrued liabilities		344,605		(91,025)
Cheques issued in excess of cash		(47,838)		-
	$	310,654	$	(58,518)

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. See note 3.

The carrying amounts for cash and cash equivalents, sundry receivables and accounts payable and accrued liabilities and cheques issued in excess of cash on the balance sheets approximate fair value because of the limited term of these instruments. The fair value of the demand loan approximates carrying value due to the variability of the related interest rate. See note 3 regarding the fair value of other investments.

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Liquidity Risk
As at March 31, 2008, the Company has a working capital deficiency of $1,759,154. The Company's ability to meet its financial obligations is dependent upon securing financing and the positive resolution to the ABCP restructuring plan, as the Company has approximately $8.2 million (net of an impairment charge of $2.8 million) invested in the ABCP's. In the interim, the Company has obtained a credit facility with a senior Canadian bank to finance the current working capital needs. See Note 3, 6 and 14.

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

Foreign Exchange Risk
The Company is subject to foreign exchange risk as some of its operating and investing activities are transacted in currencies other than the Canadian dollar. The Company is therefore subject to gains and losses due to fluctuations in these currencies relative to the Canadian dollar. As at March 31, 2008, the Company had cash balances of $139,639 in US 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. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company is a party to certain management contracts. These contracts contain clauses requiring that US$63,000 and $90,000 be paid upon a change of control of the Company. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated Financial Statements.

The Company is committed to minimum rental payments under a lease for premises, which expire February 28, 2009. Minimum rental commitments under the lease are $31,900 due within one year.

13. CAPITAL MANAGEMENT

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

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the three months ended March 31, 2008. The Company is not subject to externally imposed capital requirements.

The Company's objectives in managing capital are to safeguard its ability to operate as a going concern. See Note 3.

14. SUBSEQUENT EVENTS

(a) Subsequent to March 31, 2008, the Company has drawn down an additional $600,000 from its credit facility with the Bank. (See note 6).

(b) See Note 7(c).