



**UNIGOLD INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Three and Nine Months Ended September 30, 2014 and 2013

# UNIGOLD INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the consolidated operating results and financial condition of Unigold Inc. ("Unigold" or the "Company") for the fiscal periods ended September 30, 2014 and 2013 should be read in conjunction with the unaudited, condensed consolidated interim financial statements of the Company and notes thereto at September 30, 2014. All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"), and all dollar amounts are expressed in Canadian dollars unless otherwise indicated. Additional information, including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at [www.sedar.com](http://www.sedar.com). The date of this report is November 12, 2014.

### ***Company Overview***

Unigold is a Canadian based, growth oriented, junior natural resource company focused on exploring and developing its significant land position in the Dominican Republic, within the highly prospective, Cretaceous age, Tiro Formation. The Tiro Formation, an emerging gold and base metal district, is a 75 kilometre wide series of volcanic and sedimentary rocks trending northwesterly across the island of Hispaniola. Unigold's most advanced project is their 100 percent interest in the 22,600 hectare Neita Exploration Concession, located in the west central highlands of the Dominican Republic along the border with Haiti. The license for the Concession was renewed in 2012 for another five-year term (comprised of a three-year term with two one-year extensions available upon application). Unigold operates through its wholly owned Canadian subsidiary, Unigold Resources Inc., and its 97 per cent owned subsidiary, Unigold Dominicana, S.R.L., which is incorporated in the Dominican Republic.

### ***Forward-Looking Statements***

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information concerning Unigold's exploration program and planned gold production as well as Unigold's strategies and future prospects. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Assumptions upon which such forward-looking information is based include, without limitation, availability of skilled labour, equipment, and materials; the potential of the Company's properties to contain economic metals deposits; the Company's ability to meet its working capital needs for the twelve-month period ending December 31, 2014; and the plans, costs, timing and capital for future exploration and development of the Company's property interests in the Dominican Republic. Many of these assumptions are based on factors and events that are not within the control of Unigold and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include changes in market conditions, variations in ore reserves, resources, grade or recovery rates, risks relating to international operations (including legislative, political, social, or economic developments in the jurisdictions in which Unigold operates), economic factors, government regulation and approvals, environmental and reclamation risks, actual results of exploration activities, fluctuating metal prices and currency exchange rates, costs, changes in project parameters, conclusions of economic evaluations, the possibility of project cost overruns or unanticipated costs and expenses, labour disputes and the availability of skilled labour, failure of plant, equipment or processes to operate as anticipated, capital expenditures and requirements for additional capital, risks associated with internal control over financial reporting, and other risks of the mining industry. Although Unigold has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Unigold undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except

as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

## ***Nature of Operations and Going Concern***

On November 12, 2013, the Company announced an initial inferred mineral resource estimate for the Candelones deposits of 39.5 M tonnes averaging 1.6 grams per tonne (“g/t”) Au containing 2.0 M ounces of gold (“Au”). The reader is cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability. However, by definition, mineral resources demonstrate “reasonable prospects for economic extraction”. The recoverability of the amounts shown for mineral properties and deferred exploration and evaluation costs are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete its exploration programs and upon future profitable production or proceeds from disposition of such properties.

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 or be able to sell properties.

## ***Highlights for Q3 2014***

### ***Operations***

- Drilling completed (19 holes, 4,654 metres) at Loma de Montazo Jimenez, Montazo Norte, Km 6, and continuing at Corozo;
- No lost time injuries or medical aid incidents; and
- No reportable spills or environmental citations.

### ***Financial***

- Unigold closed the quarter with \$2.2-million in cash.

## ***Exploration***

### ***Neita***

Unigold’s Neita concession covers a 22,616 ha area within the highly prospective Tireo Formation, a 75 kilometre wide series of volcanic and sedimentary rocks trending northwesterly through the island of Hispaniola. The Tireo Formation hosts a number of promising gold and base metal targets, both in the Dominican Republic and Haiti. Over 5.0 million ounces of gold equivalent resources have been identified in the Tireo Formation to date. In 2013, Unigold announced an inferred mineral resource of 2.0 million ounces of gold at the Candelones deposit, within the Neita Concession. Candelones falls within the main gold trend, a series of significant soil anomalies defining the southern boundary of the Concession. Over 80% of the exploration to date is limited to this trend which includes the Candelones, Montazo, Guano and Naranja (“MGN”), Rancho Pedro and Juan del Bosques targets. These targets define an ENE trend that has been traced for over 10 kilometres from Candelones through to Guano.

Exploration during Q3/2014 focused on exploration drilling of select geochemical, geophysical and geological targets outside the main Candelones – Montazo, Guano, Naranja gold trend. The Corozo, KM6, Jimenez, Loma de Montazo and Montazo Norte targets were drilled during the quarter. In all, the Company completed 19 holes (a total of 4,654 metres) of exploration drilling during the period. Exploration and evaluation cost of \$809,000 was recorded. An additional 1,008 metres (3 holes) were drilled in October before the 2014 drilling program was concluded.

Targets tested included:

- Loma de Montazo: A series of three, strong IP chargeability anomalies located approximately 2.0 kms NW of Candelones Main within lithologies consistent with those hosting gold, copper and zinc mineralization at Candelones Main and Candelones Extension. A total of 4 holes (1,154 metres) were completed. All the holes intersected long intervals of finely disseminated pyrite, likely responsible for the observed IP chargeability response.

- Jiminez: The Jiminez target, located approximately 6.5 kms NNE of the Candelones Extension, was defined by numerous gold in rock samples that defined a 1.5 km long, NW trending linear anomaly along the flank of a large, felsic intrusive. The Company completed 4 holes (1,044 metres) testing this gold in rock anomaly, intersecting several small (less than 1.0 m) intervals of elevated gold grades.
- Montazo Norte: The Montazo Norte target, located approximately 4.5 kms NE of the Candelones Extension, was largely defined as a series of IP chargeability anomalies that had not been previously drilled. The anomalies followed an E-W contact between andesite volcanoclastics and dacite volcanoclastics, similar and potentially on trend with the Candelones Extension mineralized horizon. The Company completed 5 holes (1,201 metres) of drilling at Montazo Norte, intersecting several long (+100 metre) intervals of finely disseminated pyrite at the contact which is interpreted to be responsible for the IP response.
- KM6: Detailed mapping at KM6 identified extensive quartz stockworking and epithermal alteration related to narrow (less than 5.0 metre) NE, NW and N-S trending structures that were traced over significant distances (+500 metres). The Company completed 5 holes (1,255 metres) at KM6, testing the areas identified by surface mapping, particularly areas where these structural trends coalesced. As at Jiminez, the drilling intersected elevated gold values associated with narrow (less than 10 cm) quartz veins at numerous locations.
- Corozo: Detailed mapping identified significant evidence of potential porphyry style mineralization (stockworks, disseminated sulphides). Magnetic (Airborne) and IP chargeability anomalies are coincident with the mapped stockworks. In addition, numerous artisanal mining pits have been established around the periphery of a large felsic intrusive. The initial drill hole has been collared at Corozo and drilling was ongoing as at the end of the quarter.

Preliminary results to date contain no significant intersections of gold or copper. All holes were drilled on combined geological mapping, gold/copper in soil anomaly and, where present, IP anomalies. The targets drilled represented less than 10% of the targets available to the company to drill. Considerable encouragement is taken from the fact that in all targets drilled it was demonstrated that the Neita Property is located on a large-scale mineralization system that extends over a 100km in length and 10-20km in width.

#### Completed work:

Compilation data	Statistics		
	Q3 2014	YTD	PROJECT TO DATE
Drilling – holes	19	19	444
Drilling – metres	4,654	4,654	102,047
Trenching – metres	–	1,504	31,559
Geochemical analysis	–	1,007	142,697
Grab samples	–	335	10,108
Soil samples	–	–	32,704
Stream samples	–	–	884
Induced polarization lines – km	–	–	196
Magnetic survey lines – km	–	–	687

#### Metallurgy

SGS Mineral Services SA, Santiago, Chile completed the metallurgical testing of representative samples collected from the Candelones Extension deposit. The second metallurgical test results demonstrate and confirm that:

- Gold recovery of 89% and copper recovery of 88% to a sulphide concentrate at 16% mass pull. The concentrate contains no levels of elements that would incur downstream processing penalties;
- 30% of the gold recovered in gravity circuit tests;
- Results are consistent with initial metallurgical test work reported in 2012; and
- Multiple final processing solutions to produce either gold doré at site or to pursue in-country concentrate processing remain open to the Company.

The material categories of exploration and evaluation assets are summarized below:

	As at	January 1, 2014	Year to date expenditures	September 30, 2014
Consulting (contract geologists and other technical specialists)		\$ 5,662,869	\$ 430,025	<b>\$ 6,092,894</b>
Drilling (including supplies and logistics expenses)		12,751,419	153,266	<b>12,904,685</b>
Field expense (including geochemistry and geophysics)		2,164,032	28,460	<b>2,192,492</b>
Laboratory analysis		4,229,346	167,256	<b>4,396,602</b>
Travel		1,436,765	61,022	<b>1,497,787</b>
Wages & salaries		3,309,986	285,795	<b>3,595,781</b>
Other (includes legal costs, capitalized depreciation)		4,182,670	914,070	<b>5,096,740</b>
		<b>\$ 33,737,087</b>	<b>\$ 2,039,894</b>	<b>\$ 35,776,981</b>

### *Los Guandules*

In January 2013, Unigold entered into an agreement with Malbex Resources Inc. to transfer its interest in the Los Guandules prospect. The transaction has not closed as both parties are waiting approval of the Los Guandules exploration licence from the Dominican Government. The agreement has been extended to December 31, 2014. Malbex is considered a non-arm's length party of Unigold as a result of the fact they have a common director. As there is uncertainty over when the transaction might close, the value which might be received and since Unigold has no further interest in the prospect, a provision has been made against the carrying value of the asset of \$340,827.

### *El Carrizal*

In January 2013, Unigold entered into an agreement with Terreno Resources Corp. to sell its option to acquire 100% of the El Carrizal Concession. The closing of the transaction contemplated by the Agreement remains subject to the final approval of the TSX Venture Exchange and the shareholders of Terreno. The transaction has not closed as both parties are waiting approval of the El Carrizal exploration licence from the Dominican Government. At the time of the transaction Terreno was considered a non-arm's length party of Unigold as a result of the fact an investor holds more than 10% of each company. The agreement has been extended to December 31, 2014. As there is uncertainty over when the transaction might close, the value which might be received and since Unigold has no further interest in the prospect, a provision has been made against the carrying value of the asset of \$104,456.

## **Results of Operations**

For the quarter ended September 30, 2014, the Company recorded a loss of \$261,935, or \$0.00 per share, compared with a loss of \$392,091, or \$0.00 per share, in 2013. Compensation expense of \$162,356 is lower than the same quarter of 2013 (\$260,745). Non-cash share-based payments (stock options) decreased to \$889 from \$167,032. No options were granted in the third quarter of 2014. Professional and consulting fees decreased slightly to \$29,087 (2013 – \$34,435). Travel and business development decreased to \$18,223 (2013 – \$85,279) as investor relations activities were curtailed due to the present non-receptive market. Listing and shareholder information costs decreased slightly to \$12,242 (2013 – 16,746).

The material components of general and administrative expenses are detailed below.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Rent	<b>\$ 12,465</b>	\$ 12,381	<b>37,394</b>	\$ 37,143
Insurance	<b>12,122</b>	8,344	<b>42,257</b>	32,476
Telephone	<b>4,303</b>	3,329	<b>10,731</b>	11,566
Computer supplies and support	<b>3,681</b>	5,678	<b>19,669</b>	15,328
Other	<b>8,214</b>	(7,353)	<b>7,749</b>	27,658
Total	<b>\$ 40,785</b>	\$ 22,379	<b>\$ 117,800</b>	\$ 124,171

## ***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.

Market appetite for investing in resource stocks is at a very low level. The price of gold declined significantly, from U.S. \$1,664 per ounce at December 31, 2012 to U.S. \$1,315 at June 30, 2014. In the third quarter it fell further to close September 30, 2014 at U.S. \$1,217. Most resource companies have seen significant stock price erosion. M&A activities and financing activities are at extremely low levels. Globally, resource nationalism has made investors wary. Many major projects have been deferred or cancelled. There has been a continuing sell-off at the junior end of the market that is starving junior exploration companies of capital. Investors are looking for low-risk, near-term, high yield opportunities that the junior mining sector cannot currently provide. The Company may not be able to raise capital in these markets or, if financing is possible, it may be fairly small to limit dilution.

Despite the poor markets in 2013, the Company was able to raise \$5-million in a bought deal financing with the International Finance Corporation ("IFC"), a division of the World Bank. In that financing, the IFC acquired 20 million common shares of Unigold and 15 million warrants having a strike price of \$0.50 and a four-year term. No funds have been raised in 2014.

Many of Unigold's costs are denominated in U.S. dollars. The Canadian dollar has weakened compared to the U.S. dollar throughout 2013 from 1.00 to 0.94 at June 30, 2014. The dollar fell further in the third quarter to close at 0.90 has impacted activities in 2014 as costs denominated in U.S. \$ rise. The Company has issued approximately 20.6 million warrants with expiry dates in 2014. Of those 19.9 M expired unexercised on March 8, 2014 and the remainder expired in September. No stock options expire in 2014.

As at September 30, 2014, the Company had cash balances of \$2,190,957 (December 31, 2013 – \$5,015,425) and working capital of \$1,901,074 (December 31, 2013 – \$7,916,973).

## ***Outlook***

The Neita property has many exploration targets to be drilled. On the property, there are over 25 separate gold-in-soil anomalies and copper-in-soil anomalies that are being mapped and evaluated. Targets were prioritized in the first half and drilling resumed at the end of June and continued into October.

As discussed under liquidity, market appetite for investing in resource stocks is at a very low level. Additional financing will be required in the future to continue to advance the Company's project in the Dominican Republic. As is typical of the gold exploration sector, Unigold is continually reviewing potential property merger and acquisition, investment and joint venture transactions and opportunities.

Unigold has continued to drill its Neita project in 2014 but at a slower pace than the two previous years. The Company intends to act in a fiscally responsible manner in the current market environment. If financing cannot be obtained, Unigold may have to temporarily suspend exploration in the Dominican Republic and take other measures to reduce overheads in Canada and the Dominican Republic.

## ***Quarterly Financial Information (Unaudited)***

The net loss for the quarter decreased from the second quarter when a non-cash impairment of \$445,283 was recorded. Acquisition of exploration and evaluation assets increased in the third quarter as the Company was drilling its property.

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

(\$ thousands, except per share amounts)	2014			2013				2012
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	–	–	–	–	–	–	–	–
Net loss	(262)	(739)	(392)	(726)	(392)	(455)	(542)	(403)
Net loss per share: Basic and diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)
Acquisition of exploration and evaluation assets	809	519	507	1,029	1,515	2,290	2,128	1,802

### Related Party Transactions

Included in the accounts for the periods ended September 30, 2014 and 2013 are payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Company as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Management services fees paid to corporations controlled by or under significant influence of officers and directors of the Company: Wes Hanson	\$ 42,000	\$ 41,500	\$ 119,500	\$ 107,000
Professional fees and expenses paid to a law firm where a director of the Company, René Branchaud, is also a partner	–	–	–	2,140
Professional fees paid to a director, Joseph Del Campo	–	–	–	800
	<b>\$ 42,000</b>	<b>\$ 41,500</b>	<b>\$ 119,500</b>	<b>\$ 109,940</b>

These transactions were in the normal course of operations.

### Commitments, Contingencies and Contractual Obligations

The Company is a party to certain management contracts. These contracts contain clauses requiring that approximately \$497,000 be paid upon a change of control of the Company or upon employment termination. 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'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.

Minimum contractual payments over the next five years are as follows:

Year	Total	2014	2015	2016	2017	2018
Office lease	\$ 66,000	\$ 16,000	\$ 50,000	\$ –	\$ –	\$ –
Services	75,000	73,000	2,000	–	–	–
	<b>\$ 141,000</b>	<b>\$ 89,000</b>	<b>\$ 52,000</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>

### Trend Information

There are no major trends that 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.

## ***Proposed Transactions***

There are no proposed transactions that will materially affect the performance of the Company. As is typical of the gold exploration sector, Unigold is continually reviewing potential property acquisition, investment and joint venture transactions and opportunities

## ***Critical Accounting Policies and Estimates***

The Company prepares its consolidated financial statements in accordance with IFRS. The most significant accounting estimates are the policy of capitalizing exploration costs on its properties and the valuation of such properties, and the stock-based compensation calculation.

The Company reviews its portfolio of exploration properties on an annual basis to determine whether a write-down of the capitalized cost of any property is required. The recoverability of the amounts shown for exploration properties and deferred exploration and evaluation assets 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.

## ***Risks and Uncertainties***

At the present time, Unigold 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.

### ***Liquidity and Capital Market Risk***

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 Unigold 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.

### ***Nature of Mineral Exploration and Development Projects***

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. The exploration and development of mineral deposits involves significant financial and other risks over an extended period of time, which even a combination of careful evaluation, experience, and knowledge may not eliminate. Few mining properties that are explored are ultimately developed into producing mines. Major expenses are required to establish reserves by drilling and to construct mining and processing facilities. Large amounts of capital are frequently required to purchase necessary equipment. It is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in profitable commercial mining operations.

Success in establishing mineral reserves through exploration is the result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct

mining and processing facilities. Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size and grade, costs and efficiencies of the recovery methods that can be employed, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of gold or silver, and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on its invested capital. Because of these uncertainties, no assurance can be given that exploration programmes will result in the establishment or expansion of resources or reserves.

#### ***The Corporation's Properties Are Subject to Title Risks***

The Company has taken all reasonable steps to ensure that it has proper title to its properties. However, the Company cannot provide any guarantees that there are no prior unregistered agreements, claims or defects that may result in the Company's title to its properties being challenged. A successful challenge to the precise area and location of these claims could result in the Company being unable to operate on its properties as anticipated or being unable to enforce its rights with respect to its properties which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

#### ***The Company and Its Projects Are Subject to Risks of Operating in Foreign Countries***

The Company's projects are subject to the risks of operating in foreign countries. The Company's foreign operations and investments and its ability to carry on its business in the normal course may be adversely affected by political and economic considerations such as civil unrest, war (including in neighbouring states), terrorist actions, labour disputes, corruption, sovereign risk, political instability, the failure of foreign parties, courts or governments to honour or enforce contractual relations, changing government regulations with respect to mining (including environmental requirements, taxation, land tenure, foreign investments, income repatriation and capital recovery), fluctuations in currency exchange and inflation rates, import and export restrictions, challenges to the Company's title to properties or mineral rights, problems renewing licenses and permits, opposition to mining from environmental or other non-governmental organizations, increased financing costs, instability due to economic under-development, inadequate infrastructure, and the expropriation of property interests. In addition, the enforcement by Unigold of its legal rights to exploit its properties or to utilize its permits and licenses may not be recognized by the court systems in the Dominican Republic. The occurrence of one or more of these risks could have a material and adverse effect on the viability and financial performance of its foreign operations, which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition. Any of these events could also result in conditions that delay or prevent the Company from exploring or developing its properties even if economic quantities of minerals are found.

#### ***Financing Risk***

To fund future investments in its mineral properties the Company requires capital. The Company may not have sufficient internally generated cash flow and working capital and may have to access the capital markets. Subject to economic conditions at the time, there can be no assurance the Company would be able to raise additional debt or equity financing on acceptable terms. If the Company cannot finance its future projects it could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

#### ***Environmental Matters***

In the risks section above, reference was made to several risks impacting on environment matters. Unigold believes that it is in compliance with all environmental regulations in the Dominican Republic and has made no provision for environmental remediation costs as such costs are believed to be immaterial.

#### ***Corporate Social Responsibility ("CSR"), Safety, Health and Environment.***

The Company engages in and adheres to the principles of sound Corporate Social Responsibility with the local communities and people where it operates. While the company recognizes that the funds to achieve these goals are derived from shareholders investment in the company, it also believes that those same shareholders recognize that pragmatic and cost effective CSR activity benefits all stakeholders and enables ongoing field activity with the support of local leaders, government, landowners and the community in general.

There were no lost time accidents during the period. There were no reportable environmental compliance events during the period.

In connection with the IFC financing, Unigold has undertaken to review and increase its CSR activities in the Dominican Republic. Unigold has developed a Health Safety Environment and Community (“HSEC”) Policy Guidelines and Due-Diligence Checklist based on International Best Practices, OHSAS 18000, ISO 14000 and has made this document available to the public and available in both English and Spanish and is available for viewing on the company website. Unigold is implementing the HSEC Policy on site throughout its entire operations.

A strategic stakeholder mapping exercise has been completed. Unigold has developed a formal Stakeholder Engagement Policy and has developed a Stakeholder Communications Plan. Both of these instrumental documents are reviewed and revised every six months based on information derived from ongoing stakeholder mapping exercises. Unigold is working to inform, educate, and collaborate with all of its stakeholders in an effort to consult and gain the social license to operate.

The Company has retained AMEC Consulting to develop its management systems policies. The management system policies include designing and implementing a surface water participatory monitoring program that will identify existing water quality and quantity conditions in the exploration impact areas, communicating these to the local population and to serve as a baseline for the future ESIA. The Company is also developing a Human Resource Policy and Employee Grievance Mechanism, a Security Policy and Procedure, Land Acquisition and Compensation for Exploration and completing a Rapid Biodiversity Assessment.

Unigold has engaged four local expert biologists who are conducting a thorough investigation of plant, amphibian, insect and bird habitats that may be impacted by its exploration activities in the Candelones main, connector and extension zones. The information derived from this study will serve as a reference guide and source of risk mitigation regarding the biodiversity in this mineral rich zone. Unigold has developed biodiversity impact mitigation strategies and a formal strategic plan to monitor and track its impact on this area.

Unigold is in the final stages of policy and plan development and will be conducting on-site training and ongoing monitoring of these policies improving the way we do business in an environmentally and socially responsible manner in our local community and at our project site.

## ***Future Accounting Changes***

### ***Accounting standards and interpretations issued but not yet adopted***

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective for the period ended September 30, 2014, and have not been applied in preparing these consolidated financial statements as follows:

- IFRS 9, *Financial Instruments*, addresses the classification and measurement of financial assets;

These standards are being evaluated to determine their impact on the consolidated financial statements of the Company. IFRS 9 is effective for the Company’s fiscal year starting January 1, 2018.

## ***Financial Instruments***

### ***Fair Value***

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The carrying amounts for cash and cash equivalents, sundry receivables, accounts payable and accrued liabilities on the Statements of Financial Position approximate fair value because of the limited term of these instruments.

Fair value estimates are made at the statement of financial position 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.

### ***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, other receivables, other financial assets and other investments. Cash is held with reputable Canadian financial institutions, from which management believes the risk

of loss to be minimal. Financial instruments included in other receivables consist of harmonized sales tax due from the Federal Government of Canada. Other receivables are in good standing as of September 30, 2014. Management believes that the credit risk concentration with respect to financial instruments included in other receivables is minimal.

#### ***Liquidity Risk***

As at September 30, 2014, the Company has working capital of \$1,891,074 (December 31, 2013 – \$4,695,879). As of September 30, 2014, the Company has a cash balance of \$2,190,957 (December 31, 2013 – \$5,015,425) to settle current accounts payable and accrued liabilities of \$353,935 (2013 – \$424,730).

#### ***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's financings are in Canadian dollars. Certain of the Company's transactions with its subsidiary, Unigold Dominicana, S.R.L. are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. The Company is therefore subject to foreign exchange risk. As at September 30, 2014, the Company had cash balances of \$118,687 (December 31, 2013 – \$71,775) in United States dollars. U.S. \$ accounts payable as at September 30, 2014 were U.S. \$208,500 (December 31, 2013 – U.S. \$13,547).

#### ***Interest Rate Risk***

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 September 30, 2014, interest rate risk is minimal since the Company has no interest-bearing debt instruments.

#### ***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 Company is exposed to foreign currency risk of fluctuations on financial instruments that are denominated in U.S. dollars and the Dominican Republic Peso related to cash balances, other investments and accounts payable. Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have resulted in a significant fluctuation in loss for the period ended September 30, 2014. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

#### ***Capital Management***

Unigold considers its capital structure to consist of total equity attributable to equity holders of the Company. 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's objective in managing capital is to safeguard its ability to operate as a going concern. 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. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. Management reviews its capital management approach on an ongoing basis. During 2013, agreements to sell non-core exploration properties were signed. The Company is not subject to externally imposed capital requirements.

## **Report on Internal Control over Financial Reporting and Disclosure Controls and Procedures**

In connection with Exemption Orders issued in November 2007 by each of the British Columbia Securities Commission and Ontario Securities Commission, the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements and the accompanying related MD&A. In contrast to the certificate under National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com). Management believes that based upon the evaluations and actions taken to date, reasonable assurance can be provided that there is no material misstatement of the financial results reported as of September 30, 2014.

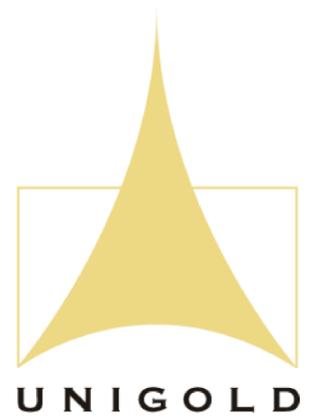
### **Outstanding Share Data**

Details about the Company's outstanding common shares as at November 12, 2014 are as follows:

Common shares issued and outstanding	243,713,238
Potential issuance of common shares – warrants	25,425,000
Stock options issued to directors, employees, officers and consultants	17,475,000

### **Qualified Person**

The foregoing scientific and technical information has been prepared or reviewed by Wes Hanson, P.Geol., the Chief Operating Officer of the Company. He also supervises all work associated with the Company's exploration programs in the Dominican Republic. Mr. Hanson is a "qualified person" within the meaning of National Instrument 43-101. W. Lewis P. Geol. And A. San Martin MAusIMM(CP), both employed by Micon, have reviewed and approved statements associated with the initial mineral resource.



**UNIGOLD INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended September 30, 2014 and 2013  
Expressed in Canadian Dollars  
Unaudited

The accompanying unaudited condensed interim financial statements of Unigold Inc. have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by Unigold's auditors.

UNIGOLD INC.

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

As at,	September 30, 2014 (unaudited)	December 31, 2013
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 2,190,957	\$ 5,015,425
Other receivables	18,510	23,262
Other financial assets and prepaids	35,542	81,922
Total current assets	2,245,009	5,120,609
<b>Non-current assets</b>		
Property, plant and equipment (Note 6)	993,103	1,163,516
Exploration properties (Note 7)	283,748	729,030
Exploration and evaluation assets (Note 7)	35,776,981	33,737,087
<b>Total assets</b>	<b>\$ 39,298,841</b>	<b>\$ 40,750,242</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 343,935	\$ 424,730
Total liabilities	343,935	424,730
<b>Equity attributable to shareholders of the Company</b>		
Share capital (Note 8(a))	54,094,860	54,094,860
Reserve for warrants (Note 8(b))	1,389,382	3,374,178
Reserve for share-based payments (Note 8(c))	2,475,423	2,547,313
Accumulated deficit	(19,007,590)	(19,693,670)
Total equity attributable to shareholders of the Company	38,952,075	40,322,681
<b>Non-controlling interest</b>	<b>2,831</b>	<b>2,831</b>
<b>Total equity</b>	<b>38,954,906</b>	<b>40,325,512</b>
<b>Total liabilities and equity</b>	<b>\$ 39,298,841</b>	<b>\$ 40,750,242</b>

Nature of operations (Note 1)

Going concern (Note 2)

Commitments and contingencies (Notes 7 and 16)

Approved on Behalf of the Board:

s/ Joseph Del Campo  
Director

s/ Andrew Cheatle  
Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

UNIGOLD INC.

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Unaudited-Expressed in Canadian Dollars)

	Share capital		Warrants	Other reserves		Accumulated Deficit	Equity attributable to shareholders
	Number of shares	Amount		Share-based payment	Total other reserves		
<b>Balance, January 1, 2014</b>	<b>243,713,238</b>	<b>\$ 54,094,860</b>	<b>\$ 3,374,178</b>	<b>\$ 2,547,313</b>	<b>\$ 5,921,491</b>	<b>\$ (19,693,670)</b>	<b>\$ 40,322,681</b>
Share-based payment	–	–	–	21,797	21,797	–	21,797
Transfer to deficit on expiry	–	–	(1,820,577)	(60,474)	(1,881,051)	1,881,051	–
Net loss for the period	–	–	–	–	–	(391,671)	(391,671)
<b>Balance March 31, 2014</b>	<b>243,713,238</b>	<b>\$ 54,094,860</b>	<b>\$ 1,553,601</b>	<b>\$ 2,508,636</b>	<b>\$ 4,062,237</b>	<b>\$ (18,204,290)</b>	<b>\$ 39,952,807</b>
Share-based payment	–	–	–	269	269	–	269
Transfer to deficit on expiry	–	–	–	(3,145)	(3,145)	3,145	–
Net loss for the period	–	–	–	–	–	(739,071)	(739,071)
<b>Balance June 30, 2014</b>	<b>243,713,238</b>	<b>\$ 54,094,860</b>	<b>\$ 1,553,601</b>	<b>\$ 2,505,760</b>	<b>\$ 4,059,361</b>	<b>\$ (18,940,216)</b>	<b>\$ 39,214,905</b>
Share-based payment	–	–	–	5	5	–	5
Transfer to deficit on expiry	–	–	(164,219)	(30,342)	(194,561)	194,561	–
Net loss for the period	–	–	–	–	–	(261,935)	(261,935)
<b>Balance September 30, 2014</b>	<b>243,713,238</b>	<b>\$ 54,094,860</b>	<b>\$ 1,389,382</b>	<b>\$ 2,475,423</b>	<b>\$ 3,864,805</b>	<b>\$ (19,007,590)</b>	<b>\$ 38,952,075</b>

	Share capital		Warrants	Other reserves		Accumulated Deficit	Equity attributable to shareholders
	Number of shares	Amount		Share-based payment	Total other reserves		
<b>Balance, January 1, 2013</b>	<b>222,563,238</b>	<b>\$ 49,824,616</b>	<b>\$ 2,348,996</b>	<b>\$ 2,998,753</b>	<b>\$ 5,347,749</b>	<b>\$ (18,301,974)</b>	<b>\$ 36,870,391</b>
Exercise of options	300,000	137,250	–	(60,000)	(60,000)	–	77,250
Share-based compensation	–	–	–	101,610	101,610	–	101,610
Net loss for the period	–	–	–	–	–	(542,400)	(542,400)
<b>Balance March 31, 2013</b>	<b>222,863,238</b>	<b>\$ 49,961,866</b>	<b>\$ 2,348,996</b>	<b>\$ 3,040,363</b>	<b>\$ 5,389,359</b>	<b>\$ (18,844,374)</b>	<b>\$ 36,506,851</b>
IFC Financing, net	20,000,000	3,819,903	1,099,080	–	1,099,080	–	4,918,983
Share-based payment	–	–	–	37,813	37,813	–	37,813
Exercise of options	850,000	298,035	–	(124,535)	(124,535)	–	173,500
Transfer to deficit on expiry	–	–	–	(86,163)	(86,163)	86,163	–
Net loss for the period	–	–	–	–	–	(455,099)	(455,099)
<b>Balance June 30, 2013</b>	<b>243,713,238</b>	<b>\$ 54,079,804</b>	<b>\$ 3,448,076</b>	<b>\$ 2,867,478</b>	<b>\$ 6,315,554</b>	<b>\$ (19,213,310)</b>	<b>\$ 41,182,048</b>
IFC Financing, net	–	15,056	–	–	–	–	15,056
Share-based payment	–	–	–	219,050	219,050	–	219,050
Transfer to deficit on expiry	–	–	–	(538,277)	(538,277)	538,277	–
Net loss for the period	–	–	–	–	–	(392,091)	(392,091)
<b>Balance September 30, 2013</b>	<b>243,713,238</b>	<b>\$ 54,094,860</b>	<b>\$ 3,448,076</b>	<b>\$ 2,548,251</b>	<b>\$ 5,996,327</b>	<b>\$ (19,067,124)</b>	<b>\$ 41,024,063</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

UNIGOLD INC.

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Unaudited-Expressed in Canadian Dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
<b>Operating expenses</b>				
Compensation ( <i>Note 11</i> )	\$ 162,356	\$ 260,745	\$ 497,015	\$ 662,098
Professional and consulting fees	29,087	34,435	165,854	189,015
Travel and business development	18,223	85,279	161,476	339,290
Listing and shareholder information	12,242	16,746	51,090	94,719
General and administrative expenses	40,785	22,379	117,800	124,171
Amortization	1,201	1,644	3,603	4,932
Impairment of exploration properties ( <i>Note 7</i> )	–	–	445,283	–
Foreign exchange loss (gain)	7,468	(15,107)	(11,972)	25,932
<b>Net loss for the period before the undernoted</b>	<b>(271,362)</b>	<b>(406,121)</b>	<b>(1,430,149)</b>	<b>(1,440,157)</b>
Investment income	9,427	14,030	37,471	50,566
<b>Total loss and comprehensive loss for the period</b>	<b>\$ (261,935)</b>	<b>\$ (392,091)</b>	<b>\$ (1,392,678)</b>	<b>\$ (1,389,591)</b>
<b>Net loss per share - basic &amp; diluted (<i>Note 10</i>)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

UNIGOLD INC.

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited-Expressed in Canadian Dollars)

For the nine month period ended September 30,	2014	2013
<b>Cash flows from operating activities</b>		
Net loss for the period	\$ (1,392,678)	\$ (1,389,591)
Adjustments to add/(deduct) non-cash items		
Share-based payment	889	167,032
Amortization	3,603	4,932
Impairment of exploration properties	445,283	–
Deduct investment income	(37,471)	(50,566)
	<b>(980,374)</b>	<b>(1,268,193)</b>
Working capital adjustments		
Other receivables	4,752	99,952
Other financial assets and prepaids	46,380	(29,457)
Accounts payable and accrued liabilities	(80,795)	(377,342)
Net cash flows from operating activities	<b>(1,010,037)</b>	<b>(1,575,040)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property plant and equipment	(16,474)	(92,194)
Acquisition of exploration and evaluation assets	(1,835,428)	(5,556,564)
Exploration property option (Note 7)	–	50,000
Investment income	37,471	50,566
Net cash flows from investing activities	<b>(1,814,431)</b>	<b>(5,548,192)</b>
<b>Cash flows from financing activities</b>		
Private placement	–	5,000,000
Share issue costs	–	(65,961)
Options exercised	–	250,750
Net cash flows from financing activities	–	5,184,789
<b>Net decrease in cash</b>	<b>(2,824,468)</b>	<b>(1,938,443)</b>
Cash, beginning of period	5,015,425	8,265,454
<b>Cash, end of period</b>	<b>\$2,190,957</b>	<b>\$ 6,327,011</b>

Supplemental information pertaining to cash flows (Note 13)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the periods ended September 30, 2014 and 2013*

Unaudited-Expressed in Canadian dollars unless otherwise stated.

### **1. Nature of Operations and Basis of Presentation**

#### ***Nature of operations***

Unigold Inc. (“Unigold” or the “Company”) was incorporated pursuant to the Business Corporations Act (Ontario) on May 9, 1990. The Company’s executive office is located at 44 Victoria Street, Suite 504, Toronto, Ontario M5C 1Y2.

Unigold is in the process of exploring its property in the Dominican Republic.

#### ***Basis of presentation***

These consolidated financial statements include the accounts of the Company, 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.R.L., which is incorporated in the Dominican Republic. All material intercompany balances and transactions have been eliminated.

### **2. Going Concern**

These condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. To address its financing requirements, the Company will seek financing through measures that may include joint venture agreements, debt and equity financings, asset sales, and rights offerings to existing shareholders.

It is not possible to predict whether financing efforts will be successful or if Unigold will attain profitable levels of operation. These condensed consolidated interim financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

### **3. Measurement Uncertainty**

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 exploration and evaluation assets, 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. All of the Company’s exploration properties 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 uncertainty.

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.

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*For the periods ended September 30, 2014 and 2013*

Unaudited-Expressed in Canadian dollars unless otherwise stated.

### **4. Summary of Significant Accounting Policies**

#### **(a) Statement of compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. These condensed consolidated interim financial statements have been prepared on the basis off and using accounting policies, methods of computation and presentation consistent with those applied in Unigold’s 2013 Consolidated Annual Financial Statements. The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of November 12, 2014, the date the Audit Committee approved these statements. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2013 could result in restatement of these condensed consolidated interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company’s accounting policies. See *Note 5*.

#### **(b) Basis of preparation**

The financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis. In addition, these financial statements are prepared using the accrual basis of accounting except for cash flow information.

#### **(c) Accounting standards and interpretations issued but not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards are not yet effective for the period ended September 30, 2014 and have not been applied in preparing these condensed consolidated interim financial statements.

- IFRS 9, *Financial Instruments*, addresses the classification and measurement of financial assets;

These standards are being evaluated to determine their impact on the consolidated financial statements of the Company. IFRS 9 is effective for the Company’s fiscal year starting January 1, 2018.

#### **(d) Accounting policies**

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied to the Company’s annual consolidated financial statements for the year ended December 31, 2013 and the corresponding interim reporting period. *Note 4* to those annual statements describes the significant accounting policies used by the Company. These interim financial statements do not include all the notes of the type normally included in an annual financial report and therefore should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2013, as they provide an update of previously reported information.

### **5. Significant Accounting Judgments and Estimates**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the periods ended September 30, 2014 and 2013

Unaudited-Expressed in Canadian dollars unless otherwise stated.

statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i. the recoverability of exploration properties and exploration and evaluation assets which are included in the condensed consolidated interim statement of financial position;
- ii. the inputs used in accounting for valuation of warrants and options which are included in the condensed consolidated interim statement of financial position;
- iii. the inputs used in accounting for share-based compensation expense in the condensed consolidated interim statement of comprehensive loss;
- iv. the nil provision for asset retirement obligations which is included in the condensed consolidated interim statement of financial position;
- v. the estimated useful life of property, plant and equipment; and
- vi. the existence and estimated amount of contingencies (*Note 16*).

**6. Property, Plant and Equipment**

Vehicles, field equipment and camp and buildings relate to the Company's exploration activities. During the nine month period ended September, \$183,284 (2013 – \$186,320) of amortization was capitalized to exploration and evaluation assets.

Cost	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance January 1, 2013	\$ 13,771	\$ 60,244	\$ 66,651	\$ 275,343	\$ 1,339,341	\$ 301,834	\$ 2,057,184
Additions	–	–	26,904	–	56,700	10,057	93,661
Disposals/transfer	–	(44,618)	44,618	(121,943)	–	–	(121,943)
Balance December 31, 2013	\$ 13,771	\$ 15,626	\$ 138,173	\$ 153,400	\$ 1,396,041	\$ 311,891	\$ 2,028,902
Additions	–	–	–	5,163	–	11,311	16,474
Balance September 30, 2014	\$ 13,771	\$ 15,626	\$ 138,173	\$ 158,563	\$ 1,396,041	\$ 323,202	\$ 2,045,376

Amortization and impairment	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance January 1, 2013	\$ –	\$ 17,603	\$ 11,255	\$ 105,668	\$ 467,039	\$ 52,435	\$ 654,000
Amortization	–	5,561	22,674	41,180	179,482	52,018	300,915
Disposals/transfer	–	(15,539)	15,539	(89,529)	–	–	(89,529)
Balance December 31, 2013	\$ –	\$ 7,625	\$ 49,468	\$ 57,319	\$ 646,521	\$ 104,453	\$ 865,386
Amortization	–	1,200	19,959	21,618	112,428	31,682	186,887
Balance September 30, 2014	\$ –	\$ 8,825	\$ 69,427	\$ 78,937	\$ 758,949	\$ 136,135	\$ 1,052,273

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the periods ended September 30, 2014 and 2013

Unaudited-Expressed in Canadian dollars unless otherwise stated.

Carrying amounts	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
At December 31, 2013	\$ 13,771	\$ 8,001	\$ 88,705	\$ 96,081	\$ 749,520	\$ 207,438	\$ 1,163,516
At September 30, 2014	13,771	6,801	64,745	79,626	637,093	187,067	993,103

**7. Exploration Properties and Exploration and Evaluation Assets**

Exploration properties and deferred exploration and evaluation costs consist of the following:

	Balance January 1, 2013	2013 Additions/ Recoveries	Balance December 31, 2013	2014 Addition / (Provision)	Balance September 30, 2014
<b>Exploration property interests</b>					
Neita, Dominican Republic	\$ 283,747	\$ –	\$ 283,747	\$ 1	\$ 283,748
Los Guandules, Dominican Republic	340,827	–	340,827	(340,827)	–
El Carrizal, Dominican Republic	154,456	(50,000)	104,456	(104,456)	–
	\$ 779,030	\$ (50,000)	\$ 729,030	\$ (445,282)	\$ 283,748
<b>Exploration and evaluation assets</b>					
Neita, Dominican Republic	26,774,036	6,963,051	33,737,087	2,039,894	35,776,981
	\$ 26,774,036	\$ 6,963,051	\$ 33,737,087	\$ 2,039,894	\$ 35,776,981

**Neita**

The Company owns 100% of the exploration rights for gold, silver, copper, zinc and all associated minerals on the Neita Property in the north western Dominican Republic, as well as a sole and exclusive option for the commercial mining of the mineral deposits. In March 2012, Unigold's license was renewed until March 2015 with option for two 1-year renewals. During the period ended September 30, 2014, \$183,284 (2013 – \$186,320) of amortization was capitalized to exploration and evaluation assets and \$21,183 (2013 – \$191,442) of non-cash share-based expense was capitalized to exploration and evaluation assets.

**Los Guandules**

On February 16, 2004, the Company entered into a definitive agreement with Americana de Explotaciones Mineras, S.R.L. ("Americana"), a Dominican private company, and the shareholders thereof, relating to the acquisition by the Company of the Los Guandules concession in the Dominican Republic. Under the terms of the agreement, in consideration for the payment of U.S. \$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 until February 16, 2015.

In the first quarter of 2013, Unigold entered into an agreement (the "Consent Agreement") with Malbex Resources Inc. ("Malbex") whereby Unigold has provided its consent to the acquisition of Americana by Malbex and the termination of the Unigold's option agreement with Americana. In exchange for Unigold consenting to the acquisition, Malbex has agreed to: (i) issue to Unigold 13,000,000 common shares in the capital of Malbex (the "Malbex Shares"); and (ii) grant to Unigold a 2% net smelter returns royalty in respect of all minerals produced from the property (the "NSR"). Half of the NSR may be repurchased by Malbex for \$1,000,000 which would leave Unigold with a royalty equal to 1% of net smelter returns. Additional consideration of 5,000,000 common shares of Malbex will be issued to Unigold in the event that Malbex, within the period commencing on the date upon which Americana is issued the concession agreement in respect of the property and ending five years thereafter, delineates 2,000,000 ounces of gold from the property on a National Instrument 43-101 compliant basis in the measured and/or

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indicated mineral resource categories. All such common shares of Malbex which may be issued to Unigold pursuant to the Consent Agreement will be subject to a hold period which will run for a period of four months from the time of the issue of such common shares.

The issuance of the Malbex Shares and the grant of the NSR is conditional on the issuance to Americana of the concession agreement in respect of the property. The agreement has been extended to December 31, 2014, due to regulatory delays in the Dominican Republic obtaining the exploration concession. The transaction involves non-arm's-length parties. Malbex is considered a non-arm's-length party of Unigold as a result of the fact they have a common director. As there is uncertainty over when the transaction might close, the value which might be received and since Unigold has no further interest in the prospect, a provision has been made against the carrying value of the asset of \$340,827.

### **El Carrizal**

On May 30, 2011, the Company entered into a definitive agreement relating to the acquisition by the Company of an option to acquire the El Carrizal Concession for \$114,456 (U.S. \$120,000) and 400,000 common shares of the Company (issued and valued at \$40,000). The option is exercisable at any time until May 30, 2017 for U.S. \$100.

In the first quarter of 2013, Unigold entered into an agreement (the "Agreement") with Terreno Resources Corp. ("Terreno") to sell its option to acquire 100% of the El Carrizal concession. The agreement was amended June 4, 2013. As consideration for the purchase of the option, Terreno will issue to Unigold a total of 11,500,000 common shares in the capital of Terreno (the "Terreno Shares") and make cash payments totaling \$1,000,000. An initial \$50,000 cash payment was received in the first quarter of 2013. Terreno will issue 5,750,000 common shares on exercise of the option and registration with the relevant authorities in the Dominican Republic. An additional issue of 5,750,000 common shares of Terreno to Unigold will occur as soon as practicable after such time as such issuance will not result in Unigold holding more than 10% of Terreno's common shares outstanding. A further cash payment of \$250,000 is due within twelve months of the exercise of the option by Terreno. Two further cash payments of \$350,000 will be due within the 24 and 36 month anniversaries of the date Terreno exercises the option. In addition, Unigold will be granted a 2% net smelter returns royalty, of which half (leaving Unigold with a royalty equal to 1% of net smelter returns) can be repurchased by Terreno for US\$1,000,000. Unigold will be entitled to receive an additional 5,000,000 common shares of Terreno in the event that 2,000,000 ounces of gold are delineated on the property by Terreno on a National Instrument 43-101 compliant basis, in any category of resource. All such common shares of Terreno which may be issued to Unigold pursuant to the Agreement will be subject to a hold period which will run for a period of four months from the time of the issue of such common shares.

The closing of the transaction contemplated by the Agreement remains subject to the final approval of the TSX Venture Exchange and the shareholders of Terreno. The Agreement has been extended to December 31, 2014, due to regulatory delays in the Dominican Republic obtaining the exploration concession. Terreno was considered a non-arm's length party of Unigold as a result of the fact an investor held more than 10% of each company. As there is uncertainty over when the transaction might close, the value which might be received and since Unigold has no further interest in the prospect, a provision has been made against the carrying value of the asset of \$104,456.

## **8. Equity Attributable to Equity Holders of the Company**

### **(a) Common shares**

*Authorized, issued and outstanding shares*

Common shares, no par value, authorized unlimited number of shares, issued and outstanding were 243,713,238 shares as at September 30, 2014 (December 31, 2013 – 243,713,238).

On June 10, 2013 the Company closed a private placement financing with the International Finance Corporation ("IFC"), a member of the World Bank Group. The financing was for 20,000,000 units of the Company at a price of \$0.25 per unit for aggregate gross proceeds of \$5,000,000. Each unit consisted of one common share of the

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Company and three-quarters of one common share purchase warrant (the “IFC warrant”). The holder of a full warrant has the right to acquire one common share of the Company at a price of \$0.50 until June 10, 2017, with certain acceleration provisions.

	Number of shares	\$
Balance January 1, 2013	222,563,238	49,824,616
Option exercise	300,000	77,250
Option exercise-transfer of valuation	–	60,000
Balance March 31, 2013	222,863,238	49,961,866
Option exercise	850,000	173,500
Option exercise-transfer of valuation	–	124,535
IFC Financing	20,000,000	5,000,000
Cash share issue cost	–	(81,017)
Value assigned IFC Warrants issued	–	(1,099,080)
Balance June 30, 2013	243,713,238	54,079,804
Cash share issue cost	–	15,056
Balance September 30, 2013	243,713,238	54,094,860
Balance December 31, 2013	243,713,238	54,094,860
Balance March 31, 2014	243,713,238	54,094,860
Balance June 30, 2014	243,713,238	54,094,860
<b>Balance September 30, 2014</b>	<b>243,713,238</b>	<b>54,094,860</b>

**(b) Reserve for warrants**

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

	Number of Warrants	Weighted average exercise price \$	Weighted average grant date fair value
Balance January 1, 2013	32,384,050	0.35	\$ 2,348,996
Balance March 31, 2013	32,384,050	0.35	2,348,996
Issued – IFC Warrants	15,000,000	0.50	1,099,080
Balance June 30, 2013	47,384,050	0.40	3,448,076
Balance September 30, 2013	47,384,050	0.40	3,448,076
Expired-transferred to deficit	(1,365,000)	0.10	(73,898)
Balance December 31, 2013	46,019,050	0.41	3,374,178
Expired-transferred to deficit	(19,922,050)	0.48	(1,820,577)
Balance March 31, 2014	26,097,000	0.36	1,553,601
Balance June 30, 2014	26,097,000	0.36	1,553,601
Expired-transferred to deficit	(672,000)	0.45	(164,219)
<b>Balance September 30, 2014</b>	<b>25,425,000</b>	<b>0.36</b>	<b>\$ 1,389,382</b>

As a result of the 13,765,000 unit private placement in November 2011, the Company issued 12,400,000-Warrants to purchase common shares of the Company at a price of \$0.10 per share, and 1,365,000 Broker Warrants to purchase common shares of the Company at a price of \$0.10, until November 17, 2013. The outstanding Broker Warrants expired unexercised and the expiry date of the Warrants was extended to November 17, 2015.

As a result of the 35,053,300 unit private placement in March 2012, the Company issued 17,526,650 2012-Warrants to purchase common shares of the Company at a price of \$0.50 per share, and 2,395,400 Broker Warrants to purchase common shares of the Company at a price of \$0.30, until March 8, 2014. The outstanding warrants expired unexercised March 8, 2014.

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As a result of the 11,200,000 share private placement in September 2012, the Company issued 672,000 Broker Warrants-II to purchase common shares of the Company at a price of \$0.45 per share until September 13, 2014. The Broker Warrants expired unexercised September 13, 2014.

As a result of the \$5,000,000 IFC financing in June 2013, the Company issued 15,000,000 IFC Warrants to purchase common shares of the Company at a price of \$0.50 per share until June 10, 2017. An “accelerator clause” applies to 50% of the warrants. If the Company has filed a NI 43-101 compliant mineral resource estimate outlining 3,000,000 ounces of gold and the stock price trades above \$1.00 for thirty days, then Unigold may call for exercise of the warrants which, if not exercised, will expire in 60 days. The fair value of the warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	<b>IFC Warrants</b>
Expected life	4 years
Expected volatility	115 %
Risk-free rate	1.4%
Expected annual dividend	Nil
Grant date fair value	\$0.073

At September 30, 2014 the Company had warrants issued as follows:

<b>2014</b>					
<b>Exercise Price</b>	<b>Number of Warrants Outstanding</b>	<b>Weighted Average Remaining Contractual Life - Years</b>	<b>Number of Warrants Exercisable</b>	<b>Expiry Date</b>	
\$0.15	10,425,000	1.1	10,425,000	Nov.17, 2015	
\$0.50	15,000,000	2.7	15,000,000	June 10, 2017	
<b>\$0.36</b>	<b>25,425,000</b>	<b>2.1</b>	<b>25,525,000</b>		

**(c) Reserve for share-based payment**

A summary of share-based payment reserve activity during the periods indicated is presented below:

	<b>\$</b>
Balance January 1, 2013	2,998,753
Issued – employee stock options	101,610
Exercised – employee stock options transferred to share capital	(60,000)
Balance March 31, 2013	3,040,363
Issued – employee stock options	37,813
Exercised – employee stock options transferred to share capital	(124,535)
Expired/forfeited – transferred to deficit	(86,163)
Balance June 30, 2013	2,867,478
Issued – employee stock options	219,050
Expired/forfeited – transferred to deficit	(538,277)
Balance September 30, 2013	2,548,251
Issued – employee stock options	24,091
Expired/forfeited – transferred to deficit	(25,029)
Balance December 31, 2013	2,547,313
Issued – employee stock options	21,797
Expired/forfeited – transferred to deficit	(60,474)
Balance March 31, 2014	2,508,636

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Issued – employee stock options	269
Expired/forfeited – transferred to deficit	(3,145)
<b>Balance June 30, 2014</b>	<b>2,505,760</b>
Issued – employee stock options	5
Expired/forfeited – transferred to deficit	(30,342)
<b>Balance September 30, 2014</b>	<b>\$ 2,475,423</b>

**9. Share - Based Payment – Employee 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.

A summary of the Plan activity during the periods indicated is presented below:

	<b>Number</b>	<b>Weighted average exercise price \$</b>
Balance January 1, 2013	17,370,000	0.23
Issued	750,000	0.28
Exercised	(300,000)	0.26
Balance March 31, 2013	17,820,000	0.23
Exercised	(850,000)	0.20
Expired/forfeited	(450,000)	0.28
Balance June 30, 2013	16,520,000	0.24
Issued	4,725,000	0.10
Expired/forfeited	(2,870,000)	0.27
Balance September 30, 2013	18,375,000	0.20
Expired/forfeited	(100,000)	0.33
Balance December 31, 2013	18,275,000	0.20
Expired/forfeited	(350,000)	0.23
Balance March 31, 2014	17,925,000	0.19
Expired/forfeited	(75,000)	0.10
Balance June 30, 2014	17,850,000	0.20
Expired/forfeited	(375,000)	0.15
Balance September 30, 2014	17,475,000	0.20

As at September 30, 2014 the Company had stock options issued to directors, officers, employees and consultants of the Company as follows:

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<b>2014</b>				
<b>Exercise Price</b>	<b>Number of Options Outstanding</b>	<b>Weighted Average Remaining Contractual Life - Years</b>	<b>Number of Options Exercisable</b>	<b>Expiry Date</b>
\$0.26	3,000,000	0.3	3,000,000	Jan.21, 2015
\$0.24	500,000	1.0	500,000	Oct.14, 2015
\$0.18	1,600,000	1.2	1,600,000	Dec.1, 2015
\$0.11	3,700,000	2.1	3,700,000	Nov.17, 2016
\$0.32	75,000	2.3	75,000	Jan.19, 2017
\$0.33	3,525,000	2.7	3,525,000	Jun.26, 2017
\$0.28	750,000	3.5	750,000	Mar.27,2018
\$0.10	4,325,000	3.8	4,325,000	July 3, 2018
<b>\$0.20</b>	<b>17,475,000</b>	<b>2.3</b>	<b>17,475,000</b>	

As at September 30, 2014, there are 6,696,324 options available for grant (September 30, 2013 – 5,996,324). During the quarter ended September 30, 2014, share-based payment expense of \$5 was recorded (September 30, 2013 – \$37,814). In addition, \$nil (2013 – \$73,194) was capitalized to exploration and evaluation assets. The weighted average exercise price of stock options exercisable as at September 30, 2014 is \$0.20 (December 31, 2013 – \$0.20).

**10. Net Loss per Share**

For the three month and nine months ended September 30, 2014 and 2013, the outstanding stock options and warrants were not included in the computation of the diluted net loss per share because the effect was anti-dilutive.

	Three months ended September 30,		Nine months ended September 30,	
	<b>2014</b>	2013	<b>2014</b>	2013
Loss attributable to shareholders	<b>\$ (261,935)</b>	\$ (392,091)	<b>\$ (1,389,678)</b>	\$ (1,389,591)
Weighted average number of shares	<b>243,713,238</b>	243,713,238	<b>243,713,238</b>	231,608,842
Basic loss per share	<b>\$ (0.00)</b>	\$ (0.00)	<b>\$ (0.01)</b>	\$ (0.01)
Incremental shares on assumed exercise of options and warrants				
Weighted average number of shares	<b>243,713,238</b>	243,713,238	<b>243,713,238</b>	231,608,842
Diluted loss per share	<b>\$ (0.00)</b>	\$ (0.00)	<b>\$ (0.01)</b>	\$ (0.01)

**11. Compensation**

The compensation expense of the Company for the periods ended September 30, 2014 and 2013 was as follows.

	Three months ended September 30,		Nine months ended September 30,	
	<b>2014</b>	2013	<b>2014</b>	2013
Salaries and non-wage costs	<b>\$ 127,351</b>	\$ 124,943	<b>\$ 391,126</b>	\$ 390,066
Directors' fees	<b>35,000</b>	35,000	<b>105,000</b>	105,000
Share-based payment	<b>5</b>	100,802	<b>889</b>	167,032
	<b>\$ 162,356</b>	\$ 260,745	<b>\$ 497,015</b>	\$ 662,098

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**12. Related Party Transactions**

The Company's related parties as defined by IAS 24, *Related Party Disclosures*, include the Company's subsidiaries (*Note 1*), the Board of Directors, close family members and enterprises which are controlled by these individuals and key management as well as certain persons performing similar functions.

The remuneration of directors and key management of the Company was as follows.

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Aggregate compensation	\$ 177,000	\$ 178,179	\$ 568,710	\$ 675,668
Share-based compensation	–	193,840	21,183	223,386
	<b>\$ 177,000</b>	<b>\$ 372,019</b>	<b>\$ 589,893</b>	<b>\$ 899,054</b>

Included in the accounts for the periods ended September 30, 2014 and 2013 are payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Company as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Management services fees paid to corporations controlled by or under significant influence of officers and directors of the Company: Wes Hanson	\$ 42,000	\$ 41,500	\$ 119,500	\$ 107,000
Professional fees and expenses paid to a law firm where a director of the Company, René Branchaud, is also a partner	–	–	–	2,140
Professional fees paid to a director, Joseph Del Campo	–	–	–	800
	<b>\$ 42,000</b>	<b>\$ 41,500</b>	<b>\$ 119,500</b>	<b>\$ 109,940</b>

These transactions were in the normal course of operations. See also *Note 7* for property dispositions.

**13. Supplemental Information Pertaining to Cash Flows**

	Nine months ended September 30,	
	2014	2013
Income taxes paid	\$ –	\$ –
Change in accrued exploration and evaluation assets	250,158	104,016
Amortization included in exploration and evaluation assets ( <i>Note 6,7</i> )	183,284	186,320
Share-based payments charged to exploration and evaluation assets ( <i>Note 7</i> )	21,183	191,442
	<b>\$ 454,625</b>	<b>\$ 481,778</b>

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### **14. Financial Risk Management**

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.

#### **(a) 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 and other receivables.

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

Financial instruments included in other receivables consist of sales tax due from the Federal Government of Canada. Other receivables are in good standing as of June 30, 2014. Management believes that the credit risk concentration with respect to financial instruments included in other receivables is minimal.

#### **(b) Liquidity risk**

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, administrative, and exploration and evaluation expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

As at September 30, 2014, the Company has working capital of \$1,901,074 (December 31, 2013 – \$4,695,879). The Company's ability to meet its financial obligations is dependent upon securing financing.

As of September 30, 2014, the Company has a cash balance of \$2,190,957 (December 31, 2013 – \$5,015,425) to settle current accounts payable and accrued liabilities of \$353,935 (2013 – \$424,730). The Company's other current assets consist of other receivables of \$18,510 (December 31, 2013 – \$23,262) and other financial assets and prepaids of \$35,542 (December 31, 2013 – \$81,922).

See also *Note 2 – Going Concern*.

#### **(c) 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.

#### **(d) Foreign exchange risk**

The Company's financings are in Canadian dollars. Certain of the Company's transactions with its subsidiary, Unigold Dominicana, S.R.L. are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. The Company is therefore subject to foreign exchange risk. As at September 30, 2014, the Company had cash balances of \$118,687 (December 31, 2013 – \$71,775) in United States dollars. U.S. \$ accounts payable as at September 30, 2014 were U.S. \$208,500 (December 31, 2013 – U.S. \$13,547).

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Sensitivity to a plus or minus 5% change in the foreign exchange rate would not have resulted in a significant fluctuation in the loss for the period ended September 30, 2014. The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

**(e) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's current policy is to earn interest on bank balances which approximate rates available from 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 September 30, 2014, interest rate risk is minimal since the Company has no interest-bearing debt instruments.

A sensitivity analysis has determined that an interest rate fluctuation of 5% in interest rates would not have resulted in significant fluctuation in the interest income during the period ended September 30, 2014.

**(f) Fair value of financial assets and liabilities**

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of cash, other receivables, other financial assets, and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

The following is a summary of the Company's financial instruments:

	As at	September 30, 2014		December 31, 2013	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash		\$ 2,190,957	\$ 2,190,957	\$ 5,015,425	\$ 5,015,425
Other receivables		18,510	18,510	23,262	23,262
Other financial assets		–	–	–	–
Accounts payable and accrued liabilities		343,935	343,935	424,730	424,730

**15. Capital Risk Management**

The Company considers its capital structure to consist of equity attributable to shareholders of the Company which at September 30, 2014 was \$38,952,075 (December 31, 2013 – \$40,322,681). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its exploration properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing its existing credit facility or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. Management reviews its capital management approach on an ongoing basis. The Company and its subsidiaries are not subject to externally imposed capital requirements.

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**16. Commitments and Contingencies****(a) Legal proceedings**

The Company and its entities are party to certain legal proceedings arising in the ordinary course of business. In the opinion of management, there are no current legal proceedings or other claims outstanding, which, on final disposition, could have a material adverse effect on the financial position of the Company.

**(b) Environmental matters**

The Company has operated in the mineral exploration industry in the Dominican Republic for many years. The enforcement of environmental regulation in the Dominican Republic is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations.

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.

**(c) Guarantees**

The Company has no guarantees outstanding.

**(d) Contingencies**

The Company is a party to certain employment contracts. These contracts contain clauses requiring that \$497,000 be paid on termination resulting from a change of control of the Company, \$494,000 be paid on termination for other than cause and employees may earn bonuses of up to \$157,000. As the likelihood of these events taking place is not determinable, the contingent payments have not been reflected in these consolidated financial statements.

**(e) Operating contractual obligations**

Minimum contractual payments over the next five years are estimated as follows:

Year	Total	2014	2015	2016	2017	2018
Office lease	\$ 66,000	\$ 16,000	\$ 50,000	\$ –	\$ –	\$ –
Services	75,000	73,000	2,000	–	–	–
	\$ 141,000	\$ 89,000	\$ 52,000	\$ –	\$ –	\$ –

The Company has entered into leases for office premises. The leases have an average life of one year and three months (December 31, 2013 – two years) with renewal terms at the option of the lessee at lease payments based on market prices at the time of renewal. There are no restrictions placed upon the lessee by entering into these leases. Payments recognized as an expense were as follows:

Period ended September 30,	2014	2013
Lease payments	\$ 37,394	\$ 37,143

Non-cancellable operating lease commitments:

	As at September 30, 2014	December 31, 2013
Within one year	\$ 50,000	\$ 62,000
After one year but not more than five years	12,000	50,000
More than five years	–	–

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**17. Segmented Information**

The Company's only activity is mineral exploration and evaluation. All of the Company's land, vehicles, field equipment, and camp and buildings (see *Note 6*) are physically located in the Dominican Republic. All of the Company's exploration and evaluation activities referred to in *Note 7* relate to properties in the Dominican Republic.

<b>As at and for the period ended September 30, 2014</b>			
	<b>Canada</b>	<b>Dominican Republic</b>	<b>Total</b>
Assets	\$ 2,154,738	\$ 37,144,103	\$ 39,298,841
Liabilities	81,584	262,351	343,935
Amortization expense	(3,603)	–	(3,603)
Investment income	37,430	41	37,471
Financing expense	–	–	–
Other expenses	(1,423,197)	(3,349)	(1,426,546)
<b>As at and for the period ended September 30, 2013</b>			
	<b>Canada</b>	<b>Dominican Republic</b>	<b>Total</b>
Assets	\$ 6,386,669	\$ 34,985,240	\$ 41,371,909
Liabilities	104,444	240,571	345,015
Amortization expense	(4,932)	–	(4,932)
Investment income	50,494	72	50,566
Financing expense	–	–	–
Other expenses	(1,392,445)	42,780	(1,435,225)

## **Corporate information**

### **Directors**

Jose Acero

*President of Metales Antillanos S.A.  
Santo Domingo, Dominican Republic*

René Branchaud, LLB <sup>(2)(3)</sup>

*Partner in Lavery, de Billy LLP  
Montreal, Quebec, Canada*

Andrew Cheatle, P.Geo., MBA, ARSM <sup>(5)(6)</sup>

*President and Chief Executive Officer of Unigold  
Thunder Bay, Ontario, Canada*

Daniel Danis, MSc, P.Geo. <sup>(2)(5)</sup>

*Businessman  
Laval, Quebec, Canada*

Joseph Del Campo, CPA, CMA <sup>(1)(3)(6)</sup>

*Businessman  
Woodbridge, Ontario, Canada*

Joseph Hamilton, P.Geo., CFA <sup>(1)(2)(4)(5)</sup>

*Managing Director of Primary Capital  
Orono, Ontario, Canada*

Charles Page, MSc, P.Geo. <sup>(1)(2)(3)(5)</sup>

*Consulting Geologist  
Burlington, Ontario, Canada*

(1) Audit Committee

(2) Compensation Committee

(3) Corporate Governance  
and Nominating Committee

(4) Chairman

(5) Technical Committee

(6) Corporate Social Responsibility Committee

### **Officers**

Andrew Cheatle, P.Geo., MBA, ARSM

*President and Chief Executive Officer*

John Green, MBA, CPA, CMA

*Chief Financial Officer and  
Corporate Secretary*

Wes Hanson, P.Geo. <sup>(6)</sup>

*Chief Operating Officer and Technical Director*

### **Stock Listing**

TSX Venture Exchange, Tier 2 Company,

Trading Symbol: UGD

CUSIP: 90476X

### **Auditors**

McGovern, Hurley, Cunningham, LLP,

Toronto, Ontario

### **Legal Counsel**

Bennett Jones LLP,

Toronto, Ontario

Marat Legal, S.R.L.,

Santo Domingo, Dominican Republic

### **Registrar & Transfer Agent**

Computershare Trust Company of Canada,

Contact information:

Computershare Investor Services

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Toronto, ON M5J 2Y1

1 800 564-6253

Web Contact Form:

[www.investorcentre.com/service](http://www.investorcentre.com/service)

### **Banker**

Bank of Montreal,

Toronto, Ontario

### **Executive Office**

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### **Investor Relations**

Further information about the Company or copies of the Annual or Quarterly Reports and press releases are available from the Company's website at [www.unigoldinc.com](http://www.unigoldinc.com).

The Company's filings with Canadian securities regulatory authorities can be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).