UGANDA GOLD MINING LTD.

Consolidated Financial Statements

April 30, 2006 and 2005

(Unaudited – Prepared by Management)

The accompanying unaudited interim financial statements of Uganda Gold Mining Ltd., for the period ended April 30, 2006 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's independent auditors.

UGANDA GOLD MINING LTD.
Consolidated Balance Sheets
As at
(Expressed in U.S. Dollars)
(Unaudited)

	April 30, 2006	October 31, 2005
ASSETS		
Current Assets		
Cash	$ **280,250**	$ 274,534
Amounts receivable	**34,556**	23,718
Prepaid expenses	**643**	3,313
	315,449	301,565
Equipment	**45,809**	58,116
Mineral properties (note 3)	**3,208**	1,567,284
	$ **364,466**	$ 1,926,965
LIABILITIES		
Current Liabilities		
Accounts payable	**28,424**	32,976
Due to related parties (note 5)	**248,577**	195,303
	277,001	228,279
SHAREHOLDERS' EQUITY		
Share Capital (note 4)	**4,000,623**	3,562,137
Contributed surplus (4 (e))	**408,854**	314,774
Deficit	**(4,322,012)**	(2,178,225)
	$ **87,465**	$ 1,698,686
	$ **364,466**	$ 1,926,965

Approved by the Directors:

"John Purkis" "Kenneth W. Morgan"

John Purkis Kenneth W. Morgan

UGANDA GOLD MINING LTD.
Consolidated Statements of Operations and Deficit
(Expressed in U.S. Dollars)
(Unaudited – Prepared by Management)

	Three Months Period Ended April 30, 2006	Three Months Period Ended April 30, 2005	Six Months Period Ended April 30, 2006	Six Months Period Ended April 30, 2005
EXPENSES				
Accounting and legal fees	$ 12,019	$ (13,077)	$ 17,044	$ 8,093
Salaries and benefits	7,549	2,332	15,305	2,332
Amortization	123	123	247	247
Bank charges	472	623	889	742
Consulting fees	23,134	3,960	34,422	33,455
Management fees	10,460	10,883	20,817	21,069
Foreign exchange	(4,465)	864	(7,642)	-
Interest income	(1,410)	-	(4,632)	-
Office rent	2,071	1,954	4,157	3,621
Office and sundry	2,631	3,533	2,743	5,844
Stock-based compensation	-	11,751	94,080	26,362
Promotion	7,623	15,162	13,607	16,943
Travel	650	4,926	2,725	4,926
Telephone	3,129	705	5,093	1,598
Transfer agent and filing fees	10,194	1,540	11,563	11,824
Loss before other items	(74,180)	(45,279)	(210,418)	(137,056)
Write-off of mineral properties	(1,933,369)	-	(1,933,369)	-
Loss for the period	(2,007,549)	(45,279)	(2,143,787)	(137,056)
Deficit - beginning of period	(2,314,463)	(1,797,515)	(2,178,225)	(1,705,738)
Deficit - end of period	$ (4,322,012)	$ (1,842,794)	$ (4,322,012)	$ (1,842,794)
Loss per share				
Basic and Diluted	$ (0.08)	$ (0.00)	$ (0.09)	$ (0.01)
Weighted Average Shares Outstanding				
Basic and Diluted	25,201,402	23,084,421	25,012,702	23,081,566

UGANDA GOLD MINING LTD.

Consolidated Statements of Cash Flows

(Expressed in U.S. Dollars)

(Unaudited – Prepared by Management)

	Three Months Period Ended April 30,		Six Months Period Ended April 30,	
	2006	2005	2006	2005
CASH PROVIDED BY (USED FOR):				
Operating Activities				
Loss for the period	$ (2,007,549)	$ (45,279)	$ (2,143,787)	$ (137,056)
Item not affecting cash:				
Amortization	123	618	247	742
Stock-based compensation	-	11,751	94,080	26,362
Write-off of mineral properties	1,933,369	-	1,933,369	-
Changes in non-cash working capital accounts:				
Accounts receivable	(5,850)	5,964	(10,838)	(52,035)
Prepaid expenses	3,498	-	2,670	-
Accounts payable	(708)	(53,550)	(4,552)	(15,017)
	(77,117)	(80,496)	(128,811)	(177,004)
Financing Activities				
Issuance of share capital (net of issue costs)	438,486	1,421,914	438,486	1,659,714
Due to related parties	-	(80,460)	53,274	(48,361)
Cash flows provided by financing activities	438,486	1,341,454	491,760	1,611,353
Investing Activities				
Purchase of equipment	-	(63,630)	-	(66,139)
Mineral property exploration costs	(155,035)	(365,910)	(357,233)	(409,919)
Mineral property option proceeds	-	-	-	-
Cash flows provided by financing activities	(155,035)	(429,540)	(357,233)	(476,058)
Increase (Decrease) in cash during period	206,334	831,418	5,716	958,291
Cash, beginning of period	73,916	154,788	274,534	27,915
Cash, end of period	$ 280,250	$ 986,206	$ 280,250	$ 986,206

Supplementary Disclosure of Non-Cash Investing and Financing Activities:

During the period ended April 30, 2005, $12,060 (2005-$6,094) of equipment amortization was recorded as deferred mineral property costs.

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Uganda Gold Mining Ltd. is incorporated in the Province of Alberta and through its subsidiaries, Nabisoga Mining Ltd. ("Nabisoga") and Rwenzori Cobalt Company Ltd. ("Rwenzori"), is engaged in the acquisition and exploration of mineral properties in Uganda, Africa.

The recoverability of amounts capitalized for the acquisition of mineral property interests and the related deferred exploration costs is dependent upon the ultimate discovery of economically recoverable mineral reserves, the ability of the Company to obtain financing for further required exploration and development, and upon the profitability of future mineral production or the proceeds from future property dispositions.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and has an accumulated operating deficit of $4.32 million at April 30, 2006 (2005 - $1.82 million). The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate equity financing to maintain its working capital.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going-concern, the net realizable values of its assets may be materially less than the amounts recorded on the balance sheets.

2. INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements as at and for the year ended October 31, 2005. All materials adjustments which, in the opinion of management, are necessary for fair presentation of the results for the interim period have been reflected. The results for the six months ended April 30, 2006 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicate of the results to be expected for the full year.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Uganda, Africa

Kilembe Mine Property

The Company entered into an exploration and feasibility study agreement on September 27, 2004 with Kilembe Mines Limited under which it acquired the option to earn a 70% interest in the Kilembe Copper-Cobalt Mine in western Uganda and the surrounding EL. The Company is obligated to undertake an exploration program and complete a positive feasibility study within three years, whereupon a 70%-30% joint venture would be formed with annual profits split 50% to the Company until its risk capital investment in exploration and feasibility studies is recouped and 50% to the vendor until certain prior expenditures, facilities and utilities charges borne by the vendor under the agreement are recouped. Once a party has recouped its eligible risk capital or eligible expenditures the profits will be allocated to the joint venture parties based on their interests. Subsequent to the end of the period ending April 30, 2006, the Company decided that it would not continue investing at Kilembe and thereby initiate a process that will lead to the termination of the agreement. Therefore, capitalized mineral property and deferred explorations costs totalling $1,724,963 have been charged to operation.

(Expressed in U.S. Dollars)

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS, continued

Nyanga Property

The Company owns a 100% interest in an industrial minerals deposit (Tantalite), comprising one EL and a location (license to mine) known as the Nyanga Deposit, which it had acquired from a Company owned by a director for US$10,000. Subsequent to the end of the period ending April 30, 2006 the Company decided that it will not invest further in this property and therefore capitalised costs totaling $208,406 associated with this project have been charged to operation.

British Columbia, Canada

Bonaparte Property

The Company owns six mining claims located approximately 45 kilometres west of the Thompson River in the Kamloops Mining Division.

On February 21, 2003, the Company signed an option agreement with Clan Resources Inc. ("Clan") whereby Clan could have acquired a 100% interest in the property for total consideration to the Company of CDN $60,000 and 200,000 common shares of Clan. The Company received CDN$30,000 and 150,000 common shares and was notified during the comparative year that Clan had dropped its option.

	October 31,2005	Net Expenditures (Option proceeds/ Adjustments)	Write-off	April 30,2006
	$	$		$
Kilembe Property				
Deferred exploration costs				
Accommodation and travel	81,193	16,964	(98,157)	-
Amortization	15,695	12,060	(27,755)	-
Drilling	418,990	53,275	(472,265)	-
Exploration salaries and wages	65,336	25,992	(91,328)	-
Field camp and exploration costs	154,134	27,834	(181,968)	-
Foreign exchange	(31,143)	1,263	29,880	-
Fuel	50,533	6,981	(57,514)	-
Geological consulting	356,844	119,745	(476,589)	-
Mine/underground maintenance	170,460	72,421	(242,881)	-
Office and sundry	32,784	12,261	(45,045)	-
Professional fees	27,363	11,831	(39,194)	-
Repair and maintenance	5,270	792	(6,062)	-
Vehicles	10,832	5,253	(16,085)	-
	1,358,291	366,672	(1,724,963)	-

(Expressed in U.S. Dollars)

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS, (continued)

Nyanga Property				
Acquisition costs	12,479	-	(12,479)	-
Deferred exploration costs		-		-
Accommodation and travel	8,682	-	(8,682)	-
Amortization	17,900	-	(17,900)	-
Company and field costs	48,691	-	(48,691)	-
Drilling	20,000	-	(20,000)	-
Foreign exchange	1,052	-	(1,052)	-
Fuel	3,599	-	(3,599)	-
Geological consulting	32,627	-	(32,627)	-
Office and sundry	26,989	-	(26,989)	-
Sample analysis	7,094	-	(7,094)	-
Vehicle	7,153	-	(7,153)	-
Wages	22,140	-	(22,140)	-
	208,406	-	(208,406)	-
Bonaparte Property				
Deferred exploration cost				
Company and filed cost	587	2,621	-	3,208
Total	**1,567,284**	**369,293**	**(1,933,369)**	**3,208**

4. SHARE CAPITAL

a) Authorized: an unlimited number of common and preferred shares without par value

b) Issued and outstanding:

	Shares	Amount
Common shares		
Balance, October 31, 2005	**23,407,926**	**$ 3,562,137**
Issued during the period		
For cash		
Private placement (1)	**2,357,619**	**429,917**
Exercise of stock options	**100,000**	**8,569**
Balance, April 30, 2006	**25,865,545**	**4,000,623**

(1) On February 24, 2006, the Company completed a non-brokered private placement of 2,357,619 units at CDN$0.21 per unit for gross proceeds of US$429,917. Each unit consist of one common share and one common share purchase warrant entitling the holder to subscribe for one additional common shares at a price of Cdn$0.35 for one year.

(Expressed in U.S. Dollars)

4. SHARE CAPITAL, continued

c) Stock options and share purchase warrants continuity:

The continuity of share purchase options is as follows:

	Number of Shares	Weighted Price
Balance, October 31, 2005	2,135,000	0.10
Granted – January 19, 2006	400,000	0.25
Granted – May 16, 2006	1,600,000	0.25
Balance, April 30, 2006	4,135,000	0.20
Weighted remaining life in years		4.86
Range of exercise prices		$0.10-$0.45

The continuity of share purchase warrants is as follows:

	Number of Shares	Weighted Price
Balance, October 31, 2005	9,062,619	0.33
Weighted remaining life in years		0.40
Range of exercise prices		$0.25-$0.36

d) Shares in escrow:

The Company has 2,010,962 (2004 - 2,533,333) shares held in escrow which can be released, subject to regulatory consent, on the basis of one share for each $0.22 (Cdn. $0.35) of exploration expenditures incurred on the Company's properties.

e) Stock-based compensation:

The Company expenses $94,080 (2005 – $14,611) in connection with the fair value of stock options that vested during the period ended January 31, 2006. The compensation amounts were offset to contributed surplus.

The fair value of stock options granted was estimated using the Black-Scholes Option Pricing Model with the following assumptions; risk-free interest rate - 3.5% (2005 – 3.5%); expected dividend yield – nil (2005 – nil); weighted-average expected stock price volatility – 161% (2005 – 205%); expected option life in years – 5 years (2005 – 5 years).

5. DUE TO RELATED PARTIES

As at April 30, 2006, the amount outstanding of $248,577 (2004 - $Nil) is due to a private company of which a director of the Company is a fifty percent shareholder. The amount is unsecured, bears no interest and has no fixed terms of repayment.

6. RELATED PARTY TRANSACTIONS

During the six months period Ended April 30, 2006, the Company entered into the following transactions with related parties:

a) Paid management fees, geological consulting and expense reimbursements of $20,817 (2005 - $21,069) to a corporation controlled by a director and officer of the Company.

b) Paid consulting fees and exploration expense reimbursements of $45,000 (2005 - $47,665) to another director of the Company.

c) Paid or accrued drilling expenses of $53,275 (2005 - $87,376) to a private company of which a director is a fifty percent shareholder. At April 30, 2006, the aggregate balance due to this company is $248,577.

d) Paid consulting fees and expense reimbursements of $5,202 (2005 - $14,495) to a director of the Company.

e) Paid geological consulting fees and expense reimbursements of $66,397 (2005 - $Nil) to a company controlled by a director and officer of the Company.

f) Paid consulting fee of $3,090 2005-$Nil) to a company controlled by a director and officer of the Company.

f) Paid legal Fees of $11,907 (2005-$5,804) to a firm of which the Corporate Secretary is a partner.

All these related party transactions were in the normal course of operations and are measured at fair value as determined by management.

7. SUBSEQUENT EVENTS

On June 29, 2006 the Company issued a press release announcing that it had decided to curtail investment on the Kilembe Copper-Cobalt Project in Uganda. This decision initiates the process leading to the termination of the Mineral Exploration and Feasibility Study Agreement with Kilembe Mines Ltd. and as a result all deferred mineral property and exploration costs have been charged to operations.

On June 29, 2006, the Company decided to write-down its investment in Nyanga Property.

UGANDA GOLD MINING LTD.

MANAGEMENT DISCUSSION & ANALYSIS

FORM 51-102F1

For the 3 Month Period Ending
<u>April 30, 2006</u>

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Uganda Gold Mining Ltd ("the Corporation") should be read in *conjunction with the Company's Management's Discussion and Analysis of Operating Results, the unaudited interim financial statements and the accompanying notes for the six month period ended April 30, 2006 and the audited financial statements for the year ended October 31, 2005.*

The financial information in this MD&A is derived from the Company's consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

<u>DATE OF REPORT</u>: June 29, 2006

<u>OVERVIEW</u>

Uganda Gold Mining Ltd. (the "Corporation") was incorporated on May 27, 1996 under the laws of the Province of Alberta and through its subsidiary, Nabisoga Mining Ltd. ("Nabisoga"), is in the business of the acquisition, exploration and development of mineral properties. The Company has focused primarily on properties in Uganda, Africa and in British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta and its shares are listed on the TSX Venture Exchange under the symbol UGM.

On September 27, 2004, the Company entered into a joint venture option agreement with Kilembe Mines Limited., Uganda, Africa that requires the Company to carry out mineral exploration and a positive feasibility study to be completed within three years to earn a 70% joint venture interest The Company officially took over the maintenance of the Kilembe property on February 1, 2005.

In January 2005, the Company formed a second subsidiary Company, Rwenzori Cobalt Mining Ltd. to hold its interest in and manage the Kilembe Mine project in Uganda, (refer to Mineral Properties)

Mineral Properties

Uganda, Africa

<u>Exploration Licenses</u>

The Company obtains its tenures to explore for base and precious metals in Uganda under the terms of Exploration Licenses ("ELs"), which are renewed annually subject to the Ugandan Government approval of the exploration programs carried out in the previous year. Regulatory consent is granted based on the level of Ugandan employment generated through exploration on each property.

When a significant body of mineralization is located, a mining lease of 21 years may be granted with an option to renew the lease for a further 15 years.

Kilembe Mine Property

The Company entered into an exploration and feasibility study agreement on September 27, 2004 with Kilembe Mines Limited under which it acquired the option to earn a 70% interest in the Kilembe Copper-Cobalt Mine in western Uganda and a 5 km area of interest exploration license surrounding the Mining Lease #2151. The Company is obligated to undertake a specified exploration program and complete a positive feasibility study within three years. A 70-30 joint venture would then be formed with available annual profits as defined in the agreement split initially as follows: 50% to the Company, the remaining 50% to the vendor until certain facilities and utilities charges borne by the vendor under the agreement are recouped. Once a party or the parties have recouped their eligible expenditures, the remaining profits would then be allocated to the joint venture parties based on their interests.

The Kilembe Mine, located in the foothills of Ruwenzozri Mountain of western Uganda, consists of a fully permitted Mining License 2151 and a surrounding Exploration License.

The original Falconbridge preproduction reserves in 1962 were reported as 12.7 million tones grading 2% copper and 0.2% cobalt. Falconbridge of Africa mined, milled and smelted over 16,000,000 tonnes of ore from 1962 to 1975. They produced 270,000 tonnes of blister copper at their smelter in Jinja, Uganda. Falconbridge stockpiled approximately 1,000,000 tonnes of pyrite concentrate containing 1.4% cobalt at the town of Kasese, 13 kilometers from the mine, cobalt is currently being recovered from this stockpile by the Kasese Cobalt Company Ltd. (KCCL). Falconbridge throughout its tenure at Kilembe focused on copper production and exploration for copper reserves. At times the Falconbridge operation discharged the cobalt rich pyrite concentrate along with the concentrator waste tailings leaving over 5 million of tonnes of tailings grading 0.12% cobalt and 0.18% copper.

In September 2004, Roscoe Postle Associates Inc. (“RPA”) reported on the Historical Resource on the copper-cobalt for UGM. The Historical Resource, while not NI 43-101 compliant, indicates 4.1 million tones grading 1.77% copper and an estimated 0.17% cobalt as determined by the historic mill metallurgical balance.

The underground mine workings extend some 4 kilometers horizontally and 1 kilometer vertically with over 20 kilometers of underground workings. Mining thicknesses were up to 30 meters. The mine has been under care and maintenance to the present time. The mill operated at a rate of 3000 tonnes per day. Some of the mill facilities may be salvageable.

The mine offices, including all of the mine plans from the historic operations remain in useable condition. Kilembe Mines Ltd. owns hydro electric facility that produce between 2.3 and 6.0 megawatts of electricity depending on seasonal water flows. This power is used internally by Kilembe Mines and any surplus is delivered into the national grid and sold. Revenue from the electricity has historically paid the mine maintenance costs.

The mine’s location and climate are excellent. The elevation at over 1500 meters makes for attractive living conditions. The mine is 300 km by paved highway from Kampala, the capital of Uganda. There is an airstrip at Kasese 14 km from the Kilembe minesite.

The Company initiated exploration at the Kilembe Mine as recommended on the RPA report in April using a team consisting of Canadian and Ugandan geologists along with a technical support staff conducting surface exploration and diamond drilling. The digital data base for the 15,000 meters of underground drilling carried out from 1995 to 1997 by Banff Resources together with the existing data base including the current field data is presently being compiled and computer modelled. The Company has also initiated a scoping study to evaluate all the physical assets in the Kilembe/Kasese area.

During 2005, 24 surface diamond drill holes totalling 3510 metres were completed.

Subsequent to the period ended April 30, 2006, the Company decided to curtail its investment at Klembe and thereby initiated a process that will lead to termination of the agreement. Therefore, capitalized mineral property and deferred explorations costs totalling $1,724,963 have been charged to operation.

Nyanga Property

The Company entered into an option agreement on November 24, 1999 with Shinda Ltd. ("Shinda"), a private Ugandan company controlled by a director, pursuant to which it acquired a 100% interest in an industrial minerals deposit (Tantalite), comprising one EPL and a location (license to mine) known as the Nyanga Deposit.

Under the terms of the agreement, the Company paid Shinda US$10,000 upon execution of the agreement and an additional US$70,000 was due by the third anniversary date of the agreement. This agreement was subject to a 3% Net Smelter Returns ("NSR") royalty on minerals located in the loose alluvial material found in the area subject to the EPL and a 2% NSR on hard rock deposits, where drilling and blasting would be required. During the 2001 fiscal year, Shinda agreed to waive payment of the additional US$70,000 as well as the NSRs, and accordingly the Company's option to acquire its interest was completed.

The property covers several Pegmatite bodies one of which is some 380 meters in length and some 45 to 50 meters in width. The pegmatite bodies contain varying amounts of "Rare Metals" as well as 50% bright white kaolin. The main metal of interest on the Nyanga property is Tantalum that occurs in streaks and disseminations in the central part of the pegmatite bodies. The company in the past has carried out minor diamond drilling and some underground work on the property.

The Nyanga property is in good standing until January 2008.

Subsequent to the period ended April 30, 2006, the company decided that it will not invest further in this property and therefore costs totaling $208,406 associated with this project have been charged to operation.

British Columbia, Canada

Bonaparte Property

The Company acquired six mining claims in July 2002 located approximately 45 kilometres west of the Thompson River in the Kamloops Mining Division of British Columbia, in consideration for $10 and the issuance of 50,000 common shares of the Company valued at US$3,288.

On February 21, 2003, the Company signed an option agreement with Clan Resources Inc. ("Clan") whereby Clan could have acquired a 100% interest in the property for total consideration to the Company of CDN $60,000 and 200,000 common shares of Clan. The Company received CDN$30,000 and 150,000 common shares and was notified during the current year that Clan had returned the property to the Company.

In the fall of 2003, 200 meters of mechanical trenching and 15 diamond drill holes were completed. A new quartz vein containing gold was discovered.

This property has multiple parallel gold bearing quartz veins over an exposed area of 300 meters by 300 meters. In 1995, 4,000 tons of 0.8 ozs. gold of ore was shipped to the Trail smelter from one vein. In 2005, the mining claims were converted to MTO cells and additional cells were acquired. The property is approximately 870 hectares in size.

In December 2005 the Company, added 13.4 sq. km to its mineral tenures for a total of 22.1 sq. kilometres covering the Bonaparte gold occurrences. The additional mineral tenure covers potential extensions of the gold bearing structures to the south. Historical diamond drilling has traced to the south several gold bearing quartz veins to a point where lava flows cover the veins. South of the main showings a stream silt survey program gave anomalous gold values in four creeks draining a portion of the recently acquired mineral tenure. Gold analyses of 453.8 ppb, 59.7 ppb, 118.8 ppb and 190.6 ppb were obtained. The Company intends to carry out further exploration.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles, is derived from the Company's audited financial statements for the year ended October 31, 2005, 2004 and 2003.

	2005 $	2004 $	2003 $
Total Revenues	Nil	Nil	Nil
Net loss for the period	472,487	121,748	95,619
Basic and diluted per shares	0.03	0.01	0.01
Total Assets	1,926,965	301,077	151,923
Total long term liabilities	Nil	Nil	Nil
Cash dividend	Nil	Nil	Nil

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

RESULTS OF OPERATIONS

During the period ended April 30, 2006, the Company recorded a loss of $2,143,787 or $0.09 diluted loss per share, compared to $137,056 or $0.01 diluted per share for the same period last year. The loss is due to the write-off of $ 1,933,369 of mineral and deferred exploration costs.

For the six months ended April 30, 2006 expenses increased by 54% to $210,418 from $137,056. The key increase in the expenses is stock-based compensation expenses of $94,080 (2005-$26,362) which results from the Company expensing options granted in the period ended April 30 2006.

Management fees of $20,817 (2005-$21,069) were paid to a company controlled by the President of the Company.

During the period ended April 30, 2006, the Company incurred similar levels of expenses office rent of $4,157 (2005-$3,621), transfer agent and filing fees of $11,563 (2005-11,824), consulting fees of $34,422 (2005-$33,455) and telephone of $1,964 (2005-$893).

Current liabilities are $28,424 and $248,577 is owed to related parties for a total debt of $277,001 US.

SUMMARY OF QUARTERLY REPORTS

Results for the three most recent quarters ending with the last quarter for the six months period ended April 30, 2006**:**

	Three Months Ended			
	April 30 2006 $	January 31 2006 $	October 31 2005 $	July 31 2005 $
Interest Income	1,410	3,222	1,950	1,862
Net earnings (loss)	(2,007,549)	(136.238)	(193,917)	(120,154)
Basic and diluted per shares	(0.08)	(0.01)	(0.01)	(0.01)

	Three Months Ended			
	April 30 2005 $	January 31, 2005 $	October 31, 2004 $	July 31, 2004 $
Interest Income	Nil	Nil	Nil	Nil
Net earnings (loss)	(45,279)	(91,777)	(26,119)	(40,837)
Basic and diluted per shares	(0.00)	(0.01)	(0.00)	(0.00)

Significant changes in key financial data is the recognition of stock-based compensation costs in respect of stock options granted in 2006 and the write-off of $ 1,933,369 of mineral and deferred exploration.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The continuation of the Company is dependent upon the continuing financial support of creditors and stockholders, refinancing debts payable, obtaining additional long term debt or equity financing, as well as achieving and maintaining a profitable level of operations. As the outcome of these matters cannot be predicted at this time, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's working capital position at April 30, 2006 was $38,448 compared to working capital of $73,286 at October 31, 2005.

CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements for the six months ended April 30, 2006 have been prepared according to Canadian generally accepted accounting principles. Reference should be made to Note 2 Significant Accounting Policies in the notes to the Company's annual financial statements for the year ended October 31, 2006 for more information concerning the accounting principles used in the preparation of the Company's financial statements.

Management is required to make estimates and assumptions when accounting for and reporting assets, liabilities, revenues and expenses and disclosing contingent assets and liabilities in the financial statements. Given the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

TRANSACTIONS WITH RELATED PARTIES

During the six months period Ended April 30, 2006, the Company entered into the following transactions with related parties:

a) Paid management fees, geological consulting and expense reimbursements of $20,817 (2005 - $21,069) to a corporation controlled by a director and officer of the Company.

b) Paid consulting fees and exploration expense reimbursements of $45,000 (2005 - $47,665) to another director of the Company.

c) Paid or accrued drilling expenses of $53,275 (2005 - $87,376) to a private company of which a director is a fifty percent shareholder. At April 30, 2006, the aggregate balance due to this company is $248,577.

d) Paid consulting fees and expense reimbursements of $5,202 (2005 - $14,495) to a director of the Company.

e) Paid geological consulting fees and expense reimbursements of $66,397 (2005 - $Nil) to a company controlled by a director and officer of the Company.

f) Paid consulting fee of $3,090 2005-$Nil) to a company controlled by a director and officer of the Company.

f) Paid legal Fees of $11,907 (2005-$5,804) to a firm of which the Corporate Secretary is a partner.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of current assets and current liabilities. The fair values of the current assets and liabilities approximate their carrying amounts due to the short-term nature of these instruments.

INVESTOR RELATIONS

No investor relations activities were undertaken by any third party on behalf of the Company during the period.

OUTLOOK

The Bonaparte Gold property in British Columbia and the Tantalite property in Uganda are still in the early stages of exploration and no activity is planned for the next quarter. The Company is soliciting proposals from 3rd parties to advance these projects.

The Company is actively looking to acquire additional properties particularly in East Africa using its strong base in Uganda to gain access to areas that have substantial mineral potential.

OUSTANDING SHARES

As at April 30, 2006, the Company had the following securities issued and outstanding:

Common shares outstanding as at June 28, 2006: 25,865,545

Type	Number Outstanding	Exercise Price (Cdn)	Expiry Date
Options	413,000	$0.10	February 20, 2007
Options	20,000	$0.10	March 5, 2007
Options	410,000	$0.10	June 7, 2009
Options	185,000	$0.14	November 26, 2009
Options	40,000	$0.45	February 1, 2010
Options	300,000	$0.24	January 17, 2010
Option	617,000	$0.32	March 28, 2010
Option	400,000	$0.25	January 19, 2011
Option	1,600,000	$0.25	March 16, 2011
Warrants	455,000	$0.25	August 7, 2006
Warrants	6,250,000	$0.36	May 3, 2006
Warrants	2,357,619	$0.35	February 24, 2007

DIRECTORS AND OFFICERS

Al Beaton	*Director, President*
Richard Barclay	*Director*
Michael Beley	*Director, Chairman of the Board*
Brad Jefferson	*Director*
Egil Livgard	*Director*
John Purkis	*Chief Executive Officer*
Rick Skeith	*Corporate Secretary*

OTHER REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at www.sedar.com and the Company's website.

On Behalf of the Board,

UGANDA GOLD MINING LTD

"John Purkis"	*"Kenneth W. Morgan"*
John Purkis	Kenneth W. Morgan
Chief Executive Officer	Chief Financial Officer