2005 Annual Report

Unigold Inc.

UNIGOLD

Corporate Profile

Unigold Inc. is an exploration company focusing on gold assets in the Dominican Republic. Currently the Company is exploring for bulk tonnage, near surface, open pittable, epithermal gold deposits on its 226 square kilometre Neita Property.

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Forward-Looking Statements:

Certain information included in this report is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Forward-looking statements are based on the beliefs, estimates and opinions of Unigold's management on the date the statements are made. Unigold undertakes no obligation to update these forward-looking statements of management's beliefs and estimates or opinions or other factors should they change.

All resource estimates reported in this report are calculated in accordance with the Canadian National Instrument 43-101 and the Canadian Institute of Mining and Metallurgy Classification system.

Highlights

- Granted concession status on the Neita Property by the regulatory authorities in the Dominican Republic.
- Drilling results on the Los Candelones Gold Deposit shows up to 2.2 g/t gold over 61 metres (including 3.1 g/t gold over 31 metres).
- Completed two private placements for aggregate proceeds of $4.2 million.
- Shairco Ltd., a family-owned Saudi Arabian company, now controls over 36% of Unigold Inc.
- The Company is benefiting from an 18 years holiday on all sales tax, import/export duties and corporate income tax.

2006 Objectives

The Company is implementing an ambitious exploration program broken down in three phases lasting four months each. The first phase intends to continue the surface exploration (soil & stream sampling, trenching and geophysics) program on the Los Candelones Gold Deposit as well as evaluate other promising gold and copper targets on the properties and the surface exploration for the duration of the exploration program. The second phase will be the implementation of a further drilling program on the Los Candelones Gold Deposit. Such drilling will be based on the surface exploration results and refined targets. The third phase will zoom-in on the considerable potential gold mineralization sites on the properties. The intention is to significantly expand both the tonnage and grade of the Los Candelones gold resource, both down dip and along strike, as well as developing resources on the other gold mineralized high chargeability zones.

Chairman's Message

I am very pleased to acknowledge that Shairco is now a major shareholder of Unigold Inc., and I'm confident that those shareholders who persevered through the difficult times of the past will be pleased with this development. We believe strongly in the future prospects of Unigold Inc. and will exert whatever is needed to insure the longevity, growth and prosperity of the Company.

We, at Shairco, will endeavour to add true value by being an integral part of the Company at all levels; Shareholders, Board of Directors and Management, and to exercise our successful world wide experiences in turning business ideas into very successful ventures.

Unigold Inc. has great potential at its properties in the Dominican Republic, and we as believers, will perform the hard tasks of defining our goals and objectives, re-organize the corporate structure and management, introduce the required internal controls, formulate the exploration work programs, define an essential budget, develop a sound business plan with clear vision, and most importantly recruit and empower top qualified personnel.

Our immediate intentions are to promote the Company and its potential, in North America and the Middle East, to facilitate the continuous funding of the exploration programs leading to exploitation. In addition, other business opportunities will be evaluated for possible consolidation, if conforming, via mergers, acquisitions and joint ventures to expand and diversify the future potential resources of the Company and present such opportunities to the shareholders.

Therefore, the future success will depend on the cooperation and full support of all our shareholders to make Unigold Inc. a major in the gold mining industry.

Our mission, as shareholders is clear and focused. We will dedicate our resources to capture intentions, and we are looking forward to a successful year in 2006.

Sincerely Yours,

Dr. Talal A. Alshair
Chairman

April 25, 2006

Dr. Talal A. Alshair
Chairman

President's Message

Dear Shareholders

The year 2005 was a crucial and critical period and the longevity of the Company was uncertain. The exploration program on the Company's properties in the Dominican Republic, including the drilling of the Los Candelones Gold Deposit, had to be put on hold in the first quarter of the year as the Company ran out of funds.

The Company had to actively seek financing in order to fund its exploration activities. Various channels were sought to obtain financing and in May of 2005, a presentation was made to a potential investor/financier in the Middle East, by the Company's executives. The outcome of the presentation was positive as the investor agreed to proceed with a due diligence program before any final decision would be made. The due diligence process lasted from July to September 2005 and upon positive findings, the decision was made by the investor, Shairco Ltd. ("Shairco"), to privately finance the Company with US$3 million for an equity position in the Company of approximately 40%. As this financing represented a change in control of the Company, approval by the majority of the shareholders was required and was obtained by circulation of a resolution in late December 2005. The US$3 million private placement with Shairco was completed in January 2006, and along with another private placement of $1 million also completed in January 2006, the Company is now well funded to carry out its exploration program.

The change in control also meant a change in management. Shairco appointed me as your new President & Chief Executive Officer. In addition, Shairco has the option of adding three new members to the Board of Directors of the Company.

We have now formulated the operating budget and defined the exploration program's scope of work (divided in 3 phases) with the necessary manpower. It is anticipated that approximately 84% of the budget ($3.5 million) will be used for the field exploration program in the Dominican Republic.

Our main objective in 2006, is to explore and evaluate as much of the property areas as possible (surface exploration, soil sampling, channeling, geophysics), leading to new anomalies/discoveries, re-assess the previous results of the Los Candelones Gold Deposit, and thoroughly drill it to enlarge its resource (during the second phase), while focusing on the new targets, and drilling (during the third phase). It is our intention to potentially increase the resource to 500,000 ounces of gold, by in-house estimation-Non NI 43-101 compliant, by the end of 2006.

Now that the Company has secured funds to resume its operations in the Dominican Republic, it is our plan to search for potential viable projects to evaluate a possible acquisition/merger/joint venture, in order to increase value for our shareholders. In addition, we will develop and promote the secondary market in the Middle East and have therefore assigned a specialist in the marketing/communications field to perform this task.

I would like to take this opportunity to thank all the shareholders who were previously involved with the Company for their support and we are all looking forward to a more rewarding 2006 year in transforming the Company from a junior exploration company to a mining company.

Dr. Ibrahim M. Eitani, Ph.D.,
President & Chief Executive Officer

April 25, 2006

Properties

Property Acquisitions

In July 2002, Unigold acquired a 100% interest in the Neita (25,221 hectares) and the Sabaneta (55,720 hectares) Fiscal Reserves by way of a special contract ratified with the Dominican Republic government by Congress and by Senate. These Fiscal Reserve properties were held by the Dominican Republic government and were not available for acquisition until 2002.

Unigold was granted 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on the Neita and Sabaneta properties, as well as a sole and exclusive option for the commercial mining of the mineral deposits. The initial duration of the Fiscal Reserve contract was for 6 months but with 2 one-year extensions after which the property had to be converted to a Concession. A Concession is issued for 3 years plus 2 one-year extensions after which it must be converted to an Exploitation Licence which is issued for 75 years.

During 2004, the Company received a Presidential Decree authorizing Unigold Resources Inc., a wholly-owned subsidiary of the Company, to apply for exploration concessions over the Neita and Sabaneta fiscal reserves.

According to Article 32 of Mining Law 146 of 1971 of the Dominican Republic, the same entity may not be granted one or more exploration concessions exceeding 30,000 hectares in the aggregate. Due to this limitation, the Company through Unigold Resources Inc. applied for an exploration concession on the Neita Property which covers an area of 22,616 hectares and sold its mineral rights in respect of the Sabaneta property to two separate Dominican companies, Inversiones Mineras Sabaneta, S.A. (27,600 hectares) and Inversiones Mineras Aldajo, S.A. (28,120 hectares) for a total consideration of US$200,000 in aggregate. These companies applied for the two exploration concessions covering Sabaneta.

Unigold was required to pay to the Dominican Republic government a total of US$150,000 per Fiscal Reserve over a 3-year period for exclusive exploration rights for a 100% interest in the properties. There were no fixed yearly exploration expenditure requirements, however, Unigold was required to spend US$2.0 million over a 3-year period. Unigold has made all the required payments to the Dominican Republic government and has met its exploration expenditure requirements.

Early in 2006, the Dominican Republic government granted to Unigold the concession on the Neita Property.

The government of the Dominican Republic has granted free zone status to the Company properties for a period of 20 years. As a result, Unigold is not required to pay the sales tax, corporate taxes or import-export duties over this period of time.

The Company also has an option agreement with a private Dominican Republic company to acquire a 100% interest in the Los Guandules Concession. This 13,386 hectare Concession is contiguous on the southern boundary of the Neita Property. It covers the extension of the geologically favourable Cretaceous volcanic belt which extends northwest-southeast through the Dominican Republic and which includes the world class Pueblo Viejo gold deposit. This property contains the Rosso gold showing which is on an extension of a mineralized structure, located on the Neita Property. Previous trenching in the 1980's on the Rosso showing has returned values up to 2.4 g/t gold over 29 metres. Float has also assayed up to 7.9% copper. Three shallow drill holes were completed in the 1980's and intersected gold mineralization.

Neita Property

General Exploration

The Company is focusing on gold exploration in the Dominican Republic within the 75 kilometre wide Cretaceous age volcanic belt which transects the country.

The Neita Property (22,616 ha) is underlain by very favourable Cretaceous age volcanic geology in an environment known to host the world class Pueblo Viejo Gold Mine. The Neita Property contains about 20 large hydrothermal alteration zones as identified by an airborne magnetic and radiometric survey which are partly coincident with gold in stream sediment anomalies that represent prime targets for exploration.

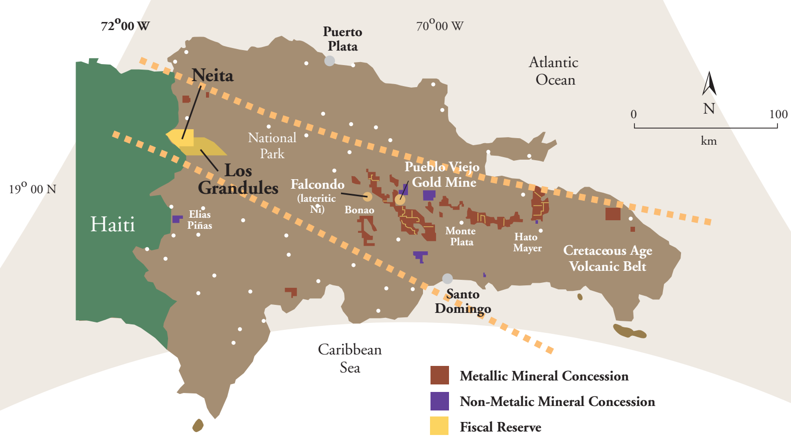
A 22 kilometre long structural contact zone between the Upper (felsic) and Lower Tireo (mafic) volcanic rocks, which is also a gold in stream sediment anomaly, has been shown to carry gold (up to 11.9 g/t) and copper (up to 20% in veins) mineralization at three widely spaced locations.

Induced Polarization ("IP") geophysical surveys on the El Corozo and Montazo-Guano areas has outlined excellent chargeability targets over large alteration zones which are believed to represent sulphide mineral concentrations.

More than ten large, altered and mineralized areas have been identified in the Neita Property. At least four mineralized areas contain high copper potential but low precious metal values. At least 6 other, large alteration zones, up to 3.0 kilometre in size, containing gold in soil prospects (El Corozo, Cerro Berro, Vara de Vaca, Neita, Montazo-Guano and Candelones) have been under study at different time periods with an exploration emphasis in precious metals.

El Corozo Area

In the El Corozo area, geological mapping and prospecting has outlined a 750 metre long by 75 metre wide, north-south trending topographic ridge formed by silicification and brecciation of the host mafic volcanic rocks situated adjacent to a felsic pyroclastic unit. The host north-south structure is considered to be a splay off a nearby regional north-west trending fault. The volcanics are highly altered and possess both copper and gold in soil anomalies. One strong copper and gold anomaly located to the west of the hill was a coincident IP chargeability high. Immediately to the west, a silicified float rock sample assayed 6 g/t gold. Other reconnaissance rock samples in the area returned results of 1.5 and 0.7 g/t gold.



Mineral property location, Dominican Republic

Immediately to the west of the hill, stream sediment samples have assayed up to 1.1 g/t gold. Immediately adjacent to the silicification, in the valley to the east, a 2 km oblong target is interpreted by airborne geophysics to be a large hydrothermal alteration zone. A similar 2.5 km long hydrothermal alteration zone is located immediately to the south of the silicification zone and is centred on the northwest regional structure. A quartz diorite intrusive occurs adjacent to the fault and a 0.9 g/t gold grab sample was obtained from the base of the hill. Four diamond drill holes targeted the El Corozo silicified hill and encountered low gold values up to 0.8 g/t in narrow quartz veins. All four holes encountered 0.05% to 0.1% copper mineralization from the top to the bottom of the holes. The best single interval was 0.2% copper over 27 metres in hole SC01. This area is underlain by a large hydrothermal alteration system and the main copper/gold soil and IP chargeability target has yet to be drilled.

Montazo-Guano Area

The largest silicification and hydrothermal alteration zone occurs in the Montazo-Guano area. This target trends east-west and has a length of about 3 km and a width of about 1 km. Two separate northwest trending regional structures cut the target. Alteration may be controlled by two northeast-southwest secondary faults. Strong argillic alteration is enveloping the quartz veining. Low but consistent gold values averaging 0.3 g/t gold is widespread. Previous trenching on the eastern margin of the alteration zone returned values up to 0.56 g/t gold over 64 metres (MT02) and 0.42 g/t gold over 22 metres (GT01) while trenching on the western margin of the zone, located 2.5 km away, returned values up to 0.54 g/t gold over 100 metres. Eight scattered drill holes were completed in 1997 with grades up to 0.44 g/t gold over 16 metres (SM01). The main target has never been properly sampled or drilled. A recent stream sediment sample taken from southeast of the target ran 106 ppb gold and one reconnaissance rock sample on the western end of the target ran 928 ppb gold. An IP chargeability high is coincident with the main Guano Hill.

Loma De Montazo Area

In the Loma de Montazo area, located about 9 km southeast of El Corozo along the same northwest-southeast regional structure, the Company has identified a 4 km long, north-east trending, fault bounded hill composed predominantly of silicified and altered andesitic tuff and pyroclastic dacite.

Unigold's land position in northwestern Dominican Republic

Rhyolite occurs in fault contact to the north. Airborne magnetics and radiometrics have outlined an alteration zone on the north side of the fault.

Stream sediment sampling evaluating this target has returned very encouraging values of 0.6 and 0.5 g/t gold. Reconnaissance rock geochemistry along the silicified rocks on the ridge has returned gold values of 0.3, 0.2, 0.2 and 0.1 g/t.

Neita Area (Cu)

The Neita area located just to the south of the town of Restauracion was drilled in the 1960's for copper by Mitsubishi Mining. They drilled 27 holes and intersected discontinuous copper values up to 5% in veins within andesites and fragmented andesitic tuff.

Fault Contact Area

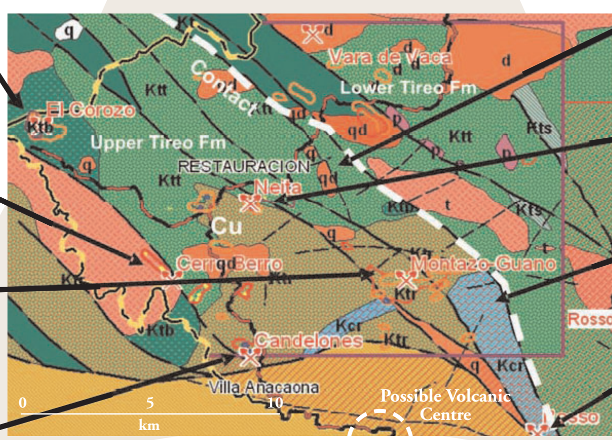
A 22 kilometre long northwest trending structure between mafic and felsic volcanic rocks which may represent a major gold-copper system has been identified on the Neita property. Gold in stream sediments highlights the entire 22 kilometre length of the fault. Unigold has undertaken limited work on this structure but has identified significant gold and copper values in three separate locations. At Jimenez, a copper in soil anomaly in excess of 1,000 ppm was traced for over 1 kilometre and is open at both ends. Limited trenching uncovered a silicified quartz vein and sulphide system which assayed 0.65% copper over 6.7 metres. Nearby float rock samples assayed up to 11.9 g/t gold. About 8 kilometres to the southeast along the structure at El Vallesito, Unigold has identified an outcrop with assays of up to 3.2 g/t gold and 20% copper in veins. A further 6 kilometres to the southeast in the Rosso area government geologists in the early 1980's, had unearthed a gold mineralized zone with values up to 2.4 g/t gold over 29 metres in trenching and found float that assayed 7.9% copper in the vicinity. This 22 kilometre strike length of northwest trending structure is a high priority target for both gold and copper mineralization.

El Corozo Area
1 km NS silicifed zone
6.0 g/t Au grab sample
>500 ppm Au in soils
>1,000 ppm Cu & Zn in soils
2 strong chargeability targets
4 ddh's up to 0.1% Cu /120m

Cerro Berro Area
Strong argillic alteration
0.5 g/t Au stream sediment
Low grade Au mineralization

Montazo-Guano Area
3 x 1 km argillic alteration
Widespread mineralization
Trenching:
0.56 g/t Au over 64m
Strong chargeability target

Candelones Gold Deposit
38 ddh's into deposit
700m strike length, open
200m down dip, open
Soil geochem Au 1200m x 600m
Parallel IP chargeability highs
ddh SC-29: 2.2 g/t Au / 61m
ddh SC-37: 4.4 g/t Au / 25m
trench up to 26.3 g/t over 16m



Poso Negro Area
11.9 g/t Au grab sample
53.5% Cu grab sample
Trench: 0.65% Cu / 6.7m

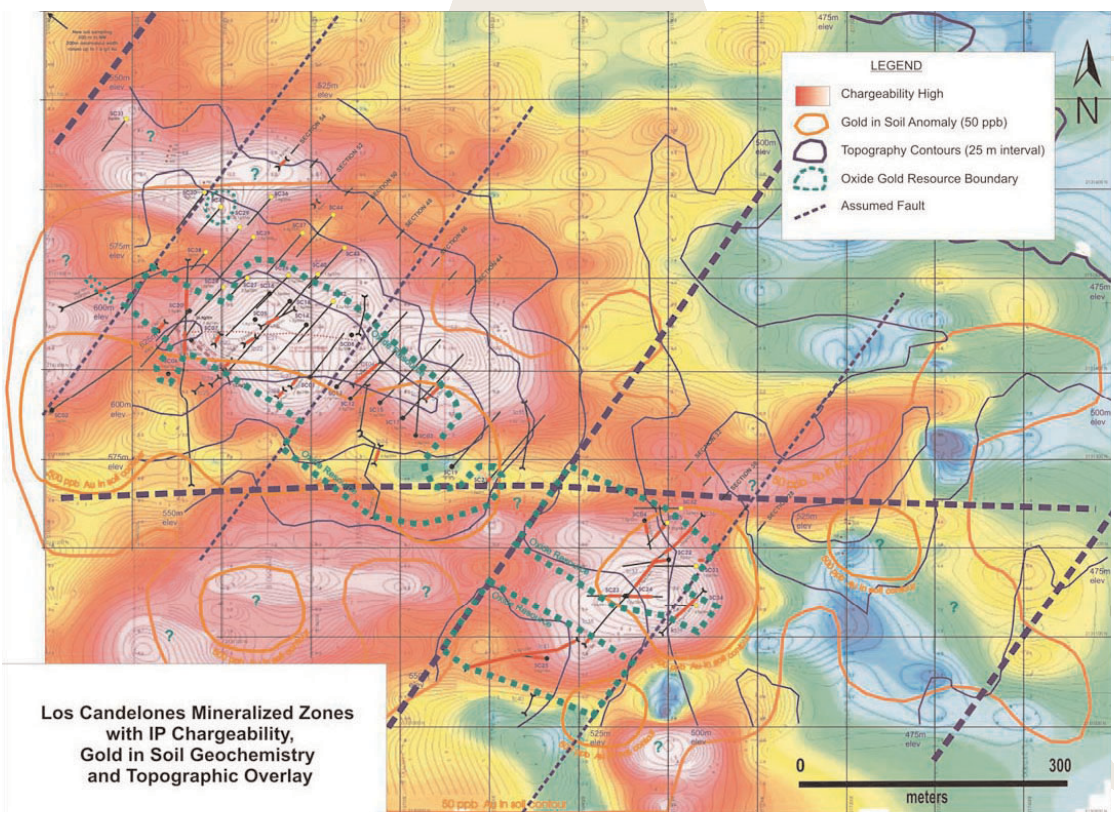
Neita Area
27 ddh's in 1960's for Cu
Assayed only for Cu & Mo
5% Cu over narrow widths

El Vallesito Area
2.3 g/t Au stream sed.
3.2 g/t Au grab sample
20% Cu grab sample

Los Guandules
Concession Rosso Area
12.5 g/t Au grab sample
2.4 g/t Au / 29m trench
7.9% Cu float
3 shallow drill holes
(1980's)

Los Candelones Gold Deposit

- 44 diamond drill holes have partially outlined mineralized zones with strike lengths of 400 to 900 metres with local structural offsets.
- Demonstrated continuity of epithermal mineralization both along strike and downdip.
- Grades close to surface of up to 2.2 g/t gold over 61 metres and including 3.1 g/t over 31 metres (ddh SC-29), 3.6 g/t gold over 26 metres (ddh SC-27) and 4.4 g/t gold over 25 metres (ddh SC-37).
- Mineralization occurs within a 1,200 metre long by 600 metre wide gold in soil anomaly and coincident IP chargeability high, interpreted as sulphide-rich zones, only a small part of which have seen any amount of diamond drilling.
- There is a very high probability of hosting additional gold resources on this significant discovery.
- Gold mineralization is a moderate sulphidation, epithermal gold system, hosted in altered and silicified dacite pyroclastic rocks in a 20 to 30 metre thick stockwork containing pyrite, sphalerite and chalcopyrite.
- The 20 to 30 metre thick core stockwork zone grades 1.0 to 4.4 g/t gold and is enclosed within up to 100 metres of pyroclastic rocks which grade 0.3 to 0.5 g/t gold.
- An oxide cap in the order of 15 metres thick grading 0.5 to 1.5 g/t gold. Drill access road in East-West direction ran over 1 g/t gold over 200 metres.



Los Candelones Mineralized Zones with IP Chargeability, Gold in Soil Geochemistry and Topographic Overlay

Description and Status

The Los Candelones mineralized zone, occurs in the southern part of the Neita property located on the western end of the Cretaceous volcanic belt that transects the Dominican Republic. The mineralized zone was first drilled in the early 1980's by the government (8 ddh, 645m) and followed up in 1997 by BRGM (14 ddh, 2090m) for the government as part of an aid package from the European Union. Diamond drilling returned values such as hole SC-16 which assayed 1.0 g/t gold from surface to 90 metres with a central zone of 1.54 g/t over 44 metres and a hole 30 metres away, SC-18 which ran 1.3 g/t gold from surface to 92 metres with a higher grade zone of 1.81 g/t over 44 metres. At the eastern end of the Los Candelones zone, located 300 metres to the southwest, four old drill holes assaying up to 1.6 g/t gold over 38 metres and old trenching assaying up to 1.55 g/t gold over 43 metres.

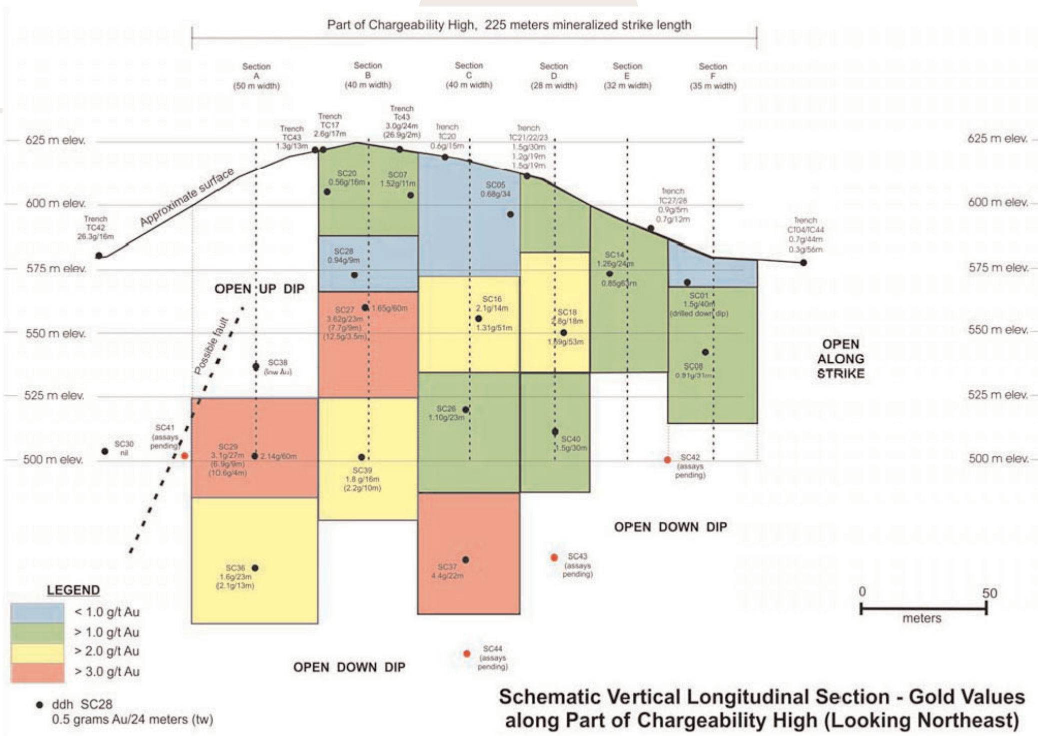
In the Los Candelones area, gold mineralization occurs on a hill, is structurally controlled and occurs within north-northwest trending quartz veins, and kaolinized and silicified Cretaceous age felsic pyroclastic rocks which overly and flank dacite and dacitic porphyry rocks, very similar to the geological setting at the world class Pueblo Viejo Gold Deposit.

The gold mineralization at Los Candelones is a moderate sulphidation, epithermal vein system and occurs within a stock work associated with chalcopyrite, sphalerite, pyrite, galena, plus minor silver. The gold mineralization occurs within a 1,200 metre by 600 metre gold in soil anomaly and coincident IP chargeability high which corresponds to sulphide mineralization. Historical trenching results within the soil anomaly included 0.5 g/t gold over 122 metres (TC41), 1.55 g/t over 43 metres (TC36) and 3.0 g/t over 24 metres (TC43). Re-sampling a trench, located about 100 metres to the NW of the last known gold mineralization ran 26 g/t gold over 16 metres (TC42).

The trenching program on the main Los Candelones hill consisted of digging new trenches and cleaning out and re-sampling old trenches in an effort to develop an oxide resource. Trench TC21 and TC22, oriented in a NE-SW direction, were cleaned out and re-sampled. TC21 assayed 1.5 g/t gold over 29.7 metres and TC22 assayed 1.2 g/t gold over 19.1 metres. A 7.1 metre drill access road separates the two trenches. This E-W trending drill access road assayed over 1.0 g/t gold over a 200 metre stretch in 36 chip samples each 5 metres in length. A few metres to the SW from TC22 and also oriented NE-SW old trench TC23 assayed 1.5 g/t gold over 19 metres. Three drill holes (SC05, SC14 and SC18) occur adjacent to TC21 and to the NE and have intersected oxide gold mineralization of 0.66 g/t gold over 40 metres, 0.62 g/t gold over 14 metres and 0.49 g/t gold over 20 metres respectively. The combined trenches, chip sampling and drill holes in this area suggest that oxide mineralization occurs over a distance in excess of 100 metres in an N-S direction and in excess of 300 metres in an E-W direction. This oxide mineralization remains wide open along strike.

Unigold has completed 22 diamond drill holes in 2004 and 2005 totaling about 2,600 metres on the Los Candelones Gold Deposit.

Gold grades in the diamond drilling starting near surface of up to 4.4 g/t gold over 25 metres and 2.2 g/t gold over 61 metres and including 3.1 g/t gold over 31 metres were encountered. There is significant potential to increase the tonnage of this deposit at depth, along the strike and in parallel structures as outlined by the IP chargeability.



Schematic Vertical Longitudinal Section - Gold Values along Part of Chargeability High (Looking Northeast)

The diamond drilling has now demonstrated the on strike and down dip continuation of the 25 to 30 metre thick gold core of epithermal mineralization which grades from 1.0 to 4.4 g/t gold over 8 cross-sections located 25 metres apart. The core stock-work zone is enclosed within up to 100 metres of pyroclastic rocks which grade 0.3 to 0.5 g/t gold. It is expected that this mineralized zone will be relatively continuous for at least an additional 400 metres to the southeast with small local fault offsets and join with the Los Candelones East mineralization. At Los Candelones East, mineralization in trenches assayed better than 1.0 g/t gold over about 100 metres and the most recent drill hole SC35 ran 1.5 g/t gold over 48 metres.

The existing trenched and diamond drilled mineralized area is a small part of the 1,200 metre long by 600 metre wide gold in soil anomaly and coincident IP chargeability high which represents sulphide mineralization.

A total of only 44 drill holes have been completed to date on this large gold target. There is excellent potential to significantly increase the known size of the Los Candelones Gold deposit with further work.

The higher grade gold mineralization at Los Candelones occurs within an altered, silicified and brecciated structure in dacitic pyroclastic rock associated with pyrite, chalcopyrite and sphalerite. The correlation coefficient with gold for the four diamond drill holes, SC26 to SC 29 is 0.27 for silver, 0.14 for copper and 0.5 for zinc. The association of gold mineralization with copper and zinc is very similar to the mineralization at Pueblo Viejo.

Drill Hole	*Interval*		*Length*	*Au*	*Ag*	*Cu*	*Zn*
	From (m)	*To (m)*	*m*	*g/t*	*g/t*	*ppm*	*%*
SC26	51	88	37.0	0.89	1.06	343	0.20
SC27	41	67	26.0	3.62	2.83	3322	1.03
SC28	20	36	16.0	0.42	5.15	16600	0.01
SC29	57	88	31.0	3.12	1.34	1386	0.20
SC35	0	48	48	1.51	9.8	532	0.58
SC36	88	114	26	1.60	1.00	1200	0.30
SC37	54	79	25	4.42	0.89	875	1.11
SC39	33	51	18	1.76	0.10	542	0.34
SC40	74	107	33	1.47	1.50	857	0.41
SC42	65	83	18	1.25			
SC43	101	129	28	1.35			
SC44	106	132	26	0.88			

A vertical longitudinal section through the northwest, 225 metres of strike length of drilled-off gold mineralization which is coincident with the northwest end of an IP chargeability high is presented on page 10. The mineralized zone is up to 130 metres wide within pyroclastic rocks and has a central core of silicified, altered and brecciated structure 20 to 30 metres thick which grades 1.0 to 4.4 g/t gold within a lower grade section up to 100 metres thick grading 0.3 to 0.5 g/t gold.

The longitudinal section represents only a small part of the greater than 900 metre length of the mineralized structure. The widths of the core mineralized zone have been converted to approximate true width.

Management's Discussion and Analysis of Financial Results

Year Ended December 31, 2005

The following discussion and analysis of the operating results and financial condition of Unigold Inc. ("Unigold" or the "Company") has been prepared as of April 25, 2006 and should be read in conjunction with the consolidated financial statements of the Company and notes thereto for the year ended December 31, 2005. Said financial statements were prepared in accordance with Canadian generally accepted accounting principles.

Nature of Operations

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

Forward-Looking Statements

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

Overview of Exploration Activities

During 2005, $523,236 was spent on exploration expenditures on the Neita property in the Dominican Republic. This brings the inception to date amount spent to $2,439,876. The main focus has been on the Los Candelones Gold Deposit where 22 diamond drill holes have been completed to date by the Company totaling about 2,600 metres. A brecciated and silicified central core was encountered with gold grades starting near surface of up to 4.4 grams per tonne (g/t) gold over 25 metres and 2.2 g/t gold over 61 metres and including 3.1 g/t gold over 31 metres. There is significant potential to increase the tonnage of this deposit at depth, along the strike and in parallel structures as outlined by the Induced Polarization ("IP") chargeability.

The diamond drilling has now demonstrated the on strike and down dip continuation of the 25 to 30 metre thick gold core of epithermal mineralization which grades from 1.0 to 4.4 g/t gold over 10 cross-sections located 25 metres apart. It is expected that this mineralized zone will be relatively continuous for at least an additional 400 metres to the southeast with small local fault offsets and join with the Los Candelones East mineralization. At Los Candelones East, mineralization in trenches assayed better than 1.0 g/t gold over about 100 metres and drill hole SC35 ran 1.5 g/t gold over 48 metres.

The existing trenched and diamond drilled mineralized area is a small part of the 1,200 metre long by 600 metre wide gold in soil anomaly and coincident IP chargeability high which represents sulphide mineralization.

Due to insufficient funds the drilling program was temporarily halted in April 2005 pending additional financing. Early in 2006, the Company completed two private placements of common shares and received gross proceeds of approximately $4.2 million. The Company now has about $4 million in the treasury and is well funded to carry out its exploration activities.

For 2006, the Company has implemented an ambitious exploration program broken down in three phases (4 months each). The first phase intends to continue the surface exploration (soil & stream sampling, trenching and geophysics) program on the Los Candelones Gold Deposit as well as evaluate other promising gold and copper targets on the properties and the surface exploration for the duration of the exploration program. The second phase will be the implementation of a further drilling program on the Los Candelones Gold Deposit. Such drilling will be based on the surface exploration results and refined targets. The third phase will zoom-in on the considerable potential gold mineralization sites on the properties. The intention is to significantly expand both the tonnage and grade of the Los Candelones gold resource, both down dip and along strike, as well as developing resources on the other gold mineralized high chargeability zones.

Selected Annual Information

The Company's selected annual information for the three most recently completed financial years as at and for the years ending December 31st was as follows:

	2005	2004	2003
Total revenue	**$ 2,376**	$ 4,497	$ 3,438
Net loss	**(488,138)**	(1,033,169)	(1,226,198)
Net loss per share - basic and diluted	**(0.01)**	(0.04)	(0.07)
Total assets	**3,389,999**	3,558,140	3,021,592
Total liabilities	**259,013**	141,668	148,008
Shareholders' equity	**3,128,155**	3,413,641	2,870,753

The reduced loss in 2005 is as a result of the Company having to reduce and/or eliminate most of its operating activities as a result of insufficient funds.

Results of Operations

For the year ended December 31, 2005, the Company recorded a net loss of $488,138 or $0.01 per share compared with a net loss of $1,033,169 or $0.04 per share in 2004.

Revenue is limited to interest earned on cash balances and term deposits and amounted to $2,376 for the year compared to $4,497 for the prior year.

Administrative expenses decreased to $490,514 in 2005 compared to $1,037,666 in the previous year as the Company reduced the head office staff and eliminated most of its corporate activities as a result of insufficient funds.

Quarterly Information

The following is a summary of selected financial information for the quarterly periods indicated (all amounts are in $000's, except for per share amounts):

	2005				2004			
	Dec 31	**Sep 30**	**Jun 30**	**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31
Net Revenues	**$nil**	**$nil**	**$nil**	**$2**	$2	$nil	$1	$1
Net loss	**$(98)**	**$(87)**	**$(160)**	**$(143)**	$(372)	$(122)	$(255)	$(284)
Per share	**$nil**	**$nil**	**$(0.01)**	**$(0.004)**	$(0.01)	$(0.01)	$(0.01)	$(0.01)

Liquidity and Capital Resources

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

Cash on hand as of December 31, 2005 was $64,159, down $633,866 from the year ended December 31, 2004. As at December 31, 2005, the Company has a working capital deficiency of $161,093. Subsequent to December 31, 2005 the Company completed two private placements and is now in a positive working capital position of approximately $4 million.

On January 23, 2006, the Company completed a non-brokered private placement of 4,444,443 common shares of the Company at a price of $0.225 per common share for aggregate gross proceeds of approximately $1,000,000. The common shares issued on this private placement are subject to a four-month hold period.

On February 1, 2006, the Company completed a non-brokered private placement of 20,180,770 common shares of the Company at a price of $0.16 per common share for aggregate gross proceeds of approximately $3,229,000 to Shairco Ltd. ("Shairco"). Shairco now owns a total of 22 million common shares of the Company or approximately 36.7% of the total number of outstanding common shares. In connection with the private placement, a 5% finder's fee was payable. This transaction resulted in a change of control of the Company. As a result of the change of control of the Company, termination and settlement payments of $126,000 were paid subsequent to the year end.

During the first quarter of 2006, 460,000 common shares were issued as a result of the exercise of warrants and stock options. The gross proceeds received by the Company amounted to $161,100.

Trend Information

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

Off-Balance Sheet Arrangements

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

Transactions with Related Parties

During the year, the Company incurred costs of $52,478 (2004 - $27,533) for consulting services and rent of $7,000 (2004 - Nil) provided by its directors and officers. During the year, the Company sold various furniture and equipment to a company with a common officer for gross proceeds of $6,500. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Fourth Quarter

Due to insufficient funds, no exploration activity took place during the fourth quarter. The Company's main activity was to secure financing. Early in 2006, the Company was able to complete two private placements.

Proposed Transactions

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

Critical Accounting Estimates

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

Changes in accounting policies

There were no changes in accounting policies during the 2005 year end that affected the Company.

Financial Instruments

Fair Value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

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

Foreign Exchange Risk

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

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

Other

The Company's authorized share capital consists of an unlimited number of common shares of which 35,093,965 common shares were outstanding on December 31, 2005. As a result of the two private placements along with the exercise of warrants and stock options during the first quarter of 2006, the number of shares currently issued and outstanding are 60,179,178. Shairco Ltd., the major shareholder has 22,000,000 common shares representing approximately 36.6% of the total. The Company currently has 5,750,000 share purchase warrants outstanding with an exercise price of $0.35. The Company also has outstanding 2,155,000 stock options, with exercise prices ranging from $0.25 to $0.75 with expiry dates from February 13, 2008 to November 10, 2009 and broker warrants exercisable to purchase up to 400,000 units at a price of $0.25 per unit until October 12, 2006. Each unit consists of one common share and one warrant, with each warrant entitling the holder thereof to purchase one common share of the Company until October 12, 2006 at a price of $0.35 per share.

Controls and Procedures

Management has assessed the effectiveness of the Company's financial reporting disclosure controls and procedures as at December 31, 2005, and has concluded that such financial reporting disclosure controls and procedures are effective as at that date.

Qualified Person

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

Risks and Uncertainties

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential successes lie in its ability to develop, exploit and generate revenue out of mineral deposits. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

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

Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect management's best current estimates.

Management has developed and maintains systems of internal control to ensure that the Company's assets are protected from loss or improper use, transactions are authorized and properly recorded and financial records are reliable.

The Board of Directors carries out its responsibilities for these consolidated financial statements principally through its Audit Committee. The Audit Committee meets periodically with management and the auditors to review the consolidated financial statements and the results of audit examinations.

McGovern, Hurley, Cunningham LLP, Chartered Accountants, have audited the consolidated financial statements and their report outlines the scope of their examination and gives their opinion on the consolidated financial statements.

Dr. Ibrahim M. Eitani	**Joseph Del Campo**
President & Chief Executive Officer	*Chief Financial Officer*

AUDITORS' REPORT

To the Shareholders of Unigold Inc.

We have audited the consolidated balance sheets of Unigold Inc. (a development stage company) as at December 31, 2005 and 2004 and the consolidated statements of operations and deficit and cash flows for each of the years in the two-year period ended December 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2005 in accordance with Canadian generally accepted accounting principles.

McGovern, Hurley, Cunningham, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Toronto, Canada
March 31, 2006

UNIGOLD INC.

(A Development Stage Company)

Consolidated Balance Sheets

(Canadian $)

	As at December 31, 2005	As at December 31, 2004
Current assets		
Cash	**$ 64,159**	$ 698,025
Sundry receivables	**21,967**	44,487
Prepaid expenses	**11,794**	19,432
	97,920	761,944
Property receivable *(note 5)*	**233,200**	238,271
Equipment *(note 4)*	**151,829**	232,676
Mineral Properties *(note 5)*	**367,174**	308,609
Deferred exploration costs *(note 5)*	**2,439,876**	1,916,640
Public listing status	**100,000**	100,000
	$ 3,389,999	$ 3,558,140
Current liabilities		
Accounts payable and accrued liabilities	**$ 259,013**	$ 141,668
Contingencies *(notes 1 and 11)*		
Non-controlling interest	**2,831**	2,831
Shareholders' Equity		
Common shares *(note 6(a))*	**8,550,122**	8,343,302
Share purchase warrants *(note 6(b))*	**495,833**	984,782
Contributed surplus *(note 6(d))*	**1,443,414**	958,633
Deficit	**(7,361,214)**	(6,873,076)
	3,128,155	3,413,641
	$ 3,389,999	$ 3,558,140

See accompanying notes to the consolidated financial statements

Approved on Behalf of the Board:

Dr. Talal A. Alshair
Director

Joseph Del Campo
Director

UNIGOLD INC.

(A Development Stage Company)

Consolidated Statements of Operations and Deficit

(Canadian $)

	As at December 31, 2005	As at December 31, 2004
Revenue		
Interest income	**$ 2,376**	$ 4,497
Administrative expenses		
Salaries and wages	**145,438**	290,404
General and administrative expenses	**118,444**	131,525
Listing and shareholder information	**65,268**	149,315
Consulting fees	**49,283**	47,533
Professional fees	**45,429**	61,012
Loss on disposal of fixed assets	**24,413**	–
Travel, promotion and business development	**19,977**	138,976
Foreign exchange loss	**13,566**	24,992
Stock-based compensation	**–**	157,700
Loss on disposal of mineral property	**–**	18,726
Amortization	**8,696**	17,483
	490,514	1,037,666
Net loss for the year	**(488,138)**	(1,033,169)
Deficit, beginning of year	**(6,873,076)**	(5,153,807)
	(7,361,214)	(6,186,976)
Change in accounting policy *(note 2)*	**–**	(686,100)
Deficit, end of year	**$ (7,361,214)**	$ (6,873,076)
Loss per share - Basic and diluted	**$ (0.01)**	$ (0.04)
Weighted average number of shares outstanding	**33,248,699**	27,248,667

See accompanying notes to the consolidated financial statements

UNIGOLD INC.

(A Development Stage Company)

Consolidated Statements of Cash Flows

(Canadian $)

	For the 12 months ended December 31, 2005	2004
Cash flows from operating activities		
Net loss for the year	**$ (488,138)**	$ (1,033,169)
Add items not requiring cash:		
Loss on disposal of fixed assets	**24,413**	–
Amortization	**8,696**	17,483
Loss on disposal of mineral property	**–**	18,726
Stock-based compensation	**–**	157,700
	(455,029)	(839,260)
Net changes in non-cash working capital balances *(note 9)*	**135,300**	(14,588)
	(319,729)	(853,848)
Cash flows from financing activities		
Private placements, net of costs	**185,152**	1,320,857
Exercise of share purchase warrants	**17,500**	97,500
	202,652	1,418,357
Cash flows from investing activities		
Deferred exploration costs	**(464,724)**	(1,148,301)
Acquisition of equipment	**–**	(46,629)
Sale of equipment	**6,500**	–
Mineral properties, net	**(58,565)**	(65,456)
	(516,789)	(1,260,386)
Decrease in cash	**(633,866)**	(695,877)
Cash, beginning of year	**698,025**	1,393,902
Cash, end of year	**$ 64,159**	$ 698,025
Supplemental Information		
Income taxes paid	**–**	–
Interest paid	**–**	–
Property receivable due on property sale	**(5,071)**	238,271

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

(Canadian $)
as at December 31, 2005 and 2004

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values. The Company's mining assets are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations, and political uncertainties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

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

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

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

2. CHANGES IN ACCOUNTING POLICIES

Stock-Based Compensation:

Effective January 1, 2004, the Company adopted the revisions to the CICA Handbook Section 3870, which require a fair value based method of accounting to be applied to all stock-based compensation arrangements. The fair value of each option is accounted for in operations, over the vesting period of the options, and the related credit is included in the contributed surplus.

Prior to 2004, as permitted by the standard, the Company had elected not to follow the fair value based method of accounting for stock-based compensation to employees and directors and disclosed the pro forma effect of accounting for stock options granted to employees and directors using the fair value based method.

As a result of applying this change on a retroactive basis without restatement of comparative figures, a cumulative adjustment to the 2004 opening balance of deficit of $686,100 has been made.

The Company's stock-based compensation plans are described in Note 6(c).

Asset Retirement Obligations:
Effective January 1, 2004, the Company adopted the new CICA accounting standard on "Asset Retirement Obligations". Under the new standard the Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mining properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral properties and deferred exploration costs and amortized over the useful life of the properties. As the Company does not currently have any legal obligations relating to the reclamation of its mineral properties, the adoption of this standard had no impact on the accounts of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant accounting policies are summarized as follows:

Principles of Consolidation:
These consolidated financial statements include the accounts of the Company, which is incorporated in Canada under the Ontario Business Corporations Act, and its wholly owned subsidiary, Unigold Resources Inc., which is incorporated in Canada under the Canada Business Corporations Act, and its 96.7% owned subsidiary, Unigold Dominicana, S.A., which is incorporated in the Dominican Republic.

Foreign Exchange Translation:
The Company considers the Canadian dollar to be the functional currency of its primary operations and, accordingly, amounts denominated in other currencies are translated into Canadian dollars using the temporal method. This method translates monetary balances at the rates of exchange at the dates of the consolidated balance sheet, non-monetary balances at historical exchange rates and revenue and expense items at average exchange rates during the year, except for amortization which is translated at rates pertaining to the related equipment. The resulting gains and losses are included in the consolidated statements of operations and deficit.

Mineral Properties and Deferred Exploration:
Mineral properties are recorded at the direct cost of acquisition. Deferred exploration costs represent the costs incurred in conducting exploration work for unknown or unproven ore deposits. These costs are deferred until the commencement of commercial mining operations, or until such time that the interests in the associated properties are disposed of. Deferred exploration costs associated with projects, which prove to be economically unviable, are written off. Proceeds derived from the full or partial disposal of interests in properties are credited against the carrying cost of the related property.

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

The Company reviews its mineral properties on an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the mineral properties is dependent upon numerous factors including exploration results, environmental risks, commodity risks, political risks, and the Company's ability to attain profitable production. In reviewing its mineral properties, the Company estimates the potential future cash flows expected to result from each asset and its eventual disposition. If the sum of the undiscounted, expected potential future cash flow is less than the carrying value of the asset, an impairment loss is recognized. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near-term could require a change in the determination of the need for and amount of any write down.

Use of Estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the report period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation, warrants, property receivable and tax accounts. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

Loss Per Share:

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share.

Public Listing Status:

The public listing status was acquired as a result of a business combination in 2002 and is considered to have an indefinite life. Should the Company determine that there is an impairment in the value of this asset, an appropriate write down of value will be charged to operations.

Equipment and Amortization:

Equipment is recorded at cost. The equipment noted below is amortized over their estimated useful lives using the following annual rates and methods.

Office furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Vehicles	30% declining balance
Field equipment	20% declining balance

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

Income Taxes:

The Company uses the liability method of accounting for income taxes. Under this method of tax allocation, future income taxes are determined based on the differences between the financial reporting amounts and tax bases of assets and liabilities. These income tax assets and liabilities are measured using the substantively enacted tax rates that are expected to be in effect in the periods in which the income tax assets and liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

4. EQUIPMENT

	As at December 31, 2005			As at December 31, 2004		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Office furniture and equipment	**$ –**	**$ –**	**$ –**	$ 25,278	$ 8,620	$ 16,658
Computer equipment	**25,925**	**15,734**	**10,191**	65,655	31,628	34,027
Vehicles	**59,901**	**32,213**	**27,688**	59,901	20,347	39,554
Field equipment	**197,829**	**83,879**	**113,950**	197,829	55,392	142,437
	$ 283,655	**$ 131,826**	**$ 151,829**	$ 348,663	$ 115,987	$ 232,676

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Mineral properties and deferred exploration costs consist of the following:

	Balance, Dec. 31, 2003	Additions	Sale	Balance, Dec. 31, 2004	Additions	**Balance, Dec. 31, 2005**
Mineral properties						
Neita	$ 159,726	$ 65,456	$ –	$ 225,182	$ 58,565	**$ 283,747**
Sabaneta	153,726	135,000	(288,726)	–	–	**–**
Los Guandules	83,427	–	–	83,427	–	**83,427**
	$ 396,879	$ 200,456	$ (288,726)	$ 308,609	$ 58,565	**$ 367,174**
Deferred exploration costs						
Neita	$ 817,784	$ 1,098,856	$ –	$ 1,916,640	$ 523,236	**$ 2,439,876**
Sabaneta	–	–	–	–	–	**–**
Los Guandules	–	–	–	–	–	**–**
	$ 817,784	$ 1,098,856	–	$ 1,916,640	$ 523,236	**$ 2,439,876**
Total	$ 1,214,663	$ 1,299,312	$ (288,726)	$ 2,225,249	$ 581,801	**$ 2,807,050**

Neita and Sabaneta Properties

In July 2002, the Dominican Republic granted to Unigold Resources Inc. 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on both the Neita and Sabaneta properties, as well as a sole and exclusive option for the commercial mining of the mineral deposits. The initial duration of the Neita and Sabaneta fiscal reserve contracts was for six months, with two one-year extensions, after which the properties are required to be converted to exploration concessions. An exploration concession is issued for three years plus two one-year extensions after which it must be converted to an exploitation licence which is issued for 75 years.

The Neita Property covers an area of 25,221 hectares in Central Cordillera of northwestern Dominican Republic. Pursuant to the Neita Exploration Contract, the Dominican Republic granted the Company the exploration rights for gold, silver, zinc, copper and all associated minerals in the property, as well as the sole and exclusive option for the commercial mining of the mineral deposits. The Company is required to pay to the Dominican Republic surface tax in a nominal amount, as well as pay the following amounts:

(a) US$30,000 on the day of signing the contract (paid);
(b) US$20,000 on July 10, 2003 (paid);
(c) US$50,000 on July 10, 2004 (paid);
(d) US$50,000 on July 10, 2005 (paid).

In the event that mining commences on the Neita Property, the Company will be obligated to pay tax equal to 25% of its net taxable income, plus a further 5% of net taxable income to municipalities, as well as payment of the aforementioned surface tax.

According to the mining laws of the Dominican Republic, the same entity may not be granted one or more exploration concessions exceeding 30,000 hectares in the aggregate. Due to this limitation, the Company through Unigold Resources Inc. has applied for an exploration concession on the Neita Property which covers an area of 25,221 hectares and has sold its mineral rights in respect of the Sabaneta property which totals 55,720 hectares to two separate Dominican companies, Inversiones Mineras Sabaneta, S.A. (27,600 hectares) and Inversiones Mineras Aldajo, S.A. (28,120 hectares) for total consideration to consist of US$200,000 in aggregate. The Company and the two Dominican companies have agreed to postpone the payment until the concessions have been granted. The Canadian dollar equivalent of $233,200 is reflected as property receivable on the balance sheet.

Los Guandules

On February 16, 2004, the Company entered into a definitive agreement with Americana de Exploitaciones Mineras, S.A. ("Americana"), a Dominican private company, and the shareholders thereof relating to the acquisition by the Company of the Los Guandules concession in the Municipalities of Elias Pina and Dajabon, Dominican Republic. Under the terms of the agreement, in consideration for the payment of US$30,000 (which has been previously paid) and the issue of an aggregate of 330,000 common shares of the Company, the Company will be granted an option to acquire, at its election, the rights of Americana under the Los Guandules concession agreement or all of the shares of Americana for the price of $1.00 at any time for a period of five years. Completion of the transaction is subject to the receipt of all required regulatory approvals and the issuance of 330,000 common shares of the Company. The only material asset or liability of Americana is the Los Guandules property.

6. SHARE CAPITAL

(a) Common Shares

Authorized - unlimited number of common shares without par value
Issued - 35,093,965 common shares

Transactions during the years ended December 31, 2005 and 2004 are as follows:

	Number of Shares	Amount
Balance, December 31, 2003	26,758,069	$ 7,429,779
Shares Issued:		
Private placement *(i)*	6,000,000	1,000,000
Share purchase warrants exercised	466,666	144,666
Share issue costs	–	(231,143)
Balance, December 31, 2004	33,224,735	$ 8,343,302
Shares Issued:		
Private placement *(ii)*	1,819,230	236,500
Share purchase warrants exercised	50,000	21,667
Share issue costs	–	(51,347)
Balance, December 31, 2005	35,093,965	$ 8,550,122

(i) On October 12, 2004, the Company closed a private placement of 6,000,000 units of the Company ("Units") at a price of $0.25 per Unit for gross proceeds of $1,500,000. PowerOne Capital Markets Limited (the "Agent") sold 4,000,000 Units for gross proceeds of $1,000,000 and the Company sold 2,000,000 Units to accredited investors resident in the Province of Quebec for gross proceeds of $500,000. Each Unit consisted of one common share (a "Common Share") and one warrant, with each warrant entitling the holder thereof to purchase one common share of the Company at any time for a period of 24 months following the closing date at a price of $0.35. The gross proceeds have been prorated to common shares and share purchase warrants based on the relative fair value of each component, as follows: shares - $1 million; share purchase

warrants - $500,000. The Black-Scholes option pricing model was used to determine the fair market value of the warrants using the following assumptions: expected dividend yield: 0%; expected volatility: 100%; risk-free interest rate: 4.0%; and an expected life of two years. For its services in connection with this offering, the Agent has been paid a cash commission of $80,000 and has been issued a broker warrant exercisable to purchase up to 400,000 Units at a price of $0.25 per Unit for a period of two years after the closing date. The fair value of the brokers warrants, estimated to be $52,000, has been included in contributed surplus. The Black-Scholes option pricing model was used to determine the fair market value of the broker warrants using the following assumptions: expected dividend yield: 0%; expected volatility: 100%; risk-free interest rate: 4.0%; and an expected life of two years.

(ii) In December 2005, the Company closed a non-brokered private placement of 1,819,230 common shares of the Company at a price of $0.13 per common share for gross proceeds of $236,500 with Shairco Ltd. of Jeddah, Saudi Arabia. A finder's fee of 5% of the gross proceeds was paid on the private placement.

(b) Share Purchase Warrants

As at December 31, 2005, the following share purchase warrants are outstanding:

Exercise Price	Number of Shares	Estimated Value	Expiry Date
$0.35	5,950,000	$ 495,833	Oct 12, 2006

A summary of share purchase warrants outstanding and changes during the year ended December 31, 2005 and 2004 is presented below:

	December 31, 2005			December 31, 2004		
	Number	**Weighted average exercise price**	**Fair value**	Number	Weighted average exercise price	Fair value
Balance, beginning of year	**10,562,501**	**$ 0.42**	**$ 984,782**	5,445,833	$ 0.44	$ 552,781
Issued	**–**			6,000,000	$ 0.35	500,000
Expired	**(4,562,501)**	**$ 0.48**	**(484,781)**	(416,666)	$ 0.75	(20,833)
Exercised	**(50,000)**	**$ 0.35**	**(4,168)**	(466,666)	$ 0.21	(47,166)
Balance, end of year	**5,950,000**	**$ 0.35**	**$ 495,833**	10,562,501	$ 0.42	$ 984,782

(c) Stock-based Compensation

Stock option plan

The Company has a stock option plan (the "Plan"), which was approved by the shareholders on May 7, 2003. The purpose of the Plan is to attract, retain and motivate management, staff and consultants by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth. The maximum number of options to be issued under the plan shall not exceed 10% of the total number of common shares issued and outstanding. The options are non-transferable and may be granted for a term not exceeding ten years. The exercise price of the options shall be determined by the board of directors on the basis of the market price of the common shares, subject to all applicable regulatory requirements.

Share purchase plan

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

Share Bonus Plan

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

A summary of the status of the Stock Option Plan as at December 31, 2005 and 2004 and changes during the years ended on those dates is presented below:

	December 31, 2005		December 31, 2004	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding, beginning of year	**2,735,000**	**$ 0.49**	2,415,000	$ 0.60
Granted	**–**	**–**	830,000	$ 0.25
Exercised	**–**	**–**	–	–
Cancelled / Expired	**(320,000)**	**0.41**	(510,000)	0.63
Outstanding, end of year	**2,415,000**	**$ 0.50**	2,735,000	$ 0.49

As at December 31, 2005, the Company had stock options issued to directors, officers and employees of the Company outstanding as follows:

Number of Options	Exercise Price	Expiry Date
985,000	$0.75	February 13, 2008
135,000	$0.33	May 7, 2008
260,000	$0.40	August 21, 2008
305,000	$0.48	October 9, 2008
730,000	$0.25	November 10, 2009
2,415,000		

(d) **Contributed Surplus**

A summary of contributed surplus activity during the years ended December 31, 2005 and 2004 is presented below:

	December 31, 2005	December 31, 2004
Balance, beginning of year	**$ 958,633**	$ 42,000
Change in accounting policy (note 2) *(i)*	**–**	686,100
Fair value stock options granted to employees	**–**	138,700
Fair value stock options granted to non-employees	**–**	19,000
Share purchase warrants expired	**484,781**	20,833
Broker warrant granted	**–**	52,000
Balance, end of year	**$ 1,443,414**	$ 958,633

(i) Represents the fair value of stock options granted to employees during the year ended December 31, 2003 (see Note 2).

The fair value of the stock options granted during 2004 was determined using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield: 0%; expected volatility: 100%; risk-free interest rate: 4.0%; and an expected life of 5 years.

7. INCOME TAXES

The Company utilizes the asset and liability method of accounting for income taxes.

(a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of approximately 36% (2004 - 36%) were as follows:

	2005	2004
Loss before taxes:	**$ (488,138)**	$ (1,033,169)
Expected income tax (recovery)	**(176,000)**	(372,000)
Increase (decrease) resulting from:		
Non-deductible expenses:		
Other	**20,000**	11,000
Share issue costs	**(14,000)**	(52,000)
Losses expiring	**239,000**	–
Change in valuation allowance	**(69,000)**	413,000
	$ –	$ –

(b) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets at December 31, 2005 and 2004 are as follows:

	2005	2004
Future income tax assets - long-term portion:		
Resource properties	**$ 614,000**	$ 614,000
Non-capital losses	**1,788,000**	1,850,000
Equipment	**59,000**	25,000
Share issue costs	**128,000**	169,000
Valuation allowance	**(2,589,000)**	(2,658,000)
	$ –	$ –

The Company has approximately $888,000 (2004 - $888,000) and $1,795,000 (2004 - $1,795,000) of Canadian development expenses and Canadian exploration expenditures, respectively, and $1,213,000 (2004 - $1,247,000) of foreign exploration expenditures as at December 31, 2005 which, under certain circumstances, may be utilized to reduce taxable income of future years. As at December 31, 2005, the Company had available for deduction against future taxable income, non-capital losses of approximately $4,965,000 (2004 - $5,140,000) which expire as follows:

Year of Expiry	Amount
2006	$ 432,000
2007	283,000
2008	639,000
2009	690,000
2010	1,284,000
2014	1,002,000
2015	635,000
	$4,965,000

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2005, the Company incurred costs of $52,478 (2004 - $27,533) for consulting services and rent of $7,000 (2004 - Nil) provided by its directors and officers. See note 11.

During the year ended December 31, 2005, the Company sold various furniture and equipment to a company with a common officer for gross proceeds of $6,500.

These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

9. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	2005	2004
Sundry receivables	**$ 27,591**	$ (8,248)
Prepaid expenses	**7,638**	–
Accounts payable and accrued liabilities	**100,071**	(6,340)
	$ 135,300	$ (14,588)

10. FINANCIAL INSTRUMENTS

Fair Value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

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

Foreign Exchange Risk

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

Commodity Price Risk

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals.

11. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company is a party to certain management contracts. These contracts contain clauses requiring additional payments be made upon the change of control of the Company. Subsequent to the year end, a change of control did occur and the Company incurred a payment of $126,000.

During 2004, the Company was named as a defendant in two statements of claim in the Dominican Republic. The first claim is by a former consultant of the Company who is seeking damages in the amount of 860,000 Pesos (approximately Canadian $30,000) for severance and pain and suffering. This claim was settled subsequent to the year end for a total payment of 114,215 Pesos (approximately Canadian $3,600). This amount is included in accounts payable in the December 31, 2005 balance sheet. The second claim was filed by a tenant of one of the Company's mineral properties for damages in the amount of 2,000,000 Pesos (approximately Canadian $85,000) for land use. The Company and its Dominican legal advisers believe that this claim is without merit and will continue to vigorously contest the claim. As the outcome of the second claim is not determinable, no provision for the contingent loss has been reflected in these consolidated financial statements.

The Company is committed to a minimum amount rental under a lease for premises which expires February 28, 2007. Minimum rental commitments under the lease are $30,000. Minimum rental commitments for successive years are as follows: 2006 - $25,000; 2007 - $5,000.

12. SEGMENTED INFORMATION

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

	2005			2004		
	Canada	**Dominican Republic**	**Total**	Canada	Dominican Republic	Total
Assets	**$ 183,478**	**$ 3,206,521**	**$ 3,389,999**	$ 905,960	$ 2,652,180	$ 3,558,140
Liabilities	**178,413**	**80,600**	**259,013**	42,905	98,763	141,668
Interest income	**1,832**	**544**	**2,376**	4,140	357	4,497
Administrative expenses	**479,183**	**11,331**	**490,514**	1,022,959	14,707	1,037,666

13. SUBSEQUENT EVENTS

(i) On January 23, 2006, the Company completed a non-brokered private placement of 4,444,443 common shares of the Company at a price of $0.225 per common share for aggregate gross proceeds of approximately $1,000,000. The common shares issued on this private placement are subject to a four month hold period.

(ii) On February 1, 2006, the Company completed a non-brokered private placement of 20,180,770 common shares of the Company at a price of $0.16 per common share for aggregate gross proceeds of approximately $3,229,000 to Shairco Ltd. ('Shairco"). Shairco will own a total of 22 million common shares of the Company or approximately 36.7% of the total number of outstanding common shares. In connection with the private placement, a 5% finder's fee was payable. This transaction resulted in a change of control of the Company.

(iii) As a result of the change of control, termination and settlement payments of $126,000 were paid subsequent to the year end.

(iv) During the first quarter of 2006, 460,000 common shares were issued as a result of the exercise of warrants and stock options. The gross proceeds received by the Company amounted to $161,100.

Corporate Information

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Jose Acero

Daniel Danis*

Joseph Del Campo*

Edmond Saadah

* Member of the Audit Committee

Officers

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President and Chief Executive Officer

Joseph Del Campo, CMA,
Chief Financial Officer

Daniel Danis, M.SC.,
Chief Operating Officer

Stock Listing

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Tier 2 company
Trading Symbol "**UGD**"

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Annual Meeting

The Annual Meeting of Shareholders will be held at 10:00 am, on **Thursday, June 15, 2006** at the Toronto Board of Trade, 1 First Canadian Place, 3rd Floor, MacDonald/Brule Room, Toronto, Ontario, Canada

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Printed in Canada on recycled paper using vegetable based inks.

Production: Walter J. Mishko & Co. Inc.
Design: Goodhoofd Inc.

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