

**ELECTRA GOLD LTD.**

**INTERIM FINANCIAL STATEMENTS**

**MARCH 31, 2008**

## NOTICE TO READER

We have compiled the interim balance sheet of Electra Gold Ltd. as at March 31, 2008 and the interim statement of operations, retained earnings and cash flow for the three months then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.



**INTERIM BALANCE SHEET**

	AS AT	
	31-Mar 2008	31-Dec 2007
		(Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$144,948	\$114,327
Receivables	44,037	245,874
Prepaid expenses	51,197	56,968
Inventory	<u>139,000</u>	<u>69,000</u>
	379,183	486,169
<b>Reclamation deposits</b>	164,000	164,000
<b>Equipment (Note 2)</b>	246,160	257,721
<b>Mineral properties (Note 3)</b>	<u>953,720</u>	<u>864,003</u>
	<u>\$1,743,062</u>	<u>\$1,771,893</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$307,732	\$200,256
Loan payable (Note 5)	146,779	159,816
Due to related parties (Note 6)	121,880	68,054
	<u>576,391</u>	<u>428,126</u>
<b>Royalties payable (Note 7)</b>	244,300	238,889
<b>Asset Retirement Obligation</b>	94,000	94,000
	<u>914,691</u>	<u>761,015</u>
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 4)	14,241,196	14,134,122
Contributed surplus (Note 4)	619,427	661,444
Deficit	<u>(14,032,253)</u>	<u>(13,784,688)</u>
	<u>828,371</u>	<u>1,010,878</u>
	<u>\$1,743,062</u>	<u>\$1,771,893</u>

**Basis of presentation and continuance of operations (Note 1)**

**Subsequent events (Note 8)**

**On behalf of the Board:**

\_\_\_\_\_  
 "Johan Shearer"                      President                      "Marcy Kiesman"                      CFO

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

Unaudited – see notice to reader



INTERIM STATEMENT OF OPERATIONS AND DEFICIT

FOR THE THREE MONTHS ENDED

	31-Mar-08	31-Mar-07
<b>SALES</b>	<u>253,654</u>	<u>561,252</u>
<b>COST OF SALES</b>		
Cost of production	321,727	450,669
Royalties	21,644	54,397
Depletion	<u>2,204</u>	<u>4,583</u>
	<u>345,575</u>	<u>509,647</u>
<b>GROSS PROFIT</b>	<u>(91,921)</u>	<u>51,604</u>
<b>EXPENSES</b>		
Amortization	10,681	22,565
Consulting and financing fees	73,292	62,725
Filing fees	3,735	3,829
Management fees	16,050	12,000
Office and general	26,309	16,978
Professional fees	10,000	6,250
Shareholder and community relations	11,540	-
Stock-based compensation	<u>5,035</u>	<u>-</u>
	<u>156,642</u>	<u>124,647</u>
<b>OTHER INCOME</b>		
Option Income	80,000	60,000
Interest Income	<u>999</u>	<u>1,653</u>
	80,999	61,653
<b>Net (Loss) Income for the period</b>	(247,564)	(11,390)
<b>Deficit, beginning of period</b>	<u>(13,784,687)</u>	<u>(13,555,806)</u>
<b>Deficit, end of period</b>	(14,122,252)	(13,567,196)
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.00)
<b>Weighted average number of shares outstanding</b>	32,691,228	27,795,513

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

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NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

	31-Mar-08	31-Mar-07
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (Loss) Income for the period	\$ (247,564)	\$ (11,390)
<b>Items not affecting cash:</b>		
Amortization	10,681	22,565
Accrued interest on loan payable	3,196	5,493
Loan repayment deducted from sales	(16,233)	(40,798)
Stock-based compensation	5,035	-
Depletion	2,204	4,582
Accrued long-term royalties	5,411	13,599
<b>Changes in non-cash working capital items:</b>		
Decrease in receivables	135,821	154,324
Prepaid Expenses	5,771	16,572
Royalties payable	(21,644)	(54,397)
Due to related parties	52,819	1,500
Increase (decrease)Accounts payable and accrued liabilities	<u>52,822</u>	<u>39,548</u>
Net cash provided (used) in operating activities	<u>(11,681)</u>	<u>151,598</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Option payment from mineral properties	80,000	60,000
Deferred expenses from mineral properties	<u>(89,716)</u>	<u>(14,750)</u>
Net cash used in investing activities	<u>(9,716)</u>	<u>45,250</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from (repayments to):		
Notes payable	(13,037)	(21,706)
Share capital	<u>65,055</u>	<u>-</u>
Net cash provided by financing activities	52,018	(21,706)
<b>Change in cash during the period</b>	30,621	175,142
<b>Cash, beginning of period</b>	<u>278,327</u>	<u>175,936</u>
<b>Cash, end of period</b>	\$ 308,948	\$ 351,078

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Unaudited – see notice to reader



## NOTES TO FINANCIAL STATEMENTS

### 1. BASIS OF PRESENTATION AND CONTINUANCE OF OPERATIONS

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual filing. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

The Company is in the process of developing its mineral properties and is in the start-up phase of commercial production. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	March 31 2008	December 31 2007
Working Capital	100,344	58,043
Deficit	(14,032,253)	(13,784,688)

### 2. EQUIPMENT

	March 31 2008			December 31 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 8,288	\$ 8,288	\$ -	\$ 8,288	\$ 6,842	\$ 1,446
Office Trailer	15,764	760	15,004	15,197	-	15,197
Trailers	139,332	65,597	73,734	139,332	62,724	76,608
Trucks	<u>376,327</u>	<u>218,906</u>	<u>157,422</u>	<u>376,327</u>	<u>211,857</u>	<u>164,470</u>
	\$ 539,711	\$ 293,551	\$ 246,160	\$ 539,144	\$ 281,423	\$ 257,721

During the year ended December 31, 2005 the Company acquired two trucks at a cost of \$376,327 which was financed by way of a loan from its major customer (Note 6).

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NOTES TO FINANCIAL STATEMENTS

**3. MINERAL PROPERTIES**

		<b>2008</b>							
		<b>ACQUISITION AND</b>						<b>BALANCE</b>	
		<b>BALANCE BEGINNING OF YEAR</b>	<b>RETIREMENT COSTS</b>	<b>EXPLORATION EXPENDITURES</b>	<b>OPTION PAYMENT</b>	<b>ACCUMULATED DEPLETION</b>	<b>WRITE- OFF</b>	<b>END OF YEAR</b>	
Apple Bay	\$ 715,396	\$ -	\$ 148,384	\$ (80,000)	\$ (2,204)	\$ -	\$ 781,576		
Hankin Pt.	50,000	-	-	-	-	-	50,000		
Lang Bay	98,607	-	3,000	-	-	-	101,607		
	<b>\$ 864,003</b>	<b>\$ -</b>	<b>\$ 151,384</b>	<b>\$ (80,000)</b>	<b>\$ (2,204)</b>	<b>\$ -</b>	<b>\$ 933,183</b>		

  

		<b>2007</b>							
		<b>ACQUISITION AND</b>						<b>BALANCE</b>	
		<b>BALANCE BEGINNING OF YEAR</b>	<b>RETIREMENT COSTS</b>	<b>EXPLORATION EXPENDITURES</b>	<b>OPTION PAYMENT</b>	<b>ACCUMULATED DEPRECIATION</b>	<b>WRITE- OFF</b>	<b>END OF YEAR</b>	
Apple Bay	\$ 526,983	\$ 94,000	\$ 177,879	\$ (60,000)	\$ (23,466)	\$ -	\$ 715,396		
Hankin Pt.	50,000	-	-	-	-	-	50,000		
Lang Bay	98,607	-	-	-	-	-	98,607		
Alberta Iron	3,408	-	-	-	-	(3,408)	-		
	<b>\$ 678,998</b>	<b>\$ 94,000</b>	<b>\$ 177,879</b>	<b>\$ (60,000)</b>	<b>\$ (23,466)</b>	<b>\$ (3,408)</b>	<b>\$ 864,003</b>		

The Company entered into a Letter Agreement dated February 3, 2005 with Lumina Copper Corp. ("Lumina") for the exploration development and mining of mineral resources within the North Island Apple Bay Claims. Lumina may earn a 100% interest in the property by making a total of \$200,000 in cash payments over a period of three years to the Company and upon a production decision, paying an additional \$800,000 in cash or shares. The Company retains the right to explore and exploit the property for non-metallic industrial minerals, and in addition, Lumina grants the right to the Company to explore its Hushamu claims for non-metallic industrial minerals. At December 31, 2005, the Company has received a \$20,000 option payment from Lumina, received an additional \$40,000 on February 3, 2006, \$60,000 on February 5, 2007 and \$80,000 on February 1, 2008 pursuant to the terms of the Letter Agreement.

**4. SHARE CAPITAL**

a) Authorized

Unlimited number of common shares without par value

Unlimited number of class A preference shares without par value

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NOTES TO FINANCIAL STATEMENTS

4. SHARE CAPITAL (continued)

b) Issued

	COMMON SHARES	SHARE CAPITAL	CONTRIBUTED SURPLUS	TOTAL
Balance as at December 31, 2005	23,516,083	13,233,589	450,188	13,683,777
Issued for cash				
Private placement @ \$0.12 per unit	1,876,667	225,200	-	225,200
Exercise of warrants at \$0.10	662,500	66,250	-	66,250
Exercise of stock options at \$0.10	285,261	28,527	-	28,527
Exercise of stock options at \$0.15	30,000	4,500	-	4,500
Private placement @ \$0.08 per unit	750,000	60,000	-	60,000
Shares issued in settlement of debt	675,000	54,000	-	54,000
Tax benefits renounced	-	(44,854)	-	(44,854)
Stock based compensation	-	-	104,911	104,911
Balance as at December 31, 2006	27,795,513	13,612,772	555,099	14,167,871
Issued for cash				
Private placement @ \$0.08 per unit	1,250,000	100,000	-	100,000
Funds deposited from placement	-	14,440	-	14,440
Private placement @ \$0.16 per unit	1,250,000	200,000	-	200,000
Exercise of stock options at \$0.10	235,261	23,526	-	23,526
Exercise of stock options at \$0.10	200,000	20,000	-	20,000
Private placement @ \$0.10 per unit	1,800,000	180,000	-	180,000
Warrant exercise @ \$0.12	375,000	45,000	-	45,000
Stock based compensation	-	-	145,265	145,265
Stock options exercised	-	38,920	(38,920)	-
Tax benefits renounced	-	(95,536)	-	(95,536)
Balance as at December 31, 2007	32,905,774	14,134,122	661,444	14,800,566
Funds deposited from placement	-	5,000	-	5,000
Shares issued from placement	125,000	-	-	-
Stock based compensation	-	-	5,035	5,035
Issued for cash				
Exercise of stock options at \$0.10	470,522	47,052	(47,052)	-
Warrant exercise @ \$0.12	62,500	7,500	-	7,500
<b>Balance as at March 31, 2008</b>	<b>33,563,796</b>	<b>\$ 14,193,674</b>	<b>\$ 619,427</b>	<b>\$ 14,818,101</b>

Period Ended March 31, 2008

i) On March 26, 2008, 62,500 warrants were exercised at \$0.12 for proceeds of \$7,500 and 470,522 options were exercised at a price of \$0.10 for proceeds of \$47,052.

Period Ended December 31, 2007

ii) On May 4, 2007, the Company issued 1,250,000 share capital units at a price of \$0.08 a unit pursuant to a non-brokered private placement for total proceeds of \$100,000. Each unit consists of one share and one share purchase warrant. The warrants are exercisable for one year from the date of grant at \$0.12.

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## NOTES TO FINANCIAL STATEMENTS

### 4. SHARE CAPITAL (continued)

- iii) On July 19, 2007, the Company issued 1,250,000 share capital units at a price of \$0.16 a unit pursuant to a non-brokered private placement for total proceeds of \$200,000. 625,000 units are flow through and 625,000 are non flow through with no warrants attached.
- iii) On December 5, 2007, the Company issued 1,800,000 share capital units at a price of \$0.10 a unit pursuant to a non-brokered flow through private placement for total proceeds of \$180,000. Each unit consists of one share and one share purchase warrant. The warrants are exercisable for one year from the date of grant at \$0.16.

Year Ended December 31, 2006

- iv) On May 4, 2006, the Company issued 1,876,667 share capital units at a price of \$0.12 a unit pursuant to a non-brokered private placement for total proceeds of \$225,200. Each unit consists of one share and one share purchase warrant. The warrants are exercisable for two years from the date of grant at \$0.20 per share in the first year and \$0.30 per share in the second year. As at December 31, 2006, \$14,440 of the proceeds was not fully paid.
- v) On December 14, 2006, the Company issued 750,000 share capital units at a price of \$0.08 a unit pursuant to a non-brokered private placement for total proceeds of \$60,000. Each unit consists of one share and one share purchase warrant. The warrants are exercisable for one year from the date of grant at \$0.10 per share.
- iv) On December 14, 2006, the Company issued 675,000 shares at \$0.08 per share for the settlement of \$54,000 of indebtedness pursuant to a debt settlement agreement with a director and an officer of the Company.

The following table summarizes the Company's 1,250,000 stock options outstanding at March 31, 2008:

2008		
Number	Exercise Price	Expiry Date
200,000	\$ 0.10	December 12, 2008
50,000	\$ 0.10	February 23, 2009
600,000	\$ 0.10	April 1, 2009
100,000	\$ 0.10	April 27, 2009
150,000	\$ 0.10	June 1, 2009
150,000	\$ 0.10	February 13, 2010



## NOTES TO FINANCIAL STATEMENTS

### 4. SHARE CAPITAL (continued)

The following table summarizes the Company's warrants 4,864,167 outstanding for the period ended March 31, 2008:

2008		
Number	Exercise Price	Expiry Date
1,187,500	\$ 0.30	May 1, 2008
1,876,667	\$ 0.30	May 4, 2008
1,800,000	\$ 0.16	December 5, 2008

### 5. LOAN PAYABLE – MAJOR CUSTOMER

During the quarter, \$253,654 (December 31, 2007 - \$2,344,882) of the Company's sales were to one customer located in the USA. These sales are pursuant to a purchase agreement dated April 1, 2004 which is for an initial term of five years.

Concurrent with this purchase agreement the Company and its major customer entered into a loan agreement dated April 1, 2004 whereby the major customer agreed to establish a secured demand loan facility to enable the Company to purchase production equipment. All advances bear interest at 8% per annum and are repayable on the basis of \$1.50 per tonne of product purchased by the major customer by deducting the appropriate balance from the sales invoice representing the purchase by this major customer. A total of \$517,851 was advanced. At March 31, 2008, the Company owed \$146,779 (December 31, 2007 - \$159,816) under this loan facility. Total repayments in the period totaled \$16,233 (December 31, 2007 - \$155,614) and consisted of accrued interest of \$3,196 (December 31, 2007 \$17,857).

### 6. RELATED PARTY TRANSACTIONS

These outstanding amounts payable are unsecured and non-interest bearing with no fixed terms of repayment. The fair value of the debt is not determinable as it has no repayment terms.

During the quarter ended March 31, 2007, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$39,900 (March 31, 2007 - \$33,800) to officers and directors of the Company.
- b) Paid or accrued geological fees of \$32,130 (March 31, 2007 - \$14,750) to the Company's president that were included in deferred exploration costs pursuant to the Apple Bay Agreement.
- c) Paid or accrued directors fees totaling \$2,500 (March 31, 2007 - \$Nil).
- d) Paid or accrued royalties totaling \$4,329 (March 31, 2007 - \$10,879) and \$5,841 (March 31, 2007 - \$3,576) of general expenses to the president and a company controlled by the president.



## NOTES TO FINANCIAL STATEMENTS

### 7. ROYALTIES PAYABLES

The Company entered into Participation and Royalty Agreement with the Quatsino First Nation dated August 20, 2003 which grants the Company the exclusive right to mine certain claims over the term of the agreement expiring June 30, 2013. As consideration, Homegold transferred 400,000 common shares of the Company to the Quatsino First Nation and a member has been appointed as director of the Company. A royalty of \$1.00 per metric tonne is also payable. Payment for one half of the royalty is deferred until production exceeds 200,000 metric tonnes in a calendar year. As at March 31, 2008 an amount of \$244,300 (December 31, 2007 \$207,706) is owed under this deferral arrangement. On March 13, 2006 the Company received a long-term permit from the B.C. Ministry of Energy and Mines to mine up to 249,000 metric tonnes annually. The Company does not expect to produce in excess of 200,000 metric tonnes in 2008 and therefore the amount owing under the deferral arrangement has been classified as a non-current liability at March 31, 2008.

### 8. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2008:

- 125,000 warrants with an exercise price of \$0.12 were exercised on April 9, 2008 for proceeds of \$15,000.
- 1,062,500 warrants with an exercise price of \$0.12 expired on May 1, 2008.
- 1,876,667 warrants with an exercise price of \$0.30 expired on May 4, 2008.
- Payment of \$249,866 was received from load #87 on May 12, 2008.