

ELECTRA GOLD LTD.

INTERIM FINANCIAL STATEMENTS

MARCH 31, 2007

NOTICE TO READER

We have compiled the interim balance sheet of Electra Gold Ltd. as at March 31, 2007 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 2007	31-Dec 2006
		(Audited)
ASSETS		
Current		
Cash	\$191,078	\$15,936
Receivables	13,340	205,198
Prepaid expenses	16,572	-
Inventory	<u>52,500</u>	<u>52,500</u>
	273,491	273,634
Reclamation bond	160,000	160,000
Equipment (Note 2)	310,217	332,782
Mineral properties (Note 3)	<u>689,167</u>	<u>678,998</u>
	<u>\$1,432,874</u>	<u>\$1,445,414</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	\$225,822	\$238,714
Loan payable (Note 5)	445,383	315,430
Due to related parties (Note 6)	100,348	100,348
	<u>771,552</u>	<u>654,492</u>
Royalties payable (Note 7)	54,397	178,858
	<u>825,949</u>	<u>833,350</u>
Shareholders' equity (deficiency)		
Share capital (Note 4)	13,612,772	13,612,772
Contributed surplus (Note 4)	555,099	555,099
Deficit	<u>(13,560,947)</u>	<u>(13,555,807)</u>
	<u>606,925</u>	<u>612,064</u>
	<u>\$1,432,874</u>	<u>\$1,445,414</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-07	31-Mar-06
SALES	<u>561,252</u>	<u>425,276</u>
COST OF SALES		
Cost of production	450,669	360,615
Royalties	54,397	45,656
Depletion	<u>4,582</u>	<u>3,694</u>
	<u>509,647</u>	<u>409,965</u>
GROSS PROFIT	<u>51,604</u>	<u>15,311</u>
EXPENSES		
Amortization	22,565	29,693
Consulting and financing fees	62,725	41,623
Filing fees	3,829	5,911
Management fees	12,300	12,800
Office and general	16,978	27,326
Professional fees	6,250	11,880
Property investigation expenses	-	11,153
Stock-based compensation	<u>-</u>	<u>9,188</u>
	<u>124,647</u>	<u>149,574</u>
OTHER INCOME		
Option Income	60,000	-
Interest Income	<u>1,653</u>	<u>-</u>
	61,653	-
Net (Loss) Income for the period	(11,390)	(134,263)
Deficit, beginning of period	<u>(13,555,806)</u>	<u>(13,073,873)</u>
Deficit, end of period	(13,567,196)	(13,208,136)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding	27,795,513	23,516,083

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

Unaudited – see notice to reader



INTERIM STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED

	31-Mar-07	31-Mar-06
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) Income for the period	\$ (11,390)	\$ (134,263)
Items not affecting cash:		
Amortization	22,565	29,693
Accrued interest on loan payable	5,493	8,668
Loan repayment deducted from sales	(40,798)	(34,240)
Stock-based compensation	-	9,188
Depletion	4,582	3,694
Accrued long-term royalties	13,599	11,414
Changes in non-cash working capital items:		
Decrease in receivables	154,324	80,878
Prepaid Expenses	16,572	-
Royalties payable	(54,397)	(28,644)
Due to related parties	1,500	22,600
Increase (decrease)Accounts payable and accrued liabilities	<u>39,548</u>	<u>53,629</u>
Net cash provided (used) in operating activities	<u>151,598</u>	<u>22,617</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Option payment from mineral properties	60,000	40,000
Deferred expenses from mineral properties	(14,750)	(13,200)
Net cash used in investing activities	<u>45,250</u>	<u>26,800</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (repayments to) related parties		
Notes payable	(21,706)	-
Net cash provided by financing activities	(21,706)	-
Change in cash during the period	175,142	49,417
Cash, beginning of period	<u>175,936</u>	<u>186,874</u>
Cash, end of period	\$ 351,078	\$ 236,291

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Unaudited – see notice to reader



INTERIM STATEMENT OF CASH FLOWS

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 2007	March 31 2006
Working Capital	77,873	(436,233)
Deficit	(13,567,196)	(13,208,136)

2. EQUIPMENT

	March 31 2007			December 31 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 8,288	\$ 6,378	\$ 1,910	\$ 8,288	\$ 6,223	\$ 2,065
Trailers	139,332	48,360	90,971	139,332	43,572	95,759
Trucks	376,327	158,992	217,335	376,327	141,370	234,957
	<u>\$ 493,947</u>	<u>\$ 213,730</u>	<u>\$ 310,216</u>	<u>\$ 493,947</u>	<u>\$ 69,394</u>	<u>\$ 424,553</u>

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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INTERIM STATEMENT OF CASH FLOWS

3. MINERAL PROPERTIES

	2007					2007
	Balance, Beginning of Period	Acquisition Costs	Deferred Expenditures	Option Payment	Accumulated Depletion	Balance, End of Period
Apple Bay	\$ 505,618	\$ -	\$ 14,750	\$ (60,000)	\$ (4,582)	\$ 455,786
Hankin Point	50,00	-	-	-	-	50,000
Lang Bay	50,00	-	-	-	-	50,000
Total	\$ 605,618	\$ -	\$ 13,200	\$ (60,000)	\$ (3,694)	\$ 555,786

	2006					2006
	Balance, Beginning of Period	Acquisition Costs	Deferred Expenditures	Option Payment	Accumulated Depletion	Balance, End of Period
Apple Bay	\$ 536,112	\$ -	\$ 13,200	\$ (40,000)	\$ (3,694)	\$ 505,618
Hankin Point	50,00	-	-	-	-	50,000
Lang Bay	50,00	-	-	-	-	50,000
Total	\$ 636,11	\$ -	\$ 13,200	\$ (40,000)	\$ (3,694)	\$ 605,618

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 and received an additional \$40,000 on February 3, 2006, pursuant to the terms of the Letter Agreement.



INTERIM STATEMENT OF CASH FLOWS

4. SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value
 Unlimited number of class A preference shares without par value

b) Issued

	COMMON SHARES	SHARE CAPITAL	CONTRIBUTED SURPLUS	TOTAL
Balance, December 31, 2004	19,427,251	\$ 12,766,374	\$ 352,291	\$13,118,665
Shares issued in settlement of debt	975,334	252,047	-	252,047
Issued for cash				
Private placement at \$0.08 per share	1,637,500	131,000	-	131,000
Private placement at \$0.08 per share	1,250,000	100,000	-	100,000
Finders' fees for private placements				
Cash	-	(10,000)	-	(10,000)
Agent's warrants	-	(4,792)	4,792	-
Exercise of stock options in settlement of				
Debt	50,000	7,000	(2,000)	5,000
Shares issued for finance fees	176,000	21,120	-	21,120
Tax benefits renounced	-	(29,160)	-	(29,160)
Stock based compensation	-	-	95,105	95,105
Balance, December 31, 2005	23,516,085	13,233,589	450,188	13,683,777
Issued for cash				
Private placement at \$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 at \$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
	27,795,513	13,627,212	555,099	14,182,311
Share subscriptions receivable	-	(14,440)	-	(14,440)
Balance, March 31, 2007	27,795,513	\$ 13,612,772	\$ 555,099	\$ 14,167,871

Period Ended March 31, 2007

- i) 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.
- ii) 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.

Unaudited – see notice to reader



INTERIM STATEMENT OF CASH FLOWS

Period Ended March 31, 2007 (Continued)

- iii) 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.

Year Ended December 31, 2005

- iv) On January 24, 2005, the Company issued 975,334 shares for the settlement of \$252,047 of indebtedness pursuant to debt settlement agreements with a director and a company controlled by a director.
- v) On November 28, 2005, the Company issued 1,637,500 flow-through share capital units at \$0.08 per unit pursuant to a private placement for total proceeds of \$131,000. Each flow-through unit consisted of one flow-through share and a share purchase warrant. The warrants are exercisable for one year from the date of grant at \$0.10 per share.
- vi) On December 15, 2005, the Company issued 1,250,000 share capital units at a price of \$0.08 a unit pursuant to a private placement for total proceeds of \$100,000. Each unit consists of one share and one share purchase warrant. A finders' fee of \$10,000 in cash was paid and 125,000 agent's share purchase warrants were issued at a fair value of \$4,792. The warrants are exercisable for one year from the date of grant at \$0.10 per share.
- vii) During the year ended December 31, 2005, the Company issued 50,000 shares pursuant to the exercise of stock options for non-cash consideration at \$0.10 per share for the settlement of \$5,000 of indebtedness with a director of the Company.
- viii) During the year ended December 31, 2005, the Company issued 176,000 shares at \$0.12 per share as non-cash finance fee consideration for security provided by directors, officers and other unrelated parties on the Company's reclamation bond.

The following table summarizes the Company's 1,285,261 stock options outstanding at March 31, 2007:

2007		
Number	Exercise Price	Expiry Date
235,261	\$ 0.10	November 1, 2007
650,000	\$ 0.10	April 27, 2007
400,000	\$ 0.10	December 10, 2007

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INTERIM STATEMENT OF CASH FLOWS

The following table summarizes the Company's warrants 2,626,667 outstanding for the period ended March 31, 2007:

2007		
Number	Exercise Price	Expiry Date
1,876,667	\$ 0.20	May 4, 2007
750,000	\$ 0.10	December 20, 2007

5. LOAN PAYABLE – MAJOR CUSTOMER

During the period, \$561,252 (December 31, 2006, \$2,301,676) 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 \$1.00 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. During the period the Company owed \$280,123 (December 31, 2006 \$315,430) under this loan facility. Total repayments in the period totaled \$40,798 (December 31, 2006 \$182,569) and accrued interest of \$5,493 (December 31, 2006 \$8,669).

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:

- Paid or accrued management fees of \$33,800 (2006 - \$9,000) to officers of the Company.
- Paid or accrued geological fees of \$14,750 (2006 - \$13,200) to the Company's president that were included in deferred exploration costs pursuant to the Apple Bay Agreement.
- Paid or accrued geological fees of \$Nil (2006 - \$6,400) to the Company's president that were included in deferred exploration costs pursuant to the Lang Bay Agreement and \$Nil (2006 - \$1,705) of general expenses to the president and a company controlled by the president.
- Paid or accrued royalties totaling \$10,879 (2006 - \$9,131) and \$3,576 (2006 - \$5,359) of general expenses to the president and a company controlled by the president.



INTERIM STATEMENT OF CASH FLOWS

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, 2007 an amount of \$192,457 (December 31, 2006 \$178,858) 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 2006 and therefore the amount owing under the deferral arrangement has been classified as a non-current liability at March 31, 2006.

8. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2007 650,000 options expired on April 27, 2007 and were re-issued at the same \$0.10 exercise price.

A private placement of 1,250,000 flow-through units was closed May 1, 2007 for total proceeds of \$100,000. Each of the common shares had a one year warrant attached which is exercisable at \$0.12.

1,876,667 warrants with an exercise price of \$0.20 expired on May 4, 2007. 1,250,000 warrants with an exercise price of \$0.12 were issued on May 1, 2007 with the private placement.