UNIGOLD INC.

(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIOD ENDED

JUNE 30, 2010

(Expressed in Canadian Dollars)

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 six month period ended June 30, 2010

The following discussion and analysis of the operating results and financial condition of Unigold Inc. ("Unigold" or the "Company") has been prepared as of August 24, 2010 and should be read in conjunction with the unaudited consolidated financial statements of the Company and notes thereto for the three and six month period ended June 30, 2010. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and all monetary amounts are expressed in Canadian dollars unless otherwise indicated.

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.

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 $5.3 million (net of an impairment charge of $5.0 million) invested in restructured asset-backed-commercial paper ("ABCP") in which no active market currently exists and the funds cannot be accessed. See note 3 and 6 of the notes to the unaudited consolidated financial statements 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.

Company Overview

Unigold is focused on gold exploration in the Dominican Republic within the 75 kilometres ("km") wide Cretaceous age Tireo Formation volcano-sedimentary rocks, which host the world class Pueblo Viejo gold deposit. Unigold's Neita Property covers 22,616 hectares of this favorable geology and is host to the Los Candelones deposit, as well as numerous gold and copper-gold showings.

The number of gold and copper-gold showings and the variety of mineralization types on the Neita Property highlight its exceptional exploration potential. Mineralization ranges from copper-gold porphyry systems, such as El Corozo, to high-sulfidation epithermal gold encountered at the Los Candelones deposit. Furthermore, the property contains several large areas of high temperature clay alteration with coincident soil anomalies and impressive gold showings of up to 30 grams per tonne gold ("g/t Au").

Since acquiring the Neita Property, the Company has built an extensive and detailed geological database with information gathered from more than 6,200 grab samples, 17,000 metres ("m") of trenching, 15,000 soil samples, thousands of line km of airborne and ground geophysics, extensive stream sediment sampling, and more than 29 km of drilling on the Los Candelones deposit.

Compilation data	**Statistics**
Drilling	208 Holes; 34,385 metres
Trenching	20,015 metres
Soil	18,295 samples
Grab	6,699 samples
Stream	884 samples
IP	46 km lines
Magnetic survey	319 km lines
Geochem analisis	79,512

As a result of the unfavourable economic environment during 2009, and to conserve as much cash as possible, the Company reduced field staff and deferred the amount of exploration work that it would normally be carrying out during 2009 until a financing was complete.

On December 1, 2009, the Company closed a private placement financing and raised gross proceeds of $10,675,150. The proceeds will be used by the Company (i) to conduct exploration activities in respect of the mineral exploration projects of the Company located in the Dominican Republic, and (ii) for general corporate purposes.

Exploration

The Company, since February 2006, has been re-assessing and re-evaluating the previous exploration work results obtained from the Neita Concession while continuing with surface exploration. 3-D compilation of the gold assay values from drill holes, trenching & geochemical sampling along with the results by geophysics (IP & Resistivity), has verified the previously obtained results indicated in the pre-feasibility study made by BRGM in 1998. Moreover, the 3-D compilation has also revealed that data of the tested proportion between the drilled and un-drilled parts of Los Candelones deposit shows high probability to significantly improve the known gold resource. Based on this data compilation, a drilling program started in July 2006 and continues to this date.

The Company's 2009 exploration program defined various gold occurrences within the Neita Property. Efforts were put on Candelones and MGN (Montazo, Guano, Naranjo) targets. The Company's 2010 exploration budget of approximately $7.3 million is being focused mainly on these targets.

Exploration expenditures of $1,590,363 were recorded in the second quarter of 2010, bringing the year-to-date total to $2,634,423. 21 drill holes were completed in the second quarter totaling 5,359 m. Five holes were drilled on Juan del Bosque, one on Guano Hill, four on Rancho Pedro, six on Lomita Pina, and five on Noisy. Holes DG09 was targeting a potentially mineralized zone under a highly silicified cap rock located on top of Guano Hill. The four holes on Rancho Pedro, targeted a gold zone represented by a gold in soil anomaly of 1,700 m long by 100 m wide. A rockchip sample graded up to 21.9 g/t Au and a trench sample graded up to 4.1 g/t Au over 10 m. Gold occurs in silicified argilic dacite with barite veins. Rancho Pedro exploration work is focusing on an epithermal style mineralization.

Located 2.5 km East of Los Candelones deposit, Lomita Pina represents a 700 m long gold anomaly. A rockchip sample graded up to 16.5 g/t Au, and a trench sample graded up to 4.9 g/t Au over 12 m. Gold occurs in massive barite and hydrothermal breccia at the contact of felsic lapillis tuff and mafic lapillis tuff units. The gold zone at surface is covered by a mafic lapillis tuff unit. Six holes have been drilled on Lomita Pina.

The Noisy epithermal target is located 6 km to the north of Los Candelones deposit and corresponds to a 1,600 x 300 m gold soil anomaly. The anomaly is open to the northwest and displays the same epithermal signature as Los Candelones (As,Ba,Pb, and Zn) and the same magnetic depletion characteristic of the system. In 2008 the follow up on the soil was done by trenching 22 trenches for a total of more than 3,000 m. The mineralization envelope at Noisy could reach 127 m grading at 0.30 g/t Au (TR-NO-08-21). The center core mineralization shows a higher grade core at 1 g/t Au over a width 78 m including 26 m at 2 g/t Au.

Field work Q2-2010	Statistiques
Drilling	21 Holes = 5,359 metres
Trenching	2,763 metres
Grab	166 samples
Soil	2,188 samples
Magnetic survey	32 km of line
Mapping	4 km2
Geochem analisis	10,397

Trenching:

More then 2,763 m of trenching was done during the second quarter of 2010. Most of these trenches were on Rancho Pedro, Lomita Pina and Candelones Sur.

Soil survey:

An infilling soil survey on the Montazo hill which is located within the MGN project was started in the second quarter. The grid covers a 1.3 km area with a 50 m by 50 m soil spaced grid. A total of 474 samples have been collected. Detailed soil survey will help define the geochemical zone patterns and may reveal a mineralized structure NE and NW oriented. Soil follow up, detailed mapping and trenching will start as soon as the soil results are available.

On Cerro Berro, the grid covers a 3.9 km^2 area with a 100 m by 50 m soil spaced grid. Lines will be displaced NW-SE (N040). A total of 850 samples have been collected. Results from 10 grab samples from this hill returned up to 3.4 g/t Au in Strong silificied argilic rock. Recent mapping of outcrop on the top and flank of Cerro Berro hill, suggests a presence of hydrothermal gold system. Soils follow up and trenching will start as soon as the soil results are available.

A soil survey covering the gap between Rancho Pedro and Lomita Pina was also started. The aim of this survey is to test if there is Barite-gold zone at the contact with reddish limestone and Dacite to the north and at the contact with the Trois Riviere flysh to the south. Area of interest is to cover with a 200 m spaced line with 50 m sample spacing, a total of 805 samples have been taken.

Mapping:

The detailed mapping program covered a 6 km^2 in order to correlate Lomita Pina to Los Candelones.

Drilling results highlights:

Guano South	DG-09:	From 122 to 129 m : 7 m @ 0.27 g/t Au; inc 1m @ 1.1 g/t Au
Juan del Bosque	JB-14:	From 166 to 172 m : 7 m @ 0.38 g/t Au
		From 192 to 213 m : 21 m @ 0.30 g/t Au; inc 1m @ 1.0 g/t Au
	JB-15:	From 111 to 118 m : 7 m @ 0.23 g/t Au
		From 143 to 154 m : 11 m @ 0.30 g/t Au
		From 213 to 217 m : 4 m @ 0.29 g/t Au
Lomita Pina	LP-04:	From 75 to 77 m: 2 m @ 1.3 g/t Au; inc 1 m @ 2.1 g/t Au
	LP-05:	From 41 to 70 m: 29 m @ 0.7 g/t Au
	LP-07:	From 92 to 144 m: 52 m @ 1.4 g/t Au
		From 99 to 126 m: 27 m @ 2.3 g/t Au
	LP-08:	From 239 to 247 m: 8 m @ 1.6 g/t Au
	LP-09	From 37 to 87 m: 50 m @ 1.1 g/t Au
		From 37 to 56 m: 18 m @ 2.1 g/t Au
Noisy:	NO-06:	From 83 to 97 m: 14 m @ 1.5 g/t Au

The exploration program for the next quarter will concentrate on drilling at the Candelones Extension to evaluate the potential to link the mineralization between Lomita Pina and Candelones, and drilling at Noisy and El Corozo porphyritic target. More then 4,000 m of drilling is planned. More then 4,000 soil samples and 50 km of geophysical survey is planned as follow-up work at Neita. Detailed geological mapping, structural mapping and alteration re-interpretation are underway and will continue in the next quarter. The Company is currently awaiting an environmental permit to proceed with exploration on Sabaneta. The Company expects that this permit will be granted shortly and exploration within this important concession will commence in the next quarter.

Results of Operations

For the quarter ended June 30, 2010, the Company recorded a net loss of $341,310, or $Nil per share, compared with a net loss of $305,769, or $0.01 per share, in 2009. On a year-to-date basis, the loss for the six month period ended June 30, 2010 is $1,607,136, or$0.01 per share, compared to a loss of $580,216, or $0.01 per share, in the year earlier period. The year-to-date 2010 loss includes a non-cash stock option compensation cost of $983,850.

Revenue is limited to interest earned on the restructured asset-backed commercial paper and amounted to $9,274 in the first six months of 2010. During the same period in 2009 the Company received $111,320 in interest. The Company has chosen not to accrue for any interest earned on the restructured asset-backed commercial paper it holds until the interest is received.

Administrative expenses for the six month period ended June 30, 2010 were $632,560 (not including the non-cash stock option compensation cost of $983,850), compared to $691,536 in 2009. Lower travel costs and a reduction in the foreign exchange loss, offset by an increase in general and administrative expenditures mostly account for the difference.

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 Revenue	Net Loss	Net loss per share
June 30, 2010	$ 7,223	$ (341,310)	$ Nil
March 31, 2010	$ 2,051	$(1,265,826)	$(0.01)
December 31, 2009	$ 15,016	$ (316,221)	$ Nil
September 30, 2009	$ 16,720	$ (253,892)	$ Nil
June 30, 2009	$111,077	$ (305,769)	$(0.01)
March 31, 2009	$ 243	$ (274,447)	$ Nil
December 31, 2008	$403,079	$(1,639,965)	$(0.02)
September 30, 2008	$ 337	$ (762,280)	$(0.01)

The net loss for the three month period ended December 31, 2008 includes an impairment charge on the restructured asset ABCP of $1,900,000.

The first quarter of 2010, and the third quarter of 2008 net loss includes stock based compensation costs of $983,850 and $530,740, respectively.

The net revenue for the quarters ended December 31, 2008, through June 30, 2010, include interest received on the restructured ABCP. The Company records interest on these long-term investments only when it's received.

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.

The Company's ability to meet its financial obligations is dependent upon securing financing and the eventual recovery of the approximately $5.3 million (net of an impairment charge of $5.0 million) in the restructured ABCP investments. The Company has obtained a line of credit with a senior Canadian bank of approximately $8 million, backed by the restructured ABCP notes, to assist the Company with its working capital requirement. To the date of this report, the Company has drawn down $6,074,615.

As at June 30, 2010, the Company has a working capital of $452,584. This amount is net of the bank loan drawdown of $6,074,615.

See Note 3 and 6 of the notes to the unaudited consolidated financial statements for additional information on the restructured ABCP investments and bank loan.

On December 1, 2009, the Company closed a private placement of 62,795,000 units of the Company (the "Units") at a price of Cdn$0.17 per Unit for aggregate gross proceeds of Cdn$10,675,150 (the "Offering"). Dundee Securities Corporation together with PowerOne Capital Markets Limited (collectively the "Agents") acted as agents with respect to the Offering.

Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall entitle the holder thereof to acquire one common share of the Company (the "Warrant Shares") at a price of $0.30 at any time until December 1, 2011. In the event that the closing trading price of the common shares of the Company on the TSX Venture Exchange (or such other stock exchange or quotation system on which the common shares are listed and where a majority of the trading volume occurs) exceeds Cdn$0.45, for a period of 20 consecutive trading days, the Company may provide notice to the holders of Warrants that the Company intends to accelerate the expiry of the Warrants and that the Warrants will thereafter expire on the date which is 30 days after the date that such notice was provided to the holders of Warrants.

As compensation for the services they rendered in connection with the Offering, the Agents received a cash fee in the aggregate amount of Cdn$720,128 and an aggregate of 4,236,050 broker warrants of the Company (the "Broker Warrants") with each Broker Warrant entitling the holder thereof to purchase one common share of the Company at a price of Cdn$0.30 at any time until December 1, 2011.

The net proceeds of the offering will be used by the Company (i) to conduct exploration activities in respect of the mineral exploration projects of the Company located in the Dominican Republic, and (ii) for general corporate purposes.

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.

Related Party Contractual Obligations and Transactions

Included in the accounts for the six month period ended June 30, 2010 and 2009 are payments made to corporations under the control or significant influence of officers and directors of the Company as follows:

	2009	2008
Management Services fees paid to corporations controlled by or have significant influence by officers and directors of the Company	$ 116,505	$ 116,505
Travel and business development expenditures paid to a corporation controlled by a director of the Company	$ 60,000	$ 60,000
Professional fees paid to an officer and director of the Company	$ 45,500	$ 44,000
Professional fees paid to a law firm where a director of the Company is also a partner	$ 25,595	$ 17,438

Included in prepaid expenses as at June 30, 2010 is an advance in the net amount of $28,837 (December 31, 2009 - $28,837) 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 (2009 - $20,000) to an officer and director of the Company. Included in accounts payable and accrued liabilities is $3,271 (December 31, 2009 - $2,330) payable to a law firm where a director of the Company is also a partner. These balances are non-interest bearing and unsecured with no fixed terms of repayment.

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.

Commitments, Contingencies and Contractual Obligations

The Company is a party to certain management contracts. These contracts contain clauses requiring that $216,000 be paid upon a change of control of the Company. Minimum commitments remaining under these contracts are approximately $198,000 over the following years:

Year	Amount ($)
2010 (July to December)	108,000
2011	90,000
	198,000

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

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 the restructured 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 and tax account 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. The recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent on the existence of economically recoverable reserves, and the ability to obtain financing to complete the development of such reserves.

The Company uses the Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. The Company uses the historical price data and comparables in the estimate of future volatilities.

Future Accounting Changes:

Adoption of International Accounting Standards

In February 2008, the CICA announced that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company is required to apply all of those IFRS standards which are effective for fiscal year ending December 31, 2011 and apply them to its opening January 1, 2010 balance sheet.

The Company's IFRS implementation project consists of three primary phases which will be completed by a combination of in-house resources and external consultants.

- Initial diagnostic phase ("Phase I") – Involves preparing a preliminary impact assessment to identify key areas that may be impacted by the transition to IFRS. Each potential impact identified during this phase is ranked as having a high, moderate or low impact on our financial reporting and the overall difficulty of the conversion effort.
- Impact analysis, evaluation and solution development phase ("Phase II") – Involves the selection of IFRS accounting policies by senior management and the review by the audit committee, the quantification of the impact of changes on our existing accounting

policies on the opening IFRS balance sheet and the development of draft IFRS financial statements.

- Implementation and review phase ("Phase III") – Involves training key finance and other personnel and implementation of the required changes to our information systems and business policies and procedures. It will enable the Company to collect the financial information necessary to prepare IFRS financial statements and obtain audit committee approval of IFRS financial statements.

The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required.	Completed
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Completed
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Completed
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives	In progress, completion expected during Q3 2010
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	In progress, completion expected during Q3 2010
Management and employee education and training	Throughout the transition process
Quantification of the Financial Statement impact of changes in accounting policies	Throughout 2010

Financial reporting expertise and communication to stakeholders

The Company has retained an external consultant to establish appropriate IFRS financial reporting expertise at all levels of the business. The external consultant began to train key finance and operational staff during the second quarter of 2010. Information regarding IFRS implications will be communicated in the normal course of the Company's continuous disclosure filings. The Company has also provided Audit Committee members with detailed project scoping, timelines and deliverables. The Audit Committee will continue to receive periodic presentations and project status updates from the external consultant and management. The Company will also ensure that its key stakeholders are informed about the anticipated effects of the IFRS transition.

The Company has completed the initial diagnostic phase and has continued to review and evaluate the differences during the second quarter of 2010. The Company will continue to update its disclosures throughout the remainder of 2010 to reflect specific actions taken to facilitate adoption of IFRS effective January 1, 2011.

The differences that have been identified in the diagnostic phase are summarized below.

a) <u>Transitional Impact on Financial statement presentation and classification</u>

The Company's financial statements will have a different format upon transition to IFRS.

The components of a complete set of IFRS financial statements are: statement of financial position (balance sheet), statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes including accounting policies. Income statement will be presented as a component of the statement of comprehensive income. Balance sheet may be presented in ascending or descending order of liquidity. Income statement is classified by each major functional area – marketing, distribution, etc, or by nature of the items.

Impact on the Company: *The Company will reformat the financial statements in compliance with IAS 1, including the reclassification of non controlling interest from liability to shareholders' equity.*

b) <u>IFRS-1 Transitional policy choices and exceptions for retrospective application</u>

IFRS-1 contains the following policy choices with respect to first-time adoption that are applicable to the Company.

<u>Designation of previously recognized financial instruments:</u>

IFRS: IAS 39 restricts the circumstances in which the option to measure a financial instrument at fair value through profit or loss is available. In particular, an entity is permitted to designate, at the date of transition to IFRSs, any financial asset or financial liability as at fair value through profit or loss provided the asset or liability meets the criteria **Canadian GAAP**: Contains no similar restriction.

Impact on the Company: *The Company has certain investments (**ABCP**) that it has designated as held-for-trading.*

Impact on the Company: *During Phase II the Company will re-evaluate its policy by reference to the IAS 39 criteria to determine whether this will have a material impact upon transition.*

c) <u>Mandatorily applicable standards with retrospective application (i.e., not specifically exempt under IFRS - 1)</u>

<u>Deferred mineral exploration costs</u>

Upon adoption of IFRS the Company will have a choice between retaining its existing policy of capitalizing all pre feasibility evaluation and exploration ("E&E") expenditures and electing to change its policy retrospectively to expense all pre feasibility E&E costs.

Impact on the Company: *The Company will make a final determination of its policy in this area during Phase II.*

<u>Property, plant and equipment - cost</u>

IFRS: IAS 16 contains more extensive guidance with respect to components within PP&E. When an item of property, plant and equipment comprises individual components for which different depreciation methods or rates are appropriate, each component is accounted for separately (component accounting). **Canadian GAAP**: Section 3061 essentially contains similar guidance but is less extensive.

Impact on the Company: *The Company does not expect that this will have a material impact upon transition.*

<u>Provision for environmental rehabilitation</u>

IFRS – IFRS 37 applies to a constructive obligation, where the event creates valid expectations that the entity will discharge the obligation, as well as a legal obligation. The amount recognized should be the best estimate of the expenditure required to settle the obligation at the balance sheet date. Present value should be used where the effect of the time value of money is material. The discount rate (or rates) utilized should be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Provisions should be reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Impact on the Company: *The Company does not expect that this will have a material impact upon transition.*

<u>Functional currency</u>

The Company uses the Canadian dollar as both its functional and reporting currency. IAS 21 contains a more comprehensive framework for the determination of functional currency.

Impact on the Company: *During Phase II the Company will review the IAS 21 criteria to determine whether there is a material impact upon transition at January 1, 2010 or at December 31, 2010 and for the interim periods and the year then ended. At the present time the Company does expect a material impact.*

<u>Share based compensation</u>

IFRS: Under IFRS 2, graded vesting awards must be accounted for as though each instalment is a separate award. IFRS does not provide for an election to treat the instruments as a pool and recognize expense on a straight line basis. **Canadian GAAP**: Straight line basis is permissible under Canadian GAAP.

Impact on the Company: *The*re is no transitional impact as the Company had no unvested options at January 1, 2010.

<u>Impact on information systems and processes and controls</u>

Based on findings from the diagnostic phase of the project the Company does not expect that adoption of International Accounting Standards will have a pervasive impact on its present systems and processes. The Company expects to implement certain minor changes to the general ledger account descriptions as well as the calculation methodologies currently in use for certain specific financial statement areas such as asset impairment, share based compensation etc. As the accounting policies are selected, appropriate changes to ensure the integrity of internal control over financial reporting and disclosure controls and procedures will be made. For example, any changes in accounting policies could result in additional controls or procedures being required to address reporting of first time adoption as well as ongoing IFRS reporting requirements. At this point, the Company has not determined its final accounting policy choices. The certifying officers plan to complete the design, and initially evaluate the effectiveness of, any significant changes to controls in the third quarter of 2010 to prepare for certification under IFRS in 2011.

Section 1582 - Business Combinations

CICA Handbook Section 1582 “Business Combinations”, replaces Section 1581 - “Business Combinations” and provides the Canadian equivalent to International Financial Reporting Standards (“IFRS”) 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company will adopt this standard on January 1, 2011.

Section 1601 - Consolidations and Section 1602 - Non-Controlling Interests

CICA Handbook Sections 1601 “Consolidations” and Section 1602 “Non-Controlling Interests” replace Section 1600 “Consolidated Financial Statements”. Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - “Consolidated and Separate Financial Statements”, for non-controlling interests. The Company will adopt this standard on January 1, 2011.

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 unaudited consolidated financial statements.

The carrying amounts for cash and cash equivalents, sundry receivables, accounts payable and accrued liabilities 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 unaudited consolidated financial statements regarding the fair value of other investments.

At June 30, 2010, the Company's financial instruments that are carried at fair value, consisting of cash and bank loan have been classified as Level 1 within the fair value hierarchy. The fair value of the Company’s Other Investments as disclosed in note 3, is determined by probability-weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. Therefore, the Company's Other Investments are classified within Level 3 of the fair value hierarchy.

Liquidity Risk
As at June 30, 2010, the Company has a working capital of $452,584. The Company's ability to meet its financial obligations is dependent upon securing financing and the eventual recovery of the ABCP restructured notes, as the Company has approximately $5.3 million (net of an impairment charge of $5.0 million) invested in the ABCP restructured notes. The Company has also obtained a credit facility with a senior Canadian bank to finance the current working capital needs. See Notes 3 and 6 of the notes to the unaudited consolidated financial statements.

Credit Risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sundry receivables and other investments.

Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal.

Financial instruments included in sundry receivables consist of goods and services tax due from the Federal Government of Canada and an advance to an officer of the Company. Sundry receivables are in good standing as of June 30, 2010. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivables is minimal.

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.

Interest Rate Risk
The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of June 30, 2010, interest rate risk is moderate since the Company has interest-bearing instruments based on prime rate and the bankers' acceptance rate.

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 June 30, 2010, the Company had a cash balance of $277,377 in US currency as well as $344,461 in US$ ABCP restructured notes.

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.

Sensitivity Analysis
The majority of the Company's cash and cash equivalents are at fixed interest rates. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on the Company's net loss.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

(i) The Company's other investments are subject to fair value fluctuations. As at June 30, 2010, if the fair value of the other investments had decreased/increased by 10% with all other variables held constant, net loss for the six month period ended June 30, 2010 would have been approximately $540,000 higher/lower. Similarly, as at June 30, 2010, reported shareholders' equity would have been approximately $540,000 lower/higher as a result of a 10% decrease/increase in the fair value of other investments.

The Company is exposed to foreign exchange fluctuations as a result of transactions with its subsidiary, Unigold Dominicana S.A. The Company does not use derivatives to mitigate its foreign currency risk.

Capital Management

The Company considers its capital structure to consist of common shares 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.

The Company is in the development stage and as such is dependent on external financing. In order to carry out planned exploration and development, and pay for administrative and operating costs, the Company will spend its existing working capital and draw additional amounts from its credit facility as needed.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the six month period ended June 30, 2010.. 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 August 24, 2010 are as follows:

Common shares issued and outstanding	148,634,938
Potential issuance of common shares:	
Warrants	35,633,550
Stock options issued to directors, employees, officers and consultants	9,407,000
	193,675,488

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 June 30, 2010 (Unaudited)	As at December 31, 2009
Current assets		
Cash	**$ 6,804,577**	$ 9,845,490
Sundry receivables	**84,206**	42,581
Prepaid expenses *(note 8)*	**49,471**	58,531
	6,938,254	9,946,602
Other investments *(note 3)*	**5,291,062**	5,358,374
Equipment *(note 4)*	**384,829**	340,634
Mineral properties *(note 5)*	**624,574**	624,574
Deferred exploration costs *(note 5)*	**14,756,811**	12,122,388
	$ 27,995,530	$ 28,392,572
Current liabilities		
Accounts payable and accrued liabilities *(note 8)*	**$ 411,055**	$ 184,811
Bank loan *(note 6)*	**6,074,615**	6,074,615
	6,485,670	6,259,426
Commitments and Contingencies *(notes 1, 3, and 11)*		
Non-controlling interest	**2,831**	2,831
Shareholders' Equity		
Common shares *(note 7(a))*	**35,129,520**	35,129,520
Share purchase warrants *(note 7(b))*	**2,017,547**	2,017,547
Contributed surplus *(note 7(d))*	**3,484,397**	2,500,547
Deficit	**(19,124,435)**	(17,517,299)
	21,507,029	22,130,315
	$ 27,995,530	$ 28,392,572

Approved on Behalf of the Board:

Signed: *"Joseph Del Campo"*
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
(Expressed in Canadian Dollars - Unaudited)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Revenue				
Interest income	**$ 7,223**	$ 111,077	**$ 9,274**	$ 111,320
Administrative expenses				
Travel and business development	**39,364**	67,100	**85,882**	132,121
Listing and shareholder information	**106,871**	88,779	**136,026**	137,309
General and administrative expenses	**66,148**	40,280	**116,186**	89,589
Professional and consulting fees	**48,379**	62,326	**97,395**	91,877
Management services fees	**62,453**	61,666	**120,705**	119,918
Interest expense	**20,637**	17,487	**38,736**	40,378
Foreign exchange loss	**3,838**	78,081	**35,946**	78,090
Stock-based compensation *(note 7c)*	**-**	-	**983,850**	-
Amortization	**843**	1,127	**1,684**	2,254
	348,533	416,846	**1,616,410**	691,536
Net loss for the period	**(341,310)**	(305,769)	**(1,607,136)**	(580,216)
Deficit, beginning of period	**(18,783,125)**	(16,641,417)	**(17,517,299)**	(16,366,970)
Deficit, end of period	**$(19,124,435)**	$(16,947,186)	**$(19,124,435)**	$(16,947,186)
Net loss per share-basic & diluted	**$ (0.00)**	$ (0.01)	**$ (0.01)**	$ (0.01)
Weighted average number of shares outstanding			*148,634,938*	*85,839,938*

See accompanying notes to the consolidated financial statements

UNIGOLD INC.
(A Development Stage Company)

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

	Three months ended June 30,		Six months ended June 30,	
	2010	**2009**	**2010**	**2009**
Net loss for the period	**$ (341,310)**	$ (305,769)	**$ (1,607,136)**	$ (580,216)
Other comprehensive loss	---	**---**	---	**---**
Comprehensive loss for the period	**$ (341,310)**	$ (305,769)	**$ (1,607,136)**	$ (580,216)

See accompanying notes to the consolidated financial statements

UNIGOLD INC.
(A Development Stage Company)

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

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Cash flows from operating activities				
Net loss for the period	**$ (341,310)**	$ (305,769)	**$(1,607,136)**	$ (580,216)
Add items not requiring cash:				
Stock-based compensation	**-**	-	**983,850**	-
Amortization	**843**	1,127	**1,684**	2,254
	(340,467)	(304,642)	**(681,602)**	(577,962)
Net changes in non-cash working capital balances *(note 9)*	**274,189**	(51,897)	**193,679**	(358,945)
	(66,278)	(356,539)	**(427,923)**	(219,017)
Cash flows from financing activities				
Bank loan	**-**	304,615	**-**	554,615
	-	304,615	**-**	554,615
Cash flows from investing activities				
Deferred exploration costs	**(1,573,485)**	(415,489)	**(2,600,665)**	(762,568)
Acquisition of vehicles	**(79,637)**	-	**(79,637)**	-
Redemption of other investments	**8,188**	495,409	**67,312**	495,409
	(1,644,934)	79,920	**(2,612,990)**	(267,159)
(Decrease) increase in cash and cash equivalents	**(1,711,212)**	27,996	**(3,040,913)**	68,439
Cash & cash equivalents beginning of period	**8,515,789**	212,628	**9,845,490**	172,185
Cash & cash equivalents, end of period	**$ 6,804,577**	$ 240,624	**$ 6,804,577**	$ 240,624
Cash and cash equivalents consist of:				
Cash			**$ 6,804,577**	$ 240,624
Short term deposits			**-**	-
			$ 6,804,577	$ 240,624
Supplemental Information				
Income taxes paid	**$ -**	$ -	**$ -**	$ -
Interest paid	**$ 20,637**	$ 17,487	**$ 38,736**	$ 40,378
Amortization included in deferred exploration costs	**$ 16,878**	$ 21,395	**$ 33,758**	$ 42,788

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 mineral property interests 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 and environmental 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 $5.3 million (net of an impairment charge of $5.0 million) invested in restructured asset-backed-commercial paper in which no active market currently exists and the funds cannot be accessed. See Note 3 for 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.

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. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and the basis of application is consistent with that of the previous year except where disclosed below. 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. All material intercompany balances and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as the subsidiaries are integrated. 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. Costs include the cash consideration and the fair market value of the shares issued for the acquisition of mineral properties. 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 as at June 30, 2010.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock-Based Compensation
The Company follows 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. When options are exercised, the proceeds received, together with any amount in contributed surplus will be credited to share capital.

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. See notes 7(b) and (c) for potentially dilutive securities as at June 30, 2010. The outstanding options and warrants to purchase common shares were not included in the computation of the diluted loss per share because the effect would be anti-dilutive.

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.

An impairment loss is recognized when the undiscounted cash flows expected from use and the eventual disposition of the asset are less than the carrying amount of the asset. An impairment charge is recorded to reduce the carrying value of the asset to its fair value.

Income Taxes
The Company uses the asset and 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 enacted or 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 operations. 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.

(Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company has classified its financial instruments as follows:

Cash and cash equivalents	-	Held for trading
Sundry receivables	-	Loans and receivables
Other investments	-	Held for trading
Accounts payable and accrued liabilities	-	Other liabilities
Bank loan	-	Other liabilities

Comprehensive Income (Loss)
Comprehensive income or loss includes unrealized gains and losses on available-for-sale investments, gains and losses on certain derivative instruments, none of which are included in the calculation of net earnings until realized.

Future accounting changes:

Adoption of International Accounting Standards

In February 2008, the CICA announced that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced by International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company’s reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company is required to apply all of those IFRS standards which are effective for fiscal year ending December 31, 2011 and apply them to its opening January 1, 2010 balance sheet.

The Company has completed the initial diagnostic phase and will continue to update its disclosures throughout 2010 to reflect specific actions taken to facilitate changeover to IFRS effective January 1, 2011. The Company is currently assessing the impact of this standard on its consolidated financial statements.

Section 1582 - Business Combinations

CICA Handbook Section 1582 “Business Combinations”, replaces Section 1581 - “Business Combinations” and provides the Canadian equivalent to International Financial Reporting Standards (“IFRS”) 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company will adopt this standard on January 1, 2011. The Company does not believe adoption of this standard will have a material affect on the consolidated financial statements.

Section 1601 - Consolidations and Section 1602 - Non-Controlling Interests

CICA Handbook Section 1601 “Consolidations” and Section 1602 “Non-Controlling Interests” replace Section 1600 “Consolidated Financial Statements”. Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - “Consolidated and Separate Financial Statements”, for non-controlling interests. The Company will adopt this standard on January 1, 2011. The Company is currently assessing the impact of this standard on its consolidated financial statements.

(Expressed in Canadian Dollars)

3. OTHER INVESTMENTS

The Company owns approximately $5.4 million of fair value of long-term asset backed notes that were issued by Master Asset Vehicle II ("MAV2") and Master Asset Vehicle III ("MAV3") special purpose entities that were created as a result of the restructuring of the Company's previous investment in third party asset backed commercial paper ("ABCP") having a face value of approximately $10.3 million. When the ABCP matured but was not redeemed in 2007, it became the subject of a restructuring process that replaced the ABCP with long-term asset backed securities ("New Notes"). The restructuring was completed and the New Notes were issued on January 21, 2009. During the six month period ended June 30, 2010, the Company received approximately $67,000 from the partial redemption of these notes. During 2009, the Company received approximately $700,000.

The restructuring process pooled 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 was replaced with four classes of asset backed notes named A1, A2, B and C in declining order of seniority. ABCP relating to Ineligible Assets and Traditional Series was replaced with new tracking notes whose characteristics are designed to track the performance of the particular assets of the series to which they correspond. The Company has estimated the fair value of ABCP at June 30, 2010 and December 31, 2009 using the methodology and assumptions outlined below. The following table summarizes the Company's valuation as at June 30, 2010 and December 31, 2009:

	2010			2009	
	Face Value	Fair Value Estimate	Maturity Date	Face Value	Fair Value Estimate
	-------- Millions--- --			------- Millions--- --	
Master Asset Vehicle 2 Notes					
A1 and A2 (rated A)	$ 8.7	$ 5.0	December 2016	$ 8.7	$ 5.0
B and C	1.2	0.2	December 2016	1.2	0.2
Master Asset Vehicle 3 Tracking Note	0.1	0.1	September 2015	0.1	0.1
Ineligible Asset Tracking Note	0.3	0.1	October 2016	0.3	0.1
	$10.3	$ 5.4		$10.3	$ 5.4

The Company's valuation methodology entails gathering as many facts as possible about the New Notes, making assumptions and estimates where certain facts are unavailable, and then applying its best estimate of prospective buyers' required yield for investing in such notes. These figures are then used to calculate 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 A1 and A2 notes comprise the major categories of the notes received totaling approximately 84% of the face value of the original investments made, and approximately 93% of the fair value estimate of the Company's holdings. In the case of the A1 and A2 notes, it is estimated that they will pay interest at a rate of 0.5% less than the bankers' acceptance ("BA") rate and it is estimated that prospective buyers of these notes will require premium yields between 6% and 8% over the BA rate.

The traditional asset note is estimated to generate interest income of 0.5% above the BA rate and a prospective buyer of those notes is estimated to require a premium of 5.75% over the BA rate.

The Class B notes are not expected to pay any current interest until the Class A1 and A2 notes are paid in full. The Class C notes also will not pay any current interest and are subordinate to the Class B notes.

Based upon a sensitivity analysis of the assumptions used, the expected yield required by a potential investor remains the most significant assumption included in the fair value estimate. Based on this exercise the Company estimated that as at June 30, 2010, the range of potential values was between $5.2 million and $6.0 million (2009 - $5.2 million to $6.0 million). There can be no assurance that this estimate will be realized. Subsequent adjustments, which could be material, may be required in future reporting periods.

(Expressed in Canadian Dollars)

4. EQUIPMENT

	As at June 30, 2010			As at December 31, 2009		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Office furniture and equipment	$ 20,618	$ 13,018	$ 7,600	$ 20,618	$ 12,173	$ 8,445
Computer equipment	41,080	35,907	5,173	41,080	34,994	6,086
Vehicles	182,786	84,889	97,897	103,149	81,667	21,482
Field equipment	701,632	427,473	274,159	701,632	397,011	304,621
	$ 946,116	$561,287	$ 384,829	$ 866,479	$ 525,845	$ 340,634

Vehicles and Field equipment relate to the Company's exploration activities. During the six month period ended June 30, 2010 $33,758 (2009 - $42,788) of amortization was capitalized to Deferred Exploration Costs.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Mineral properties and deferred exploration costs consist of the following:

	Balance, December 31, 2008	Additions	Balance, December 31, 2009	Additions	Balance, June 30, 2010
Mineral properties					
Neita	$ 283,747	$ -	$ 283,747	$ -	$ 283,747
Los Guandules	340,827	-	340,827	-	340,827
	$ 624,574	$ -	$ 624,574	$ -	$ 624,574
Deferred exploration costs					
Neita	$10,675,311	$ 1,447,077	$ 12,122,388	$ 2,634,423	$14,756,811
Los Guandules	-	-	-	-	-
	$10,675,311	$ 1,447,077	$ 12,122,388	$ 2,634,423	$14,756,811
Total	$11,299,885	$ 1,447,077	$ 12,746,962	$ 2,634,423	$15,381,385

Neita Property
The Company owns 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. In 2006, the regulatory authorities in the Dominican Republic granted the Neita Property 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 at a cost of zero dollars. During 2009, the Company applied for and received a one-year extension of the exploration concession, which expired April 24, 2010. During the second quarter 2010, the Company applied for and received an extension on this concession for an additional year.

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 and valued at $257,400), 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. Americana has extended the option period on the Los Guandules concession for two additional years. The first extension of concession expired on April 26, 2010. During the second quarter of 2010 the Company renewed this concession for an additional year.

6. BANK LOAN

The Company has obtained from a senior Canadian bank (the “Bank”) a revolving credit facility of up to an amount not exceeding $7,456,765, in Canadian dollars, and up to an amount not exceeding $746,487 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 restructured notes described in note 3.

As at June 30, 2010, the Company had drawn down $6,074,615 (December 31, 2009 - $6,074,615) of the Canadian dollar credit facility and has paid $38,736 (2009 - $40,378) in interest during the six month period ended June 30, 2010. No US dollars have been drawn down.

7. SHARE CAPITAL

(a) Common Shares

Authorized - unlimited number of common shares without par value
Issued – 148,634,938 common shares

Transactions during the first six months of 2010 and for the year ended December 31, 2009 are as follows:

	Number of Shares	Amount
Balance, December 31, 2008	85,839,938	$27,331,166
Private placement	62,795,000	10,675,150
Warrants valuation (note 7 (b))	-	(1,968,869)
Share issue costs	-	(1,113,249)
Warrant issue cost allocation (note 7(b))	-	205,322
Balance, December 31, 2009, and June 30, 2010	148,634,938	$35,129,520

On December 1, 2009, the Company closed a private placement of 62,795,000 units of the Company (the "Units") at a price of $0.17 per Unit for aggregate gross proceeds of $10,675,150 (the "Offering").

Each Unit consisted of one common share of the Company and one-half of one common share purchase warrant (each whole warrant, a “Warrant"). Each Warrant shall entitle the holder thereof to acquire one common share of the Company (the “Warrant Shares”) at a price of $0.30 at any time until December 1, 2011. In the event that the closing trading price of the common shares of the Company on the TSX Venture Exchange (or such other stock exchange or quotation system on which the common shares are listed and where a majority of the trading volume occurs) exceeds $0.45, for a period of 20 consecutive trading days, the Company may provide notice to the holders of Warrants that the Company intends to accelerate the expiry of the Warrants and that the Warrants will thereafter expire on the date which is 30 days after the date that such notice was provided to the holders of Warrants.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(a) Common Shares (continued)

As compensation for the services rendered by the Agents in connection with the Offering, the Agents received a cash fee in the aggregate amount of $720,128 and an aggregate of 4,236,050 broker warrants of the Company (the "Broker Warrants") with each Broker Warrant entitling the holder thereof to purchase one common share of the Company at a price of $0.30 at any time until December 1, 2011 with a grant date fair value of $254,000 (note 7(b)). The Company also incurred additional share issue costs of $139,121 related to this private placement. Individuals related to an officer and director of the Company subscribed for 60,000 Units for gross proceeds of $10,200 and a director of the Company subscribed for 120,000 Units for gross proceeds of $20,400.

(b) Share Purchase Warrants

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

	June 30, 2010			December 31, 2009		
	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	35,633,550	$0.30	$ 2,017,547	-	-	$ -
Issued - warrants	-	-	-	31,397,500	$0.30	1,968,869
Issued – broker warrants	-	-	-	4,236,050	$0.30	254,000
Warrant issue costs	-	-	-	-	-	(205,322)
Balance, end of period	35,633,550	$0.30	$ 2,017,547	35,633,550	$0.30	$ 2,017,547

As a result of the $10,675,150 private placement in December 2009, the Company issued 31,397,500 warrants, and 4,236,050 broker warrants to purchase common shares of the Company at a price of $0.30 per share until December 1, 2011. The fair value of these warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 120.2%; risk-free interest rate of 1.09%, and an expected life of 24 months. The grant date fair value of the warrants is $0.06.

(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 six month period ended June 30, 2010, the Company granted 4,685,000 stock options to officers, directors and consultants at an exercise price of $0.26 for 5 years which vested immediately. The fair value of the options granted in 2010 was estimated at the grant date to be $983,850 and was based on the Black-Scholes option pricing model, using the following assumptions: i) risk-free interest rate of 2.50%; ii) expected life of 5 years; iii) expected volatility of 114% and iv) expected dividend yield of 0%. The grant date fair value of the stock options was $0.21. No stock options were granted during the year ended December 31, 2009.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

(c) Stock Option Plan (continued)

A summary of the Stock Option Plan as at June 30, 2010 and December 31, 2009 and changes during these periods is presented below:

	June 30, 2010		December 31, 2009	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	4,722,000	$0.42	5,062,000	$0.42
Granted	4,685,000	$0.26	-	-
Exercised	-	-	-	-
Expired	-	-	(340,000)	$0.25
Outstanding, end of period	9,407,000	$0.35	4,722,000	$0.44

As at June 30, 2010, 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
1,600,000	1,600,000	$0.80	October 2, 2011
3,122,000	3,122,000	$0.25	September 4, 2013
4,685,000	4,685,000	$0.26	January 21, 2015
9,407,000	9,407,000		

(d) Contributed Surplus

A summary of contributed surplus activity during the period ended June 30, 2010 and December 31, 2009 is presented below:

	June 30, 2010	December 31, 2009
Balance, beginning of year	$ 2,500,547	$ 2,500,547
Stock-based compensation - employees	787,500	-
Stock-based compensation – non-employees	196,350	-
Stock options exercised	-	-
Balance, end of period	$ 3,484,397	$ 2,500,547

(Expressed in Canadian Dollars)

8. RELATED PARTY CONTRACTUAL OBLIGATIONS AND TRANSACTIONS

Included in the accounts for the six month period ended June 30, 2010 and 2009 are payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Company as follows:

	2010	2009
Management services fees paid to corporations controlled by or have significant influence by officers and directors of the Company	$ 116,505	$ 116,505
Travel and business development expenditures paid to a corporation controlled by a director of the Company	$ 60,000	$ 60,000
Professional fees paid to an officer and director of the Company	$ 45,500	$ 44,000
Professional fees paid to a law firm where a director of the Company is also a partner	$ 25,595	$ 17,438

Included in prepaid expenses as at June 30, 2010 is an advance in the net amount of $28,837 (December 31, 2009 - $28,837) 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 (2009 - $20,000) to an officer and director of the Company. Included in accounts payable and accrued liabilities is $3,271 (December 31, 2009 - $2,330) payable to a law firm where a director of the Company is also a partner. These balances are non-interest bearing and unsecured with no fixed terms of repayment. See also Note 7 (a).

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.

9. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2010	2009
Sundry receivables	$ (41,625)	$ 399,064
Prepaid expenses	9,060	(12,617)
Accounts payable and accrued liabilities	226,244	11,883
Cheques issued in excess of cash	-	(39,385)
	$ 193,679	$ 358,945

10. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

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, accounts payable and accrued liabilities on the balance sheets approximate fair value because of the limited term of these instruments. The fair value of the bank loan approximates carrying value due to the variability of the related interest rate. See note 3 regarding the fair value of other investments.

At June 30, 2010, the Company's financial instruments that are carried at fair value, consisting of cash and bank loan have been classified as Level 1 within the fair value hierarchy. The fair value of the Company's Other Investments as disclosed in note 3, is determined by probability-weighted discounted cash flows considering the best available public information regarding market conditions and other factors that a market participant would consider for such investments. Therefore, the Company's Other Investments are classified within Level 3 of the fair value hierarchy.

Liquidity Risk
As at June 30, 2010, the Company has a working capital of $452,584. The Company's ability to meet its financial obligations is dependent upon securing financing and the eventual recovery of the ABCP restructured notes, as the Company has approximately $5.3 million (net of an impairment charge of $5.0 million) invested in the ABCP restructured notes. The Company has also obtained a credit facility with a senior Canadian bank to finance its current working capital needs. See notes 3 and 6.

Credit Risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sundry receivables and other investments.

Cash is held with a reputable Canadian financial institution, from which management believes the risk of loss to be minimal.

Financial instruments included in sundry receivables consist of goods and services tax due from the Federal Government of Canada and an advance to an officer of the Company. Sundry receivables are in good standing as of June 30, 2010. Management believes that the credit risk concentration with respect to financial instruments included in sundry receivables is minimal.

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.

10. FINANCIAL RISK FACTORS (Continued)

Interest Rate Risk
The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions. As of June 30, 2010, interest rate risk is moderate since the Company has interest-bearing instruments based on prime rate and the bankers' acceptance rate.

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 June 30, 2010, the Company had a cash balance of $277,377 in US currency and $344,461 in US ABCP restructured notes.

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.

Sensitivity Analysis
The majority of the Company's cash and cash equivalents are at fixed interest rates. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on the Company's net loss.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve-month period:

(i) The Company's other investments are subject to fair value fluctuations. As at June 30, 2010, if the fair value of the other investments had decreased/increased by 10% with all other variables held constant, net loss for the six month period ended June 30, 2010 would have been approximately $540,000 higher/lower. Similarly, as at June 30, 2010, reported shareholders' equity would have been approximately $540,000 lower/higher as a result of a 10% decrease/increase in the fair value of other investments.

The Company is exposed to foreign exchange fluctuations as a result of transactions with its subsidiary, Unigold Dominicana S.A. The Company does not use derivatives to mitigate its foreign currency risk.

11. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company is a party to certain management contracts. These contracts contain clauses requiring that $216,000 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. Minimum commitments remaining under these contracts were approximately $198,000 over the following years:

Year	Amount ($)
2010 (July to December)	108,000
2011	90,000
	198,000

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of common shares, warrants, contributed surplus and a bank operating loan. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration and corporate activities. The Company is in the development stage and, as such, is dependent on external financing. In order to carry out planned explorations, developments and pay for administration and operating costs, the Company will spend its existing working capital and draw additional amounts from its existing credit facility as needed.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the six month period ended June 30, 2010. 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.

13. SEGMENTED INFORMATION

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

	2010			2009		
	Canada	Dominican Republic	Total	Canada	Dominican Republic	Total
Assets	$11,934,737	$16,060,793	$27,995,530	$15,158,674	$13,233,898	$28,392,572
Liabilities	6,119,924	365,746	6,485,670	6,133,352	126,074	6,259,426
Interest income	9,005	269	9,274	142,600	456	143,056
Administrative expenses	1,582,991	33,419	1,616,410	1,268,267	25,118	1,293,385

All of the Company's field equipment is physically located in the Dominican Republic.

14. SUBSEQUENT EVENTS

(a) Subsequent to June 30, 2010, the Company received approximately $14,000 from the partial redemption of the ABCP restructured notes.