



**UNIGOLD INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended December 31, 2016 and 2015  
Expressed in Canadian Dollars

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

Management has prepared the information and representations in this 2016 year-end report. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgement. The financial information presented throughout this report is consistent with the data presented in the consolidated financial statements.

In the opinion of management, Unigold Inc. maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three directors. This Committee meets periodically with management and the external auditors to review accounting, auditing, internal control and financial reporting matters.

UHY McGovern Hurley LLP, Chartered Professional Accountants, have audited the 2016 consolidated financial statements and their report outlines the scope of their examination and gives their opinion on the 2016 consolidated financial statements.

s/ Joseph Del Campo  
Interim Chief Executive Officer  
April 13, 2017

s/ John Green  
Chief Financial Officer

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Unigold Inc.

We have audited the accompanying consolidated financial statements of Unigold Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2016 and 2015, and the consolidated statements of changes in shareholders' equity, consolidated statements of loss and comprehensive loss and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Unigold Inc. and its subsidiaries as at December 31, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

UHY McGovern Hurley LLP



Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
April 13, 2017

A member of UHY International, a network of independent accounting and consulting firms

UNIGOLD INC.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

As at,	December 31, 2016	December 31, 2015
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 2,594,593	\$ 596,348
Other receivables	32,468	8,608
Other financial assets and prepaids	19,407	23,943
Total current assets	2,646,468	628,899
<b>Non-current assets</b>		
Property, plant and equipment (Note 6)	564,044	709,787
Exploration properties (Note 7)	283,747	283,747
Exploration and evaluation assets (Note 7)	39,000,999	37,135,894
<b>Total assets</b>	<b>\$ 42,495,258</b>	<b>\$ 38,758,327</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 77,913	\$ 154,932
Total liabilities	77,913	154,932
<b>Equity attributable to shareholders of the Company</b>		
Share capital (Note 8(a))	57,299,940	55,075,544
Reserve for warrants (Note 8(b))	3,249,939	1,099,080
Reserve for share-based payments (Note 8(c))	1,671,314	1,304,771
Accumulated deficit	(19,806,679)	(18,878,831)
Total equity attributable to shareholders of the Company	42,414,514	38,600,564
<b>Non-controlling interest</b>	<b>2,831</b>	<b>2,831</b>
<b>Total equity</b>	<b>42,417,345</b>	<b>38,603,395</b>
<b>Total liabilities and equity</b>	<b>\$ 42,495,258</b>	<b>\$ 38,758,327</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/ Joseph Hamilton  
Director

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

UNIGOLD INC.

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

(Expressed in Canadian Dollars)

	Share capital		Warrants	Other reserves		Accumulated Deficit	Equity attributable to shareholders
	Number of shares	Amount		Share-based payments	Total other reserves		
<b>Balance, December 31, 2014</b>	<b>24,371,309</b>	<b>\$ 54,094,860</b>	<b>\$ 1,389,382</b>	<b>\$ 2,446,170</b>	<b>\$ 3,835,552</b>	<b>\$ (19,670,493)</b>	<b>\$ 38,259,919</b>
Transfer to deficit on expiry	–	–	(290,302)	(1,293,263)	(1,583,565)	1,583,565	–
Private placement, net of share issue costs	5,100,000	980,684	–	–	–	–	980,684
Share-based payment	–	–	–	151,864	151,864	–	151,864
Net loss for the year	–	–	–	–	–	(791,903)	(791,903)
<b>Balance, December 31, 2015</b>	<b>29,471,309</b>	<b>\$ 55,075,544</b>	<b>\$ 1,099,080</b>	<b>\$ 1,304,771</b>	<b>\$ 2,403,851</b>	<b>\$ (18,878,831)</b>	<b>\$ 38,600,564</b>
Transfer to deficit on expiry	–	–	–	(259,856)	(259,856)	259,856	–
Private placement, net of share issue costs	16,000,000	4,345,558	–	–	–	–	4,345,558
Warrants issued	–	(2,150,859)	2,150,859	–	2,150,859	–	–
Options exercised	150,000	29,697	–	(14,697)	(14,697)	–	15,000
Share-based payment	–	–	–	641,096	641,096	–	641,096
Net loss for the year	–	–	–	–	–	(1,187,704)	(1,187,704)
<b>Balance, December 31, 2016</b>	<b>45,621,309</b>	<b>\$ 57,299,940</b>	<b>\$ 3,249,939</b>	<b>\$ 1,671,314</b>	<b>\$ 4,921,253</b>	<b>\$ (19,806,679)</b>	<b>\$ 42,414,514</b>

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

UNIGOLD INC.

**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

*(Expressed in Canadian Dollars)*

<b>For the year ended December 31,</b>	<b>2016</b>	<b>2015</b>
<b>Operating expenses</b>		
Compensation ( <i>Note 11</i> )	\$ 826,597	\$ 477,635
Professional and consulting fees	107,179	111,624
Travel and business development	75,389	20,638
Listing and shareholder information	72,036	63,658
General and administrative expenses	96,713	129,920
Amortization	1,064	3,295
Loss on disposal of equipment	4,608	1,587
Foreign exchange loss (gain)	23,885	(14,482)
<b>Net loss for the year before the undernoted</b>	<b>(1,207,471)</b>	<b>(793,875)</b>
Investment income	19,767	1,972
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (1,187,704)</b>	<b>\$ (791,903)</b>
<b>Net loss per share - basic and diluted (<i>Note 10</i>)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>

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

UNIGOLD INC.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

For the year ended December 31,	2016	2015
<b>Cash flows from operating activities</b>		
Net loss for the year	\$ (1,187,704)	\$ (791,903)
Adjustments to add/(deduct) non-cash items		
Share-based payment	487,034	132,269
Amortization	1,064	3,295
Loss on disposal of equipment	4,608	1,587
Deduct investment income	(19,767)	(1,972)
	(714,765)	(656,724)
Working capital adjustments		
Other receivables	(8,748)	8,694
Other financial assets and prepaids	4,535	13,380
Accounts payable and accrued liabilities	(72,781)	105,701
Net cash flows from operating activities	(791,759)	(528,949)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,920)	–
Disposal of property, plant and equipment	265	72,324
Acquisition of exploration and evaluation assets	(1,571,555)	(568,533)
Investment income	4,656	1,972
Net cash flows from investing activities	(1,570,554)	(494,237)
<b>Cash flows from financing activities</b>		
Private placement (Note 8(a))	4,800,000	1,020,000
Share issue costs	(454,442)	(39,316)
Exercise of options	15,000	–
Net cash flows from financing activities	4,360,558	980,684
<b>Net increase (decrease) in cash</b>	<b>1,998,245</b>	<b>(42,502)</b>
Cash, beginning of year	596,348	638,850
<b>Cash, end of year</b>	<b>\$ 2,594,593</b>	<b>\$ 596,348</b>

Supplemental information pertaining to cash flows (Note 13)

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

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

*For the years ended December 31, 2016 and 2015*

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 1102, Toronto, Ontario M5C 1Y2.

Unigold is in the process of exploring its properties 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 97% 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 consolidated 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 consolidated 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 and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. 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, social and environmental requirements.

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

*For the years ended December 31, 2016 and 2015*

Expressed in Canadian dollars unless otherwise stated.

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

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

The accounting policies applied in these consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of April 13, 2017, the date the Board of Directors approved these financial statements. The policies set out below have been consistently applied to all periods presented.

The preparation of financial statements 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 pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

#### **(d) Foreign currencies**

The Company and its subsidiaries consider the Canadian dollar to be their functional currency of its primary operations. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates

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

*For the years ended December 31, 2016 and 2015*

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in effect on the transaction date. Monetary statement of financial position items expressed in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. The resulting exchange gains and losses are recognized in profit or loss. The Company's presentation currency is the Canadian dollar.

### **(e) Cash**

Cash includes cash on hand and balances with banks. Deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

### **(f) Property, plant and equipment and amortization**

Property, plant and equipment are carried at cost, less accumulated amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate of the rehabilitation provisions, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Where an item of property, plant and equipment comprises significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. The property, plant and equipment noted below are amortized over their estimated useful lives using the following annual rates and methods. The assets' residual values, useful lives and methods of amortization are reviewed at each reporting period and adjusted prospectively if appropriate.

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

Amortization of property, plant and equipment related to exploration activities has been capitalized to exploration and evaluation costs.

Property, plant and equipment are derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

### **(g) Exploration properties and exploration and evaluation assets**

The Company capitalizes all exploration costs which include the acquisition of land, property rights, licenses and all costs associated with exploration and evaluations. Exploration properties are recorded at the direct cost of acquisition. Costs include the cash consideration and the fair market value of the shares issued for the acquisition of exploration properties. Exploration and evaluation assets represent the costs incurred in conducting exploration work for unknown or unproven ore deposits. Exploration and evaluation assets are reclassified to "Property, plant and Equipment, construction in progress" when the technical feasibility and commercial viability of extracting a mineral reserve are demonstrable. Exploration and evaluation assets are assessed for impairment, and the impairment loss, if any, is recognized before reclassification to construction in progress. Exploration and evaluation assets associated with projects that 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. Costs incurred before the Company has obtained the legal rights to explore are recognized as an expense in profit or loss.

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

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

*For the years ended December 31, 2016 and 2015*

Expressed in Canadian dollars unless otherwise stated.

### **(h) Restoration, rehabilitation and environmental obligations**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The increase in provisions for restoration, rehabilitation and environmental obligations due to the passage of time is charged to profit or loss as a finance cost. The Company did not have any material restoration, rehabilitation and environmental obligations as of December 31, 2016 and 2015.

### **(i) Taxation**

#### **Current tax**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

*For the years ended December 31, 2016 and 2015*

Expressed in Canadian dollars unless otherwise stated.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### **(j) Equity**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Proceeds from unit financings are allocated between common shares and warrants based on their relative fair values. The grant date fair value of the warrants issued are reflected in the reserve for warrants account until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to deficit.

### **(k) Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note, *Note 9*.

The fair value is measured at grant date and each tranche is recognized on a graded vesting basis over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the reserve for share-based payments.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Charges for options that are forfeited before vesting are reversed from share-based payment reserve. For those options that expire or are cancelled after vesting, the recorded value is transferred to deficit.

### **(l) Impairment of non-financial assets**

At each statement of financial position reporting date, the carrying amounts of the Company's non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For the purposes of impairment testing, exploration properties and exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not

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

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exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### **(m) Financial assets and liabilities**

The Company's financial assets and liabilities include cash, other receivables, other financial assets, accounts payable and accrued liabilities.

The Company has designated its cash, other receivables, and other financial assets as loans and receivables and measured them at amortised cost on the statement of financial position. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

### **Financial Instruments – recognition and measurement**

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

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For unlisted shares classified as held-for-trading, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of estimated, discounted future cash flows. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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*For the years ended December 31, 2016 and 2015*

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**(n) Investment income**

Investment income on cash is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The proceeds from options granted on exploration properties are credited to the cost of the related property, but where the proceeds exceed the property's carrying value, any excess proceeds are credited to profit or loss.

**(o) Financing expense**

Financing expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**(p) Other comprehensive income or loss**

Other comprehensive income or loss includes unrealized gains and losses on available-for-sale investments, gains and losses on certain derivative instruments, none of which are included in the calculation of net income until realized. During the years ended December 31, 2016 and 2015, the Company did not have any available-for-sale investments or derivative instruments.

**(q) Income or loss per share**

Basic income or loss per common share is calculated by dividing the income or loss attributed to shareholders for the period by the weighted average number of common shares outstanding in the period. Diluted income or loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. This 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.

**(r) Segment reporting**

A segment is a component of the Company that is distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company operates in one business segment, mineral exploration, and two geographical segments, Canada and the Dominican Republic, during the years ended December 31, 2016 and 2015.

**(s) Company as lessee**

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. The Company did not have any finance leases at December 31, 2016 and 2015.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset

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are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates and the differences could be material. The consolidated 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 that are included in the consolidated statement of financial position.

#### **Capitalization of exploration and evaluation costs**

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits. In making this judgement, management has assessed various sources of information which may include but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See *Note 7* for details of capitalized exploration and evaluation costs.

#### **Impairment of exploration properties and exploration and evaluation assets**

While assessing whether any indications of impairment exist for exploration properties and exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include, but are not limited to, estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration properties and exploration and evaluation assets;

- ii. the inputs used in accounting for share-based payment expense. Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation

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techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates;

- iii. the nil provision for restoration, rehabilitation and environmental obligations which is included in the consolidated statement of financial position. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine or restoration of the property. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities;
- iv. the estimated useful life of property, plant and equipment;
- v. the Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made; and
- vi. the existence and estimated amount of contingencies (*Note 16*).

**6. Property, Plant and Equipment**

Cost	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance December 31, 2014	\$ 13,771	\$ 15,626	\$ 138,173	\$ 158,563	\$ 1,396,041	\$ 338,239	\$ 2,060,413
Additions	—	—	—	—	—	—	—
Disposals/transfer	—	(753)	(7,691)	(81,247)	—	(13,514)	(103,205)
Balance December 31, 2015	\$ 13,771	\$ 14,873	\$ 130,482	\$ 77,316	\$ 1,396,041	\$ 324,725	\$ 1,957,208
Additions	—	—	—	—	—	3,920	3,920
Disposals/transfer	—	(14,873)	—	—	—	—	(14,873)
Balance December 31, 2016	\$ 13,771	\$ —	\$ 130,482	\$ 77,316	\$ 1,396,041	\$ 328,645	\$ 1,946,255

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Amortization and impairment	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
Balance December 31, 2014	\$ –	\$ 9,225	\$ 76,080	\$ 86,530	\$ 796,425	\$ 147,073	\$1,115,333
Amortization	–	1,235	18,447	13,856	119,924	37,003	190,465
Disposals/transfer	–	(460)	(5,827)	(46,793)	–	(5,297)	(58,377)
Balance December 31, 2015	\$ –	\$ 10,000	\$ 88,700	\$ 53,593	\$ 916,349	\$ 178,779	\$ 1,247,421
Amortization	–	–	12,536	7,116	95,950	29,188	144,790
Disposals/transfer	–	(10,000)	–	–	–	–	(10,000)
Balance December 31, 2016	\$ –	\$ –	\$ 101,236	\$ 60,709	\$1,012,299	\$ 207,967	\$ 1,382,211

Carrying amounts	Land	Office furniture and equipment	Computer equipment	Vehicles	Field equipment	Camp and buildings	Total
At December 31, 2015	13,771	4,873	41,782	23,723	479,692	145,946	709,787
At December 31, 2016	13,771	–	29,246	16,607	383,742	120,678	564,044

Vehicles, field equipment and camp and buildings relate to the Company's exploration activities. During the year ended December 31, 2016, \$143,726 (2015 – \$187,171) of amortization was capitalized to exploration and evaluation assets.

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

Exploration properties and exploration and evaluation assets consist of the following:

	Balance December 31, 2014	2015 Additions/ (Impairment)	Balance December 31, 2015	2016 Additions/ (Impairment)	Balance December 31, 2016
<b>Exploration property interests</b>					
Neita, Dominican Republic	\$ 283,747	\$ –	\$ 283,747	\$ –	\$ 283,747
<b>Exploration and evaluation assets</b>					
Neita, Dominican Republic	\$ 36,389,678	\$ 746,216	\$ 37,135,894	\$ 1,865,105	\$ 39,000,999

**Neita Property**

The Company owns 100% of the exploration rights for gold, silver, zinc, copper and all associated minerals on the Neita Property in the northwestern Dominican Republic, as well as a sole and exclusive option for the commercial mining of the mineral deposits, subject to a new license renewal. In March 2012, Unigold's license was renewed until 2015. In 2015, the Company applied for and was granted a one-year license extension as permitted under Dominican law. Subsequent to December 31, 2015, Unigold was granted an additional one-year extension in February 2016. During the year ended December 31, 2016, \$143,726 (2015 – \$187,171) of amortization was capitalized to exploration and evaluation assets and \$154,062 (2015 – \$19,595) of non-cash share-based expenses were capitalized to exploration and evaluation assets. See Note 16(g) regarding net smelter return commitment.

As at April 13, 2017, the concession is expired but, pertaining to the prerogatives set forth by Article 16 of the Mining Law Application Rules, management understands that the exclusive right of the concession area is protected by the application of a new exploration concession, which was duly filed by the Company on November 26th, 2016. As at April 13, 2017, the Dominican Republic General Mines Direction is analyzing the exploration concession

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application. To the knowledge of management, there are no technical issues that would justify the denial of the application.

**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 45,621,309 shares as at December 31, 2016 (2015 – 29,471,309). The Company consolidated the common shares of the Company on the basis of one (1) new common share for every ten (10) common shares issued and outstanding (the "Consolidation"). The Consolidation was approved by shareholders of Unigold at the annual and special meeting of shareholders held on March 31, 2015 and became effective as of June 24, 2015. All references to common shares outstanding, per share amounts, warrants and options have been retroactively restated to reflect the Consolidation.

On May 25, 2016, Unigold closed a private placement of 16,000,000 units of the Company at a price of \$0.30 per unit for gross proceeds of \$4,800,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.45 at any time prior to May 25, 2018. The Company has the right to accelerate the expiry date of the warrants on notice to the holders of warrants if the closing price of the Company's common shares on a stock exchange in Canada is higher than \$0.90 per common share for more than 20 consecutive trading days at any time after September 26, 2016, in which case the warrants will expire 30 days after the date on which such notice is given.

In connection with the closing of the private placement, the Company issued an aggregate of 1,120,000 broker units and paid an aggregate of \$343,324 in cash to the agents. Each broker unit entitles the holder thereof to purchase one unit of the Company until May 25, 2018 at an exercise price of \$0.30 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company having the same terms as the May 25, 2016 warrants.

On June 25, 2015, Unigold issued 5,100,000 post-consolidation common shares at a price of \$0.20 per share for aggregate gross proceeds of \$1,020,000. See also Note 16(g).

	Year ended December 31, 2016		Year ended December 31, 2015	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance, beginning of year	29,471,309	55,075,544	24,371,309	54,094,860
Private placements	16,000,000	4,800,000	5,100,000	1,020,000
Cash share issue costs	–	(454,442)	–	(39,316)
Value assigned to warrants issued	–	(1,990,736)	–	–
Value assigned to broker units	–	(160,123)	–	–
Option exercise	150,000	15,000	–	–
Option exercise-transfer of valuation	–	14,697	–	–
<b>Balance, end of year</b>	<b>45,621,309</b>	<b>57,299,940</b>	<b>29,471,309</b>	<b>55,075,544</b>

**(b) Reserve for warrants**

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

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	Year ended December 31, 2016			Year ended December 31, 2015		
	Number	Weighted average exercise price \$	Weighted average grant date fair value	Number	Weighted average exercise price \$	Weighted Average grant date fair value
Balance, beginning of year	1,500,000	5.00	\$ 1,099,080	2,542,500	3.56	\$ 1,389,382
Expired – transferred to deficit	–	–	–	(1,042,500)	1.50	(290,302)
Private placement	16,000,000	0.45	1,990,736	–	–	–
Broker Units	1,120,000	0.30	160,123	–	–	–
Balance, end of year	18,620,000	0.81	\$ 3,249,939	1,500,000	5.00	\$ 1,099,080

As a result of the private placement financing in May 2016, the Company issued 16,000,000 warrants. Each Warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.45 at any time prior to May 25, 2018. The Company has the right to accelerate the expiry date of the Warrants on notice to the holders of Warrants if the closing price of the Company's common shares on a stock exchange in Canada is higher than \$0.90 per common share for more than 20 consecutive trading days at any time after September 26, 2016, in which case the Warrants will expire 30 days after the date on which such notice is given.

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:

Expected life	2 years
Expected volatility	245 %
Risk-free rate	0.63%
Expected annual dividend	Nil
Grant date fair value	\$0.124

In connection with the closing of the Private Placement, the Company issued an aggregate of 1,120,000 broker units (the "Broker Units"). Each Broker Unit entitles the holder thereof to purchase one unit of the Company until May 25, 2018 at an exercise price of \$0.30 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company having the same terms as the Warrants.

The fair value of the broker warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected life	2 years
Expected volatility	245 %
Risk-free rate	0.63%
Expected annual dividend	Nil
Grant date fair value	\$0.143

As a result of the International Finance Corporation ("IFC") financing in September 2013, the Company issued 1,500,000 IFC Warrants to purchase common shares of the Company at a price of \$5.00 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 \$10.00 for thirty days, then Unigold may call for exercise of 50% of the warrants that, if not exercised, will expire in 60 days.

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At December 31, the Company had warrants issued as follows:

Exercise Price	2016			2015			Expiry Date
	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Warrants Exercisable	Number of Warrants Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Warrants Exercisable	
\$5.00	1,500,000	0.4	1,500,000	1,500,000	1.4	1,500,000	June 10, 2017
\$0.45	16,000,000	1.4	16,000,000	–	–	–	May 25, 2018
\$0.30	1,120,000	1.4	1,120,000	–	–	–	May 25, 2018
\$0.81	18,620,000	1.3	18,620,000	1,500,000	1.4	1,500,000	

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

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

	Year ended December 31, 2016	Year ended December 31, 2015
Balance, beginning of year	\$ 1,304,771	\$ 2,446,170
Expired/forfeited – transferred to deficit	(259,856)	(1,293,263)
Granted – employee stock options	641,096	151,864
Exercised	(14,697)	–
Balance, end of year	\$ 1,671,314	\$ 1,304,771

**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:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of year	2,507,500	\$0.76	1,752,500	\$1.90
Granted	1,800,000	0.36	1,550,000	0.10
Expired/forfeited	(327,500)	1.29	(795,000)	1.99
Exercised	(150,000)	0.10	–	–
Outstanding, end of year	3,830,000	\$0.55	2,507,500	\$0.76

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

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Exercise Price	2016			2015			Expiry Date
	Number of Options Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Options Exercisable	Number of Options Outstanding	Weighted Average Remaining Contractual Life - Years	Number of Options Exercisable	
\$1.10	–	–	–	270,000	0.9	270,000	Nov.17, 2016
\$3.30	240,000	0.5	240,000	270,000	1.5	270,000	Jun.26, 2017
\$2.80	75,000	1.2	75,000	75,000	2.2	75,000	Mar.27,2018
\$1.00	315,000	1.5	315,000	342,500	2.5	342,500	July 3, 2018
\$0.10	1,400,000	3.8	1,400,000	1,550,000	4.8	1,550,000	Sep.30,2020
\$0.35	1,700,000	4.5	1,700,000	–	–	–	June 22,2021
\$0.50	100,000	4.6	100,000	–	–	–	July 21,2021
\$0.55	3,830,000	3.7	3,830,000	2,507,500	3.6	2,507,500	

During the year ended December 31, 2016, the Company granted 1,800,000 stock options to officers, directors and consultants. The options vested immediately. The grant date fair value of the options was estimated based on the Black-Scholes option-pricing model, using the assumptions below:

Grant date	June 22, 2016	July 21, 2016
Number of stock options granted	1,700,000	100,000
Exercise price	\$0.35	\$0.50
Expected life	5.0 years	5.0 years
Expected volatility	245%	245%
Risk-free rate	0.7%	0.7%
Expected annual dividends	\$ nil	\$ nil
Expected forfeitures	Nil	Nil
Grant date fair value	\$ 0.35	\$0.50

During the year ended December 31, 2015, the Company granted 1,550,000 stock options to officers, directors and consultants. The options vested immediately. The grant date fair value of the options was estimated based on the Black-Scholes option-pricing model, using the assumptions below:

Grant date	September 30, 2015
Number of stock options granted	1,550,000
Exercise price	\$0.10
Expected life	5.0 years
Expected volatility	207%
Risk-free rate	0.81%
Expected annual dividends	\$nil
Expected forfeitures	nil
Grant date fair value	\$0.098

As at December 31, 2016, there are 732,131 options available for grant (2015 – 439,631). During the year ended December 31, 2016, share-based payment expense of \$641,096 was recorded (2015 – \$151,864). Of this amount \$154,062 (2015 – \$19,595) was capitalized to exploration and evaluation assets. The weighted average exercise price of stock options exercisable as at December 31, 2016 is \$0.55 (2015 – \$0.76).

**10. Net Loss per Share**

For the years ended December 31, 2016 and 2015, 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.

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Year ended December 31,	2016	2015
Loss attributable to shareholders	\$ (1,187,704)	\$ (791,903)
Weighted average number of shares-basic	39,165,025	27,012,131
Basic loss per share	\$ (0.03)	\$ (0.03)
Incremental shares on assumed exercise of options and warrants	—	—
Weighted average number of shares-diluted	39,165,025	27,012,131
Diluted loss per share	\$ (0.03)	\$ (0.03)

**11. Compensation**

The compensation expense of the Company for the years ended December 31, 2016 and 2015 was as follows:

	2016	2015
Salaries and non-wage costs	\$ 219,563	\$ 240,366
Directors' fees	120,000	105,000
Share-based payment	487,034	132,269
	\$ 826,597	\$ 477,635

In 2015, the Directors' fees of \$105,000 were accrued but not paid. The fees were paid in 2016.

**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 key managers working for Unigold are independent contractors. The remuneration of directors and key management of the Company for the years ended December 31, 2016 and 2015 was as follows:

Year ended December 31,	2016	2015
Aggregate compensation	\$ 633,875	\$ 377,696
Share-based payments	574,004	146,970
	\$ 1,207,879	\$ 524,666

Included in the accounts for the years ended December 31, 2016 and 2015 are payments made to officers, directors and corporations under the control or significant influence of officers and directors of the Company as follows:

Year ended December 31,	2016	2015
Management services fees paid to corporations controlled by or under significant influence of an officer of the Company	\$ 308,075	\$ 56,221
Professional fees paid to officers or former officers	205,800	216,475
	\$ 513,875	\$ 272,696

The payments made to insiders are included in aggregate compensation.

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

Year ended December 31,	2016	2015
Income taxes paid	\$ –	\$ –
Change in accrued exploration and evaluation assets	4,238	3,968
Amortization included in exploration and evaluation assets ( <i>Note 7</i> )	143,476	187,171
Share-based payments charged to exploration and evaluation assets ( <i>Note 7</i> )	154,062	19,595

**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 during 2016 and 2015.

**(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 December 31, 2016. 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 December 31, 2016, the Company has working capital of \$2,568,555 (2015 – \$473,967). As of December 31, 2016, the Company has cash balances of \$2,594,593 (2015 – \$596,348) to settle current accounts payable and accrued liabilities of \$77,913 (2015 – \$154,932). The Company's other current assets consist of other receivables of \$32,468 (2015 – \$8,608) and other financial assets and prepaids of \$19,407 (2015 – \$23,943).

The Company's ability to meet its financial obligations is dependent upon securing financing. See *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.

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**(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 December 31, 2016, the Company had cash balances denominated in United States dollars ("U.S. \$") of \$192,700 (2015 – \$14,713). U.S. \$ payables as at December 31, 2016 were 13,248 (2015 – U.S. nil).

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 year ended December 31, 2016. 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 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 December 31, 2016, 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 1% would not have resulted in significant fluctuation in the interest income during the year ended December 31, 2016.

**(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, 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 December 31, 2016 and 2015:

	As at <b>December 31, 2016</b>		December 31, 2015	
	<b>Carrying Amount</b>	<b>Fair Value</b>	Carrying Amount	Fair Value
Cash	\$ 2,594,593	\$ 2,594,593	\$ 596,348	\$ 596,348
Other receivables	32,468	32,468	8,608	8,608
Accounts payable and accrued liabilities	77,913	77,913	154,932	154,932

**15. Capital Risk Management**

The Company considers its capital structure to consist of equity attributable to shareholders of the Company which at December 31, 2016 was \$42,414,514 (2015 – \$38,600,564). 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

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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 other than the capital requirements of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

**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's exploration activities are subject to various 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.

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.

**(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 up to \$14,000 be paid on termination for other than cause. The Dominican Republic has laws requiring payments of approximately \$84,000 if those employees are terminated. As the triggering event has not taken place, 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	2017	2018	2019	2020	2021
Office lease	\$ 8,000	\$ 8,000	\$ –	\$ –	\$ –	\$ –
Services	128,000	128,000	–	–	–	–
	<b>\$ 136,000</b>	<b>\$ 136,000</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>

The Company has entered into a lease for office premises. The lease has a life of one year (December 31, 2015 – one year) 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:

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Year ended December 31,	2016	2015
Lease payments	\$ 6,011	\$ 48,826

Non-cancellable operating lease commitments:

	As at December 31, 2016	December 31, 2015
Within one year	\$ 8,000	\$ 6,000
After one year but not more than five years	–	–
More than five years	–	–

**(f) 2013 Private Placement**

In connection with the 2013 private placement, an investment agreement was signed which gives the International Finance Corporation (“IFC”) the right to participate in future equity financings by Unigold on a pro rata basis to its non-diluted shareholding at the applicable time as long as the IFC holds Unigold shares equal to at least 2% of the issued and outstanding Unigold shares on a non-diluted basis. The IFC did not participate in the 2015 or 2016 private placements.

**(g) 2015 Private Placement**

In connection with the 2015 private placement, an investment agreement was signed which gives Osisko Gold Royalties Ltd. (“Osisko”) the following rights:

(i) Participation Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold shares on a non-diluted basis, Osisko will have the right to participate in future equity financings by Unigold on a pro rata basis to its non-diluted shareholding at the applicable time. Osisko exercised its right and participated in the 2016 financing.

(ii) Nomination Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold Shares on a non-diluted basis, Osisko will be entitled to nominate the greater of: (a) two (2) nominees, and (b) the number of nominees obtained by multiplying Osisko’s percentage ownership of Unigold Shares (on a non-diluted basis) by the number of directors Unigold’s management slate of nominees proposed to the Board (fractional numbers being rounded down to the nearest whole number) at any meeting of shareholders of Unigold.

(iii) Royalty Option: Osisko will be granted an option to purchase a 2% net smelter return (“NSR”) royalty on Unigold’s Neita property for a consideration of \$2,000,000, exercisable 90 days following the delivery of a feasibility study. Once exercised, Unigold will have the right to repurchase a 1% NSR (being 50% of the 2% NSR held by Osisko) for \$1,000,000 until 90 days following the achievement of commercial production.

(iv) Royalty/Stream Right: As long as Osisko holds Unigold shares equal to at least 10% of the issued and outstanding Unigold shares on a non-diluted basis, Osisko will have the right of first refusal over any royalty, stream, forward, off-take, gold loan or other agreement involving the sale of a similar interest in products from properties of Unigold that Unigold proposes to enter into from time to time. In the event that Osisko does not exercise its right of first refusal, Unigold may thereafter offer such right to a third party on terms no more favourable to such third party than those offered to Osisko.

**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.

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As at and for the year ended December 31, 2016

	Canada	Dominican Republic	Total
Assets	\$ 2,548,980	\$ 39,946,278	\$ 42,495,258
Liabilities	62,752	15,161	77,913
Amortization expense	(1,064)	–	(1,064)
Investment income	19,734	33	19,767
Financing expense	–	–	–
Other expenses	(1,178,186)	(30,349)	(1,208,535)

As at and for the year ended December 31, 2015

	Canada	Dominican Republic	Total
Assets	\$ 536,119	\$ 38,222,208	\$ 38,758,327
Liabilities	144,582	10,350	154,932
Amortization expense	(3,295)	–	(3,295)
Investment income	1,947	25	1,972
Financing expense	–	–	–
Other expenses	(793,629)	3,049	(790,580)

**18. Tax Note****(a) Provision for Income Taxes**

Major items causing the Company's income tax rate to differ from the 2016 combined Canadian federal and provincial statutory rate of approximately 26.5% (2015 – 26.5%) were as follows:

Years ended December 31,	2016	2015
Loss before income taxes:	\$ (1,187,704)	\$ (791,903)
Expected income tax (recovery) based on statutory rate	(315,000)	(210,000)
Increase (decrease) resulting from:		
Share-based payment	170,000	40,000
Share issue costs	(120,000)	(10,000)
Expenses not deductible for tax purposes	9,000	–
Non capital losses expired	–	164,000
Capital gain	–	38,000
Other	(2,000)	(14,000)
Change in benefit of tax assets not recognized	258,000	(8,000)
	\$ –	\$ –

**(b) Deferred Income Tax Balances**

Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profits will be available against which the Company and its subsidiaries can utilize the benefits.

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Years ended December 31,	2016	2015
Non-capital loss carry-forwards	<b>\$ 16,775,000</b>	\$ 15,644,000
Capital loss carry-forwards	<b>7,091,000</b>	7,091,000
Share issue costs	<b>400,000</b>	416,000
Exploration and evaluation assets	<b>2,868,000</b>	3,137,000
Property, plant and equipment	<b>1,400,000</b>	1,280,000
	<b>\$ 28,534,000</b>	\$ 27,568,000

The Company has approximately \$888,000 (2015 – \$888,000) and \$1,795,000 (2015 – \$1,795,000) of Canadian development expenses and Canadian exploration expenditures, respectively, and \$39,470,000 (2015 – \$37,873,000) of foreign exploration expenditures as at December 31, 2016 which, under certain circumstances, may be utilized to reduce taxable income of future years. As at December 31, 2016, the Company had available for deduction against future taxable income, non-capital losses in Canada of approximately \$16,775,000 (2015 – \$15,644,000) which expire as follows:

Year of Expiry	Amount
2026	\$ 959,000
2027	1,309,000
2028	665,000
2029	1,399,000
2030	1,630,000
2031	1,731,000
2032	2,481,000
2033	2,382,000
2034	2,026,000
2035	1,061,000
2036	1,132,000
	<b>\$ 16,775,000</b>

In the Dominican Republic, the Company's subsidiary is exempt from paying corporate taxes, sales taxes and import duties until 2024.