UNIGOLD INC.
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED

SEPTEMBER 30, 2008

(Expressed in Canadian Dollars)

<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.

Management's Discussion and Analysis

For the nine months ended September 30, 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 November 25, 2008 and should be read in conjunction with the unaudited consolidated financial statements of the Company and notes thereto for the nine month period ended September 30, 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 $7.9 million (net of an impairment charge of $3.1 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 $588,404 were recorded in the third quarter of 2008. This brings the inception to date amount spent to $10,062,775.

Exploration in the third quarter of 2008 focused on regional exploration on the Neita Property. Furthermore, worked progressed on a geological model for Los Candelones which integrates information from drillholes, ASD analysis, ground geophysics and surface exploration.

Assay results were received during the third quarter on the drilling done during the second quarter on the Los Candelones Deposit. Assay results were press released on September 23, 2008 (press release No. 2008-8) and some of the highlights include:

- Hole DC104: 1 gram per tonne ("g/t") gold over 53 metres (including 2.2 g/t gold over 20 metres) within a mineralized zone of 0.7 g/t gold over 89 metres.
- Hole DC110: 1.1 g/t gold over 23 metres within a mineralized zone 0.6 g/t gold over 106 metres.
- Hole DC120: 1 g/t gold over 76 metres (including 2.5 g/t gold over 24 metres) within a mineralized zone of 0.8 g/t gold over 106 metres.

To date, the Los Candelones Gold Deposit has 128 diamond drill holes totalling approximately 18,000 metres. The new results have allowed Unigold to demonstrate the on strike and down dip continuation of the 25 to 30 metre thick gold core of epithermal mineralization which grades from 1.0 to 4.4 g/t gold and is enclosed within an up to 100 metre wide lower grade gold halo. The existing trenched and diamond drilled mineralized area is a small part of the 1,200 metre long by 600 metre wide gold in soil anomaly and coincident IP chargeability high which represents sulphide mineralization. The Los Candelones Gold Deposit is the most advanced of several very encouraging target areas within the 226 square kilometre Neita Property.

Los Candelones Geological Modelling

Geological modelling of the Los Candelones mineralized system advanced significantly during the third quarter. Magnetic susceptibility measurements on all drill core was completed and entered in the database. ASD spectrometer analysis was completed on all remaining drill holes. Geological sections have also been completed and all of the above mentioned data is integrated into GoCad software. A phase 1 geological model is completed.

Regional Exploration

Exploration work continued on the Neita properties during the third quarter, and a new gold zone, "Lomita Pina" was discovered about 2 Km east of the Los Candelones Deposit. Two outcrops located 500 metres apart returned gold values of up to 11.3 g/t gold in chip samples, and boulders between the outcrops assayed up to 4.8 g/t gold. Trenching on the eastern outcrop assayed 4.9 g/t gold over 12 metres within a larger zone of 2.2 g/t gold over 34 metres. Gold occurs in lenses and veins of dense silica-barite rock which replaces the host dacite. The Company believes this mineralization represents the low-temperature, upper-reaches of an epithermal system similar to the one responsible for the gold mineralization at the nearby Los Candelones Deposit.

A previously unknown gold zone which extends the eastern strike of the Los Candelones Deposit by at least 350 metres was also discovered in the third quarter.

A mineralized outcrop was discovered and two holes were drilled to test the vertical extent of the mineralization. Both holes intersected gold-silver mineralization in brecciated mafic volcaniclastic rocks with extensive pyrite +/- enargite mineralization and barite, illite alteration.

Hole DC123: Two mineralized zones were intercepted in this hole. The upper zone, starting at 12 metres down hole, assayed 0.83 g/t gold, 108 g/t silver, and 0.5% Zinc over 8 metres. The lower zone, starting at 59 metres down hole, assayed 0.5 g/t gold, 14 g/t silver, and 0.11% Zinc over 7 metres.

Hole DC125: This hole was collared 50 metres southeast of hole DC123 and assayed 1.1 g/t gold, 12 g/t silver, and 0.8% Zinc over 9 metres.

The host breccias was followed on surface for an additional 500 metres east of hole DC125 where trench TR-CDext-08-01 assayed 1.2 g/t gold over 13 metres (silver and base metal results are pending). Results for two additional trenches are pending. Assays were done at the ACME laboratory in Santiago, Chile by fire assay procedure and gravimetric finish.

Although gold grades are modest, the Company believes this new discovery is significant due to the extent and continuity of the breccias (>500 metres), and due to the fact that host rocks (mafic vs. dacite) and mineralization (high silver/gold ratio) differ from the neighboring Los Candelones Deposit.

Drilling will test the lateral and depth extent of the discovery as soon as permitting is completed which is expected in the fourth quarter of 2008.

Results of Operations

For the quarter ended September 30, 2008, the Company recorded a net loss of $762,280, or $0.01 per share, compared with a net loss of $1,586,310, or $0.02 per share, in the third quarter of 2007. The third quarter of 2008 includes stock based compensation costs of $530,740. During the quarter, the Company granted 3,122,000 stock options at an exercise price of $0.25 to officers, directors and consultants. The fair value of the options granted was estimated a the grant date to be $530,740 and was based on the Black-Scholes option pricing model, using the following assumptions: i) risk-free interest rate of 2.95%; ii) expected life of 5 years; and iii) expected volatility of 108%. The third quarter of 2007 includes an impairment charge on the ABCP of $1,300,000. On a year-to-date basis, the loss for the nine month period ended September 30, 2008 is $1,628,514 or $0.02 per share, compared to a loss of $2,105,597, or $0.03 per share, in the year earlier period.

Revenue is limited to interest earned on cash balances and short term investments and amounted to $337 in the third quarter of 2008, compared to $41,803 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.

Administrative expenses (not including the stock based compensation costs, and the impairment charge on the ABCP) were $231,540 in the third quarter of 2008, compared to $328,113 in the year earlier period. The lower expenditures in the third quarter of 2008 were mostly due to a lower foreign exchange loss, investor relations activities, and travel expenses. An interest charge of $30,355 on the bank loan was recorded in the third quarter of 2008, bringing the year to date charge to $58,940.

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
September 30, 2008	$ 337	$ (762,280)	$(0.01)
June 30, 2008	$ 457	$ (595,649)	$(0.01)
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)

The high net loss in the third and fourth quarters of 2007 is mostly due to the impairment charge on the ABCP of $1,300,000 in the third quarter and $1,500,000 in the fourth quarter. The second quarter of 2008 includes an additional impairment charge on the ABCP of $300,000. The third quarter of 2008 net loss includes stock based compensation costs of $530,740.

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 September 30, 2008, the Company has a working capital deficiency of $3,897,918. 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 $7.9 million (net of an impairment charge of $3.1 million) invested in the ABCP's. In the interim, the Company has obtained a credit facility of up to $6,000,000 with a senior Canadian bank to finance the current working capital needs. See below, and Note 3, 6 and 14 of the notes to the consolidated financial statements for additional information on the ABCP investments.

ABCP Investments:

As at September 30, 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 ("DBRS").

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. An agreement in principle to restructure the ABCP investments was approved by the Pan-Canadian Committee for Third Party Structured ABCP ("Committee") on December 23, 2007, and at a meeting held on April 25, 2008, 96% of noteholders, by number and value, endorsed the restructuring plan. The restructuring plan was then sanctioned by the Ontario Superior Court of Justice on June 5,

2008. On June 18, 2008 proceedings were taken by a number of corporate noteholders in the Ontario Court of Appeal seeking to challenge the Ontario Superior Court of Justice decision that sanctioned the restructuring plan. In a unanimous decision issued on August 18, 2008, the Ontario Court of Appeal dismissed the appeal. On September 2, 2008, a number of the unsuccessful appellants sought leave to appeal the Ontario Court of Appeal decision to the Supreme Court of Canada. On September 19, 2008 the Supreme Court announced that it would not grant leave to hear the appeal. The Committee has now commenced the process for implementation of the restructuring plan with a view of completing implementation by the end of November 2008.

Under the terms of the restructuring, all of the ABCP would be exchanged for longer-term notes that will match the maturity of the underlying assets in the proposed structure. The restructuring plan, when 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"). Ineligible Asset tracking notes will track the performance and repayment of the related underlying assets in certain conduits with significant exposure to the U.S. residential mortgage market. Traditional assets are un-levered investments and include credit card receivables, residential and commercial mortgage backed securities and cash equivalents. 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. The pooled assets are comprised of financial instruments backed by derivative contracts. They are referred to as synthetic assets and are comprised of pools of derivative instruments called Credit Default Swaps (CDS). A CDS is a contract that provides protection against the default of an underlying asset. 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.

Valuation methodology as at September 30, 2008

During recent months the markets for structured investments with risk profiles similar to the restructured third party sponsored ABCP and for products similar to the restructured assets within the ABCP trusts have been characterized by an extremely low level of activity. Indices related to these markets have been subject to significant movements based on only a few small value trades. With few transactions taking place, the indices are often rendered out of date almost immediately after publication. As a result, certain financial institutions have ceased the publication of relevant structured CDX indices that the Company referred to when constructing discount factors used when valuing its investments in third party sponsored ABCP as at June 30, 2008. While the Company is aware that there has been some widening of risk premiums during and subsequent to its third quarter the Company has also noted that there has been a substantial reversal of this pattern in recent weeks as a result of vast infusions of liquidity into the credit markets by central banks. Standard setters around the world have published revised guidance on the application of fair value measurement when markets become inactive. In that regard the Company understands that the CICA's Accounting Standards Board staff will be updating their previously issued Financial Reporting Commentary dated April 18, 2008.

For the foregoing reasons the Company believes that the valuation performed as at June 30, 2008, as described in the following paragraphs, represents a reasonable estimate of the fair value of its ABCP as at September 30, 2008. The Company proposes to update the valuation as at December 31, 2008 when more information, transparency and guidance become available in the markets to support the critical assumptions underlying its valuation methodology.

The Company performs a valuation to determine the fair value of the ABCP using information gained from the press releases of the Investors Committee and the special report prepared by JP Morgan and the Company's best estimates of reasonably possible outcomes. As the investment is not supported by observable market prices or rates, the Company determined the fair value of the ABCP using a probability weighted cash flow approach to come up with a range of reasonably possible outcomes.

Management has used the following methodology and made the following assumptions:

	Face Value	Fair Value Estimate	Maturity Date
	---------- Millions---------		
Master Asset Vehicle 2 Notes			
A1 and A2 (provisionally rated AA*)	$ 8.9	$ 6.9	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	$ 7.9	

* 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 assumptions 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 3.5% over the BA rate required by prospective buyers of these notes
- Probability weighting of 98%
- Term of 8 years

For the Class A1, A2, and Master Asset Vehicle 3 Tracking notes, the Company has determined that the CDX-7 year index (cited by the JP Morgan Report) should be factored into management's internal valuation estimates as that index reflects spreads in a functioning market for products with similar maturities and risk profiles to the restructured A1 and A2 Notes.

Master Asset Vehicle 3 Tracking Note

- Interest at a rate 0.5% above the Banker's Acceptance ("BA") rate
- Premium yields of 2.5% over the BA rate required by prospective buyers of these notes
- Probability weighting of 98%
- Term of 8 years

Unlike the A1 and A2 notes the traditional assets underlying Master Asset Vehicle 3 Tracking Note do not include pools of CDSs. The market discount factors selected by the Company for calculating the fair value of the investment in Master Asset Vehicle 3 Tracking Note reflect spreads observable with respect to bank offerings of medium term notes adjusted for the Company's best estimate of prospective buyers' required yield.

The B, C and Ineligible Tracking Notes

The B, C and ineligible tracking notes are unrated, have a low payment priority in the restructuring plan and represent a relatively immaterial portion of the Company's total investment in ABCP. The Company has written down the carrying values of these investments from $1.4 million to $0.4 million based on management's subjective estimates in the range of 15 – 30% of premium yields required by buyers of these notes and expected cash flows with probability weighting in the range of 50 – 70%.

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 has resulted in an impairment charge of $3.1 million. The range of fair values estimated by the Company varied between $7.5 and $8.3 million.

The calculation of fair value estimate assumes that the restructuring is approved in its current form. In the event the restructuring is unsuccessful or materially changed, or significantly different information regarding risk profiles similar to the restructured third party sponsored ABCP and for products similar to the restructured assets becomes available the actual values could be materially different from the estimated value presented here. While the Company believes that it has utilized an appropriate methodology to estimate fair value, given the number of uncertainties there can be no assurance that management's estimate of potential recovery as at September 30, 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 nine month period ended September 30, 2008 and 2007 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	$ 106,170	$ 107,201
Travel and business development expenditures paid to a corporation controlled by a director of the Company	$ 10,000	$ ---
General and administrative expenses paid to a corporation controlled by an officer and director of the Company	$ -	$ 22,721
Professional fees paid to an officer and director of the Company	$ 46,500	$ 32,200
Investor relations expenditures paid to a corporation controlled by a director of the Company	$ 2,500	$ ---
Deferred exploration costs paid to a corporation controlled by an officer and director of the Company	$ 105,000	$ 135,000

Included in prepaid expenses as at September 30, 2008 is an advance in the net amount of $16,683 (December 31, 2007 - $69,717) to a corporation controlled by a 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 $40,000 (December 31, 2007 – Nil) payable to a corporation controlled by 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. See Note 13 to the consolidated financial statements.

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

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. See Note 11 to the consolidated financial statements.

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 Canadian 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 of the consolidated financial statements regarding the fair value of other investments.

Liquidity Risk
As at September 30, 2008, the Company has a working capital deficiency of $3,897,918. 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 $7.9 million (net of an impairment charge of $3.1 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.

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

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 September 30, 2008, the Company had cash balances of $79,069 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 consist 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 nine months ended September 30, 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.

Outstanding Share Data

Details about the Company's outstanding common shares as at November 25, 2008 is as follows:

Common shares issued and outstanding	85,839,938
Potential issuance of common shares:	
Stock options issued to directors, employees, Officers and consultants	5,062,000
	90,901,938

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 President and Chief Executive 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 September 30, 2008 (Unaudited)	As at December 31, 2007 (Audited)
Current assets		
Cash and cash equivalents	$ 101,778	$ 114,474
Sundry receivables	43,143	43,695
Prepaid expenses *(note 9)*	60,692	104,765
	205,213	262,934
Other investments *(note 3)*	7,858,718	8,158,718
Equipment *(note 4)*	459,390	545,424
Mineral Properties *(note 5)*	624,574	624,574
Deferred exploration costs *(note 5)*	10,062,775	7,412,278
Public listing status	100,000	100,000
	$ 19,310,670	$ 17,103,928
Current liabilities		
Accounts payable and accrued liabilities *(note 9)*	$ 217,893	$ 190,622
Cheques issued in excess of cash	45,238	106,243
Bank loan *(note 6)*	3,840,000	510,000
	4,103,131	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))*	2,500,547	1,972,557
Deficit	(14,627,005)	(12,998,491)
	15,204,708	16,294,232
	$ 19,310,670	$ 17,103,928

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
(Unaudited - Expressed in Canadian Dollars)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Revenue				
Interest income	**$ 337**	$ 41,803	**$ 1,233**	$ 191,691
Administrative expenses				
Travel and business development	**35,457**	42,775	**67,993**	114,606
Listing and shareholder information	**52,432**	82,074	**255,413**	259,074
General and administrative expenses	**38,994**	44,405	**130,954**	148,338
Professional and consulting fees	**29,693**	45,066	**136,229**	78,639
Management services fees	**35,425**	37,500	**122,143**	110,051
Stock based compensation	**530,740**	---	**530,740**	30,393
Interest expense	**30,355**	---	**58,940**	---
Provision for impairment of other investments *(note 3)*	**---**	1,300,000	**300,000**	1,300,000
Foreign exchange loss	**8,006**	74,246	**22,789**	250,046
Amortization	**1,515**	2,047	**4,546**	6,141
	762,617	1,628,113	**1,629,747**	2,297,288
Net loss for the period	**(762,280)**	(1,586,310)	**(1,628,514)**	(2,105,597)
Deficit, beginning of period	**(13,864,725)**	(9,581,093)	**(12,998,491)**	(9,061,806)
Deficit, end of period	**$(14,627,005)**	$(11,167,403)	**$(14,627,005)**	$(11,167,403)
Net loss per share-basic & diluted	**$ (0.01)**	$ (0.02)	**$ (0.02)**	$ (0.03)
Weighted average number of shares outstanding			*85,830,494*	*77,399,946*

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Canadian $)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Net loss for the period	**$ (762,280)**	$ (1,586,310)	**$ (1,628,514)**	$ (2,105,597)
Other comprehensive loss	---	**---**	---	**---**
Comprehensive loss for the period	**$ (762,280)**	$ (1,586,310)	**$ (1,628,514)**	$ (2,105,597)

See accompanying notes to the consolidated financial statements

UNIGOLD INC.
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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Canadian $)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
Cash flows from operating activities				
Net loss for the period	**$ (762,280)**	$(1,586,310)	**$(1,628,514)**	$(2,105,597)
Add items not requiring cash:				
Provision for impairment of other investments	**---**	1,300,000	**300,000**	1,300,000
Amortization	**1,515**	2,047	**4,546**	6,141
Stock based compensation	**530,740**	--	**530,740**	30,393
	(230,025)	(284,263)	**(793,228)**	(769,063)
Net changes in non-cash working capital balances *(note 7)*	**(583,887)**	156,678	**11,291**	74,058
	(813,912)	(127,585)	**(781,937)**	(695,005)
Cash flows from financing activities				
Bank loan	**1,200,000**	--	**3,330,000**	--
Exercise of broker warrants	--	227,880	--	227,880
Exercise of share purchase warrants	--	6,750,000	--	6,750,000
Exercise of stock options	**--**	--	**8,250**	84,000
	1,200,000	6,977,880	**3,338,250**	7,061,880
Cash flows from investing activities				
Deferred exploration costs	**(561,241)**	(906,304)	**(2,569,009)**	(2,630,325)
Acquisition of equipment	**--**	(68,307)	**--**	(68,307)
Purchase of investments	--	(10,978,630)	--	(10,978,630)
Issue of shares – Los Guandules Property	**--**	--	**--**	257,400
Mineral properties	**--**	--	**--**	(257,400)
	(561,241)	(11,953,241)	**(2,569,009)**	(13,677,262)
Increase (decrease) in cash and cash equivalents	**(175,153)**	(5,102,946)	**(12,696)**	(7,310,387)
Cash & cash equivalents beginning of period	**276,931**	5,601,279	**114,474**	7,808,720
Cash & cash equivalents, end of period	**$ 101,778**	$ 498,333	**$ 101,778**	$ 498,333
Cash and cash equivalents consist of:				
Cash			**$ 101,778**	$ 498,333
Short term deposits			**---**	--
			$ 101,778	$ 498,333
Supplemental Information				
Income taxes paid	**$ --**	$ --	**$ --**	$ --
Interest paid	**$ 30,355**	$ --	**$ 58,940**	$ --

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 $7.9 million (net of an impairment charge of $3.1 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.

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.

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.

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, Presentation

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 Canadian GAAP and IFRS.

3. OTHER INVESTMENTS

As at September 30, 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 ("DBRS").

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. An agreement in principle to restructure the ABCP investments was approved by the Pan-Canadian Committee for Third Party Structured ABCP ("Committee") on December 23, 2007, and at a meeting held on April 25, 2008, 96% of noteholders, by number and value, endorsed the restructuring plan. The restructuring plan was then sanctioned by the Ontario Superior Court of Justice on June 5, 2008. On June 18, 2008 proceedings were taken by a number of corporate noteholders in the Ontario Court of Appeal seeking to challenge the Ontario Superior Court of Justice decision that sanctioned the restructuring plan. In a unanimous decision issued on August 18, 2008, the Ontario Court of Appeal dismissed the appeal. On September 2, 2008, a number of the unsuccessful appellants sought leave to appeal the Ontario Court of Appeal decision to the Supreme Court of Canada. On September 19, 2008 the Supreme Court announced that it would not grant leave to hear the appeal. The Committee has now commenced the process for implementation of the restructuring plan with a view of completing implementation by the end of November 2008.

Under the terms of the restructuring, all of the ABCP would be exchanged for longer-term notes that will match the maturity of the underlying assets in the proposed structure. The restructuring plan, when 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"). Ineligible Asset tracking notes will track the performance and repayment of the related underlying assets in certain conduits with significant exposure to the U.S. residential mortgage market. Traditional assets are un-levered investments and include credit card receivables, residential and commercial mortgage backed securities and cash equivalents. 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. The pooled assets are comprised of financial instruments backed by derivative contracts. They are referred to as synthetic assets and are comprised of pools of derivative instruments called Credit Default Swaps (CDS). A CDS is a contract that provides protection against the default of an underlying asset. 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.

Valuation methodology as at September 30, 2008

During recent months the markets for structured investments with risk profiles similar to the restructured third party sponsored ABCP and for products similar to the restructured assets within the ABCP trusts have been characterized by an extremely low level of activity. Indices related to these markets have been subject to significant movements based on only a few small value trades. With few transactions taking place, the indices are often rendered out of date almost immediately after publication. As a result, certain financial institutions have ceased the publication of relevant structured CDX indices that the Company referred to when constructing discount factors used when valuing its investments in third party sponsored ABCP as at June 30, 2008. While the Company is aware that there has been some widening of risk premiums during and subsequent to its third quarter the Company has also noted that there has been a substantial reversal of this pattern in recent weeks as a result of vast infusions of liquidity into the credit markets by central banks. Standard setters around the world have published revised guidance on the application of fair value measurement when markets become inactive. In that regard the Company understands that the CICA's Accounting Standards Board staff will be updating their previously issued Financial Reporting Commentary dated April 18, 2008.

For the foregoing reasons the Company believes that the valuation performed as at June 30, 2008, as described in the following paragraphs, represents a reasonable estimate of the fair value of its ABCP as at September 30, 2008. The Company proposes to update the valuation as at December 31, 2008 when more information, transparency and guidance become available in the markets to support the critical assumptions underlying its valuation methodology.

The Company performs a valuation to determine the fair value of the ABCP using information gained from the press releases of the Investors Committee and the special report prepared by JP Morgan and the Company's best estimates of reasonably possible outcomes. As the investment is not supported by observable market prices or rates, the Company determined the fair value of the ABCP using a probability weighted cash flow approach to come up with a range of reasonably possible outcomes.

Management has used the following methodology and made the following assumptions:

	Face Value	Fair Value Estimate	Maturity Date
	---------- Millions---------		
Master Asset Vehicle 2 Notes			
A1 and A2 (provisionally rated AA*)	$ 8.9	$ 6.9	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	$ 7.9	

* 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 assumptions 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 3.5% over the BA rate required by prospective buyers of these notes
- Probability weighting of 98%
- Term of 8 years

For the Class A1, A2, and Master Asset Vehicle 3 Tracking notes, the Company has determined that the CDX-7 year index (cited by the JP Morgan Report) should be factored into management's internal valuation estimates as that index reflects spreads in a functioning market for products with similar maturities and risk profiles to the restructured A1 and A2 Notes.

Master Asset Vehicle 3 Tracking Note

- Interest at a rate 0.5% above the Banker's Acceptance ("BA") rate
- Premium yields of 2.5% over the BA rate required by prospective buyers of these notes
- Probability weighting of 98%
- Term of 8 years

Unlike the A1 and A2 notes the traditional assets underlying Master Asset Vehicle 3 Tracking Note do not include pools of CDSs. The market discount factors selected by the Company for calculating the fair value of the investment in Master Asset Vehicle 3 Tracking Note reflect spreads observable with respect to bank offerings of medium term notes adjusted for the Company's best estimate of prospective buyers' required yield.

The B, C and Ineligible Tracking Notes

The B, C and ineligible tracking notes are unrated, have a low payment priority in the restructuring plan and represent a relatively immaterial portion of the Company's total investment in ABCP. The Company has written down the carrying values of these investments from $1.4 million to $0.4 million based on management's subjective estimates in the range of 15 – 30% of premium yields required by buyers of these notes and expected cash flows with probability weighting in the range of 50 – 70%.

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 has resulted in an impairment charge of $3.1 million. The range of fair values estimated by the Company varied between $7.5 and $8.3 million.

The calculation of fair value estimate assumes that the restructuring is approved in its current form. In the event the restructuring is unsuccessful or materially changed, or significantly different information regarding risk profiles similar to the restructured third party sponsored ABCP and for products similar to the restructured assets becomes available the actual values could be materially different from the estimated value presented here. While the Company believes that it has utilized an appropriate methodology to estimate fair value, given the number of uncertainties there can be no assurance that management's estimate of potential recovery as at September 30, 2008 is accurate.

4. EQUIPMENT

	As at September 30, 2008			As at December 31, 2007		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Office furniture and equipment	$ 20,618	$ 9,402	$ 11,216	$ 20,618	$ 7,423	$ 13,195
Computer equipment	41,080	31,456	9,624	41,080	28,661	12,419
Vehicles	103,149	69,173	33,976	103,149	59,309	43,840
Field equipment	701,632	297,058	404,574	701,632	225,662	475,970
	$ 866,479	$407,089	$ 459,390	$ 866,479	$ 321,055	$ 545,424

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, September 30, 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	$ 2,650,497	$10,062,775
Los Guandules	-	-	-	-	-
	$ 3,846,208	$ 3,556,070	$ 7,412,278	$ 2,650,497	$10,062,775
Total	$ 4,213,382	$ 3,823,470	$ 8,036,852	$ 2,650,497	$10,687,349

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 September 30, 2008, the Company has drawn down $3,840,000 of this credit facility and has paid $60,007 in interest.

Subsequent to September 30, 2008, the Bank increased the credit facility from $4,000,000 to $6,000,000.

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 nine months 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, September 30, 2008	85,839,938	$27,331,166

(b) Share Purchase Warrants

As at September 30, 2008, there are no share purchase warrants outstanding. A summary of share purchase warrants outstanding and changes during the periods indicated is presented below:

	September 30, 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 period	-	-	$ -	-	-	$ -

(c) Stock Option Plan

The Company has a stock option plan (the "Plan"), the purpose of which is to attract, retain and motivate management, staff and consultants by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The maximum number of options to be issued under the plan shall not exceed 10% of the total number of common shares issued and outstanding. The options are non-transferable and may be granted for a term not exceeding five years. The exercise price of the options shall be determined by the board of directors on the basis of the market price of the common shares, subject to all applicable regulatory requirements.

During the three month period ended September 30, 2008, the Company granted 3,122,000 stock options at an exercise price of $0.25 to officers, directors and consultants. The fair value of the options granted was estimated a the grant date to be $530,740 and was based on the Black-Scholes option pricing model, using the following assumptions: i) risk-free interest rate of 2.95%; ii) expected life of 5 years; and iii) expected volatility of 108%.

A summary of the Stock Option Plan as at September 30, 2008 and December 31, 2007 and changes during these periods is presented below:

	September 30, 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	3,122,000	0.25	-	-
Exercised	(25,000)	0.33	(300,000)	$0.28
Cancelled / Expired	(935,000)	0.70	(455,000)	$0.72
Outstanding, end of period	5,242,000	$0.43	3,080,000	$0.69

As at September 30, 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
180,000	180,000	$0.48	October 9, 2008 *
340,000	340,000	$0.25	November 10, 2009
1,600,000	1,600,000	$0.80	October 2, 2011
3,122,000	3,122,000	$0.25	September 4, 2013
5,242,000	5,242,000		

* expired subsequent to the quarter end.

(d) Contributed Surplus

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

	September 30, 2008	December 31, 2007
Balance, beginning of year	$ 1,972,557	$ 1,997,964
Stock-based compensation	530,740	30,393
Stock options exercised	(2,750)	(55,800)
Balance, end of period	$ 2,500,547	$ 1,972,557

9. RELATED PARTY CONTRACTUAL OBLIGATIONS AND TRANSACTIONS

Included in the accounts for the nine month period ended September 30, 2008 and 2007 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	$ 106,170	$ 107,201
Travel and business development expenditures paid to a corporation controlled by a director of the Company	$ 10,000	$ ---
General and administrative expenses paid to a corporation controlled by an officer and director of the Company	$ -	22,721
Professional fees paid to an officer and director of the Company	$ 46,500	$ 32,200
Investor relations expenditures paid to a corporation controlled by a director of the Company	$ 2,500	$ ---
Deferred exploration costs paid to a corporation controlled by an officer and a director of the Company	$ 105,000	$ 135,000

Included in prepaid expenses as at September 30, 2008 is an advance in the net amount of $16,683 (December 31, 2007 - $69,717) to a corporation controlled by a 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 $40,000 (December 31, 2007 - $Nil) payable to a corporation controlled by 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.

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	$ 552	$ 46,817
Prepaid expenses	44,473	(10,613)
Accounts payable and accrued liabilities	27,271	37,854
Cheques issued in excess of cash	(61,005)	-
	$ 11,291	$ 74,058

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.

Liquidity Risk
As at September 30, 2008, the Company has a working capital deficiency of $3,897,918. 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 $7.9 million (net of an impairment charge of $3.1 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 precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

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 September 30, 2008, the Company had cash balances of $79,069 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 $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 $14,500 due within one year.

13. CAPITAL MANAGEMENT

The Company considers its capital structure to consist 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 nine months ended September 30, 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 September 30, 2008, the Company has drawn down an additional $390,000 from its credit facility with the Bank. (See note 6).

(b) See Note 7(c).