

INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30 2007

NOTICE TO READER

The management of Electra Gold Ltd. has compiled its unaudited interim balance sheet of the Company as at September 30, 2007 and its unaudited interim statement of operations, retained earnings and cash flow for the three months ending September 30, 2007 and for the nine months ending September 30th, 2007. 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.



INTERIM BALANCE SHEETS
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007 (UNAUDITED)

	30-Sep 2007 (Unaudited)	31-Dec 2006 (Audited)
ASSETS		
Current		
Cash	\$183,667	\$15,936
Receivables	145,529	205,198
Prepaid expenses	6,836	-
Inventory	<u>52,500</u>	<u>52,500</u>
	388,532	273,634
Reclamation bond (Note 3)	160,000	160,000
Equipment (Note 4)	268,088	332,782
Mineral properties (Note 5)	<u>729,320</u>	<u>678,998</u>
	<u>\$1,545,940</u>	<u>\$1,445,414</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	\$292,032	\$238,714
Loan payable (Note 6)	209,481	315,430
Due to related parties (Note 7)	-	100,348
	<u>501,513</u>	<u>654,492</u>
Royalties payable (Note 8)	<u>221,289</u>	<u>178,858</u>
	<u>722,802</u>	<u>833,350</u>
Shareholders' equity (deficiency)		
Share capital (Note 9)	13,970,738	13,612,772
Contributed surplus (Note 9)	728,179	555,099
Deficit	<u>(13,875,779)</u>	<u>(13,555,807)</u>
	<u>823,138</u>	<u>612,064</u>
	<u>\$1,545,940</u>	<u>\$1,445,414</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 9)

On behalf of the Board:

"Marcy Kiesman"

CFO

"Johan Shearer"

President
& Director

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



INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007 (UNAUDITED)

	Third Quarter		Year to Date	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
SALES	\$ 916,302	\$ 605,658	\$ 1,822,722	\$ 1,689,329
COST OF SALES				
Cost of production	640,024	487,168	1,481,126	1,329,495
Royalties	54,331	46,977	169,724	135,109
Depletion	4,588	3,694	15,128	11,083
	698,943	537,839	1,665,978	1,475,687
GROSS PROFIT	217,359	67,819	156,744	213,642
EXPENSES				
Amortization	22,565	29,693	67,694	89,079
Consulting and financing fees	40,621	107,476	155,370	238,315
Filing fees	10,348	3,638	28,311	25,662
Management fees	12,300	12,850	36,900	37,950
Office and general	24,178	20,984	56,972	65,414
Professional fees	-	-	22,413	32,348
Property investigation expenses	2,000	-	2,000	11,153
Stock-based compensation	32,644	-	173,080	18,376
	144,656	174,641	542,740	518,297
OTHER INCOME				
Option Income	-	-	60,000	60,000
Interest Income	973	219	6,521	809
	973	219	66,521	-
Net (Loss) Income for the period	73,676	(106,822)	(319,475)	(304,655)
Deficit, beginning of period	(13,948,958)	(13,271,704)	(13,555,807)	(13,070,873)
Deficit, end of period	\$ (13,875,282)	\$ (13,378,526)	\$ (13,875,282)	\$ (13,378,526)
Basic and diluted loss per share	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	28,427,261	26,370,511	28,427,261	26,370,511



INTERIM STATEMENTS OF CASH FLOWS
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007 (UNAUDITED)

	Third Quarter		Year to Date	
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (Loss) Income for the period	\$ 73,676	\$ (63,568)	\$ (319,475)	\$ (197,831)
Items not affecting cash:				
Amortization	22,565	29,693	67,694	59,386
Accrued interest on loan payable	4,108	7,777	14,667	16,445
Loan repayment deducted from sales	(53,042)	(53,340)	(120,614)	(87,580)
Stock-based compensation	32,644	9,188	173,080	18,376
Depletion	4,588	3,694	15,128	7,388
Accrued long-term royalties	13,583	17,780	42,431	29,194
Changes in non-cash working capital items:				
Decrease in receivables	(150,065)	91,319	11,174	172,197
Prepaid Expenses	4,868	-	(6,836)	-
Due to related parties	(100,348)	15,624	(100,348)	38,224
Increase in accounts payable and accrued liabilities	46,603	(123,016)	201,813	(69,387)
Net cash provided (used) in operating activities	<u>(100,820)</u>	<u>(64,849)</u>	<u>(21,286)</u>	<u>(42,232)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Option payment from mineral properties	-	-	60,000	40,000
Acquisition of mineral properties	(26,700)	(3,408)	(65,450)	(3,408)
Deferred expenses from mineral properties	-	(15,291)	-	(28,491)
Reclamation Bond	-	(110,000)	(160,000)	(110,000)
Net cash used in investing activities	<u>(26,700)</u>	<u>(128,699)</u>	<u>(165,450)</u>	<u>(101,899)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Common Share Subscription and Contributed Surplus	220,000	290,536	354,466	290,536
Change in cash during the period	92,480	96,988	167,731	146,405
Cash, beginning of period	<u>251,187</u>	<u>236,291</u>	<u>175,936</u>	<u>186,874</u>
Cash, end of period	<u>\$ 343,667</u>	<u>\$ 333,279</u>	<u>\$ 343,667</u>	<u>\$ 333,279</u>

1. SIGNIFICANT ACCOUNTING POLICIES

On January 1, 2007, the Company adopted the new accounting standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Section 1530, Comprehensive Income; Section 3855, Financial Instruments – Recognition and Measurement; Section 3865, Hedges; and Section 3251, Equity.

These new accounting standards, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles in Canada.

Under the new standards, all financial instruments are classified into one of five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured either at fair market value with the exception of loans and receivables, investments held-to-maturity and other financial liabilities, which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held for trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired at which time the amounts would be recorded in net income.

Upon the adoption of these standards, the Company has classified cash and cash equivalents as held for trading, other receivables as loans and receivables and all financial liabilities as other financial liabilities. The Company enters into hedge transactions in the normal course of its operations but has elected not to use hedge accounting. As a result, based on Section 3855, “Financial Instruments – Recognition and Measurement”, these derivatives are measured at fair value at the end of each period and the gains or losses resulting from re-measurement are recognized in net income as gains or losses in the underlying contracts. The adoption of the New Standards did not have a material effect on the Company’s financial statements at January 1, 2007 or September 30, 2007.

2. 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.

	September 30, 2007	December 31, 2006
Working capital (deficiency)	(112,981)	(380,858)
Net loss	(319,475)	(481,934)

3. RECLAMATION BOND

During the year ended December 31, 2004, the Company provided a \$50,000 irrevocable letter of credit as a condition of approval to a Work System and Reclamation Program Permit issued by a B.C. Ministry of Energy and Mines. The Company secured the letter of credit by placing a \$50,000 term deposit with its bank and received the Permit on April 8, 2004 which permitted the Company to mine 110,000 tonnes of product. As a condition of obtaining the permit, the Company agreed to post an additional security at the rate of \$1.00 per tonne mined in 20,000 tonne increments up to 110,000 tonnes. The Company is also subject to certain other operational inspections.

4. EQUIPMENT

	September 30, 2007			December 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 8,288	\$ 6,687	\$ 1,601	\$ 8,288	\$ 6,223	\$ 2,065
Office Trailer	3,000	-	3,000	-	-	-
Trailers	139,332	57,936	81,396	139,332	43,572	95,760
Trucks	376,327	194,236	182,091	376,327	141,370	234,957
	<u>\$ 526,947</u>	<u>\$ 258,859</u>	<u>\$ 268,088</u>	<u>\$ 523,947</u>	<u>\$ 191,165</u>	<u>\$ 332,782</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).

5. MINERAL PROPERTIES

	2007					2007
	Balance, Beginning of Period	Acquisition Costs	Deferred Expenditures	Option Payment	Accumulated Depletion	Balance, End of Period
Apple Bay	\$ 601,826	\$ 31,501	\$ 7,800	\$ -	\$ (59,022)	\$ 574,305
Alberta Iron	3,408	-	-	-	-	3,408
Hankin Point	50,000	-	-	-	-	50,000
Lang Bay	<u>50,000</u>	<u>-</u>	<u>48,607</u>	<u>-</u>	<u>-</u>	<u>98,607</u>
Total	<u>\$ 705,234</u>	<u>\$ 34,501</u>	<u>\$ 56,407</u>	<u>\$ -</u>	<u>\$ (59,022)</u>	<u>\$ 726,320</u>

	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	50,000	-	-	-	-	50,000
Lang Bay	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total	<u>\$ 636,112</u>	<u>\$ -</u>	<u>\$ 13,200</u>	<u>\$ (40,000)</u>	<u>\$ (3,694)</u>	<u>\$ 605,618</u>

5. MINERAL PROPERTIES (continued)

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 in February 2006 and \$60,000 in February 2007 pursuant to the terms of the Letter Agreement.

6. LOAN PAYABLE – MAJOR CUSTOMER

During the quarter, \$766,236 (December 31, 2006, \$2,441,269) of the Company's sales were to one customer located in the USA and the remaining \$155,066 was to a Canadian customer. The \$766,236 of 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. During the period the Company owed \$209,481 (December 31, 2006 \$315,428) under this loan facility. Total repayments in the period totaled \$53,042 (December 31, 2006 \$87,580) and accrued interest of \$4,108 (December 31, 2006 \$16,445).

7. DUE TO RELATED PARTIES

As at September 30, 2007 a total of \$72,296 (December 2006 - \$100,348) is payable to directors for fees, royalties and expenses. 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.

The Company entered into the following transactions with related parties this period:

- a. Paid or accrued management fees of \$6,500 (September 30, 2006 - \$3,000) to officers of the Company.
- b. Accrued geological fees of \$26,700 (September 30, 2006 - \$6,659) to the Company's President that were included in Apple Bay exploration costs.

7. DUE TO RELATED PARTIES (continued)

- c. Paid royalties totaling \$10,866 (September 30, 2006 - \$12,593) and \$10,998 (September 30, 2006 - \$4,219) of general expenses, were paid or accrued to the President and a company controlled by the President.

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

8. ROYALTIES PAYABLE

The Company entered into a 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 September 30, 2007 an amount of \$221,289 (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 2007 and therefore the amount owing under the deferral arrangement has been classified as a non-current liability at September 30, 2007.

9. SHARE CAPITAL

	COMMON SHARES	SHARE CAPITAL	CONTRIBUTED SURPLUS	TOTAL
Balance as at December 31, 2004	19,427,249	\$ 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 placement				
Cash	-	(10,000)	-	(10,000)
Agent's warrants	-	(4,792)	4,792	-
Exercise of stock options	50,000	7,000	(2,000)	5,000
Shares issued for finance fees	176,000	21,120	-	21,120
Renounced flow through share expenditures	-	(29,160)	-	(29,160)
Stock-based compensation	-	-	95,105	95,105
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	13,627,212	555,099	14,182,311
Issued for cash				
Private placement @ \$0.08 per unit	1,250,000	100,000	-	100,000
Exercise of stock options at \$0.10	435,261	43,526	-	43,526
Private placement @ \$0.16 per unit	1,250,000	200,000	-	200,000
Stock based compensation	-	-	114,299	114,299
Fair value of warrants issued in private placement	-	-	58,781	58,781
Balance as at September 30, 2007	30,730,774	\$ 13,970,738	\$ 728,179	\$ 14,640,136

9. SHARE CAPITAL (continued)

During the quarter ending September 30th, 2007, 470,522 stock options were granted at a value of \$32,644 and a former director exercised 200,000 options @ \$0.10 before their expiry on August 13, 2007.

In the previous quarter ended June 30th, 2007 a private placement was completed issuing 1,250,000 flow through shares at \$0.08 for proceeds of \$100,000 with one year \$0.12 attached warrants expiring April 11, 2008.

On May 4, 2006 the Company closed a non-brokered private placement of 1,876,667 units at a price of \$0.12 a unit of which 1,756,342 units were issued to June 30, 2006 and the balance of 120,325 were issued on July 10, 2006. Each unit consists of one common share and one purchase warrant. The warrants are exercisable from the date of grant at \$0.20 in the first year and \$0.30 in the second year and expire on May 4, 2008. The Company used \$110,000 of the proceeds to post a reclamation bond totaling \$160,000 and release the five individuals from the bond they posted on the Company's behalf.

Flow-through Shares

In accordance with accounting recommendations relating to the issuance of flow-through shares, the Company reduced from flow-through share proceeds assigned to share capital and recognized as a future tax liability, the estimated tax effect of the timing difference resulting from renouncing exploration expenditures using currently enacted tax rates and laws.

Concurrently the Company recognized a future income tax recovery from the utilization of available tax losses of prior periods to offset the future tax liability recognized. The Company has not previously recognized tax benefits relating to losses of prior periods as the criteria for recognition has not been met.

Stock Options

The Company follows the policies of the TSX Venture Exchange (TSX-V) under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the policies, the exercise price of each option equals the market price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years.

Stock option transactions are summarized as follows for the period ended September 30, 2007.

	Number of Shares	Weighted average exercise price
Outstanding, beginning of year	1,285,261	\$ 0.10
Exercised	(435,261)	\$ 0.10
Expired	(650,000)	\$ 0.10
Granted	1,370,522	\$ 0.10
Outstanding, end of period	1,570,522	\$ 0.10

9. SHARE CAPITAL (continued)

Stock-based compensation

The total stock-based compensation recognized in the period ended September 30, 2007 was \$173,080, (December 31, 2006 - \$104,911), which was granted to employees and directors.

The following weighted-average assumptions were used for the Black-Scholes option pricing valuation of stock options granted during the period ended September 30, 2007 and the year ended December 31, 2006:

	2007	2006
Risk-free interest rate	4.1-4.6%	4.09%
Expected life of options	2 years	1.56 years
Annualized volatility	98%	93%
Dividend rate	0.0%	0.0%

Warrants

Warrant transactions are summarized as follows for the period ended September 30, 2007:

	Number of Shares	Weighted average exercise price
Outstanding, beginning of year	2,626,667.00	0.25
Exercised	-	-
Expired	-	-
Granted	1,250,000.00	0.12
Outstanding, end of period	3,876,667.00	0.21

At September 30, 2007:

- 750,000 warrants are outstanding at \$0.12 expiring December 20, 2007;
- 1,250,000 warrants are outstanding at \$0.12 expiring April 11, 2008; and
- 1,876,667 warrants are outstanding at \$0.30 expiring May 4, 2008.

10. SUBSEQUENT EVENTS

Subsequent to the quarter ended September 30, 2007:

- Barge Load #84 was shipped on October 10th, 2007, totaling 11,160.30 tonnes. Barge #85 was shipped on November 21st, 2007 with tonnage survey not received as of yet.
- November 16th, 2007 a 1,800,000 unit flow through private placement was announced with a one year non flow through purchase warrant attached at a price of \$0.16.