

DAWSON GOLD CORP.
(Formerly Uldaman Capital Corp.)

CONSOLIDATED FINANCIAL STATEMENTS
Unaudited – Prepared by Management

December 31, 2010

NOTICE TO READER

Our auditors have not reviewed these unaudited consolidated financial statements for the interim period ended December 31, 2010. Dawson Gold Corp.'s management prepared these financial statements in accordance with accounting principles generally accepted in Canada, consistent with previous quarters and years. You should read these unaudited consolidated financial statements in conjunction with the audited financial statements of 0851045 B.C. Ltd. for the year ended June 30, 2010.

DAWSON GOLD CORP.
(Formerly Uldaman Capital Corp.)
Consolidated Balance Sheets
Unaudited – Prepared by Management

		December 31, 2010	June 30 2010
	Note	\$	\$
ASSETS			
Current			
Cash		982,985	52,333
Receivables		148,942	6,728
Prepaid expenses		86,091	26,575
		1,218,018	85,636
Equipment	4	4,182	-
Mineral property interests	5	1,779,244	290,349
		3,001,444	375,985
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	96,302	21,084
Exploration advance	9	-	31,362
		96,302	52,446
SHAREHOLDERS' EQUITY			
Share capital	6	3,194,795	407,090
Subscriptions receivable	6	(15,250)	(250)
Contributed surplus		571,010	-
Deficit		(845,413)	(83,301)
		2,905,142	323,539
		3,001,444	375,985
Nature and continuance of operations	2		
Subsequent event	13		

Approved on behalf of the board of directors:

"Paul Gray"
Director

"Bijay Singh"
Director

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

DAWSON GOLD CORP.

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Consolidated Statement of Changes in Shareholders' Equity

Unaudited – Prepared by Management

		Number of	Common	Share	Contributed		Shareholders'
	Note	Shares	Shares	Subscriptions	Surplus	Deficit	Equity
			\$	Received	\$	\$	\$
				(Receivable)			
				\$			
Balance - June 30, 2010		6,604,991	407,090	(250)	-	(83,301)	323,539
Shares issued for cash	6	2,190,833	370,750	(15,000)	-	-	355,750
Finder's fee paid in shares	6	68,533	-	-	-	-	-
Share issuance costs	6	-	(11,180)	-	-	-	(11,180)
Recapitalization on reverse takeover	3	6,076,063	-	1,242,900	62,010	(103,441)	1,201,469
Shares issued for cash	6	16,578,829	2,486,824	(1,242,900)	-	-	1,243,924
Finder's fees paid in shares	6	650,533	97,580	-	-	-	97,580
Share issuance costs	6	-	(306,269)	-	35,000	-	(271,269)
Shares issued for mineral property interests	5	1,000,000	150,000	-	-	-	150,000
Stock-based compensation	7	-	-	-	474,000	-	474,000
Loss for the period		-	-	-	-	(658,671)	(658,671)
Balance - December 31, 2010		33,169,782	3,194,795	(15,250)	571,010	(845,413)	2,905,142

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

DAWSON GOLD CORP.

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Consolidated Statement of Loss and Comprehensive Loss

Unaudited – Prepared by Management

	Note	Three Months Ended December 31,		Six Months Ended December 31,	
		2010 \$	2009 \$	2010 \$	2009 \$
General and administrative expenses					
Amortization	4	169	-	339	-
Bank charges and interest		1,681	-	1,681	-
Consulting services	9	15,215	-	23,884	-
Foreign exchange loss (gain)		244	-	244	-
Investor relations		33,194	-	33,194	-
Management services	9	32,332	-	32,332	-
Professional fees		(1,394)	1,566	24,276	9,086
Property investigations		27,402	-	27,402	-
Office and administration		19,553	8,252	24,810	10,187
Rent	9	6,000	5,575	10,500	7,150
Regulatory and shareholder services		6,009	-	6,009	-
Stock-based compensation	7	474,000	-	474,000	-
		614,405	15,393	658,671	26,423
Loss for the period		(614,405)	(15,393)	(658,671)	(26,423)
Loss per share, basic and diluted		(0.03)	(0.00)	(0.04)	(0.01)
Weighted average common shares outstanding		23,590,430	4,380,066	15,026,271	3,256,699

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

DAWSON GOLD CORP.
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Consolidated Statement of Cash Flows
Unaudited – Prepared by Management

		Three Months Ended December 31,		Six Months Ended December 31,	
	Note	2010	2009	2010	2009
		\$	\$	\$	\$
Cash provided by (used in):					
Operating activities					
Loss for the period		(614,405)	(15,393)	(658,671)	(26,423)
Items not involving cash:					
Amortization	4	169	-	339	-
Stock-based compensation	7	474,000	-	474,000	-
Change in non-cash operating working capital					
Amounts receivable		(42,433)	(1,412)	(128,477)	(1,412)
Prepaid expenses		(79,785)	(4,575)	(59,516)	(4,575)
Accounts payable and accrued liabilities		(188,392)	10,481	(119,315)	12,001
		(450,846)	(10,899)	(491,640)	(20,409)
Financing activities					
Shares issued for cash, net of costs	6	1,110,032	133,320	1,439,102	223,500
Recapitalization		1,215,459	-	1,215,459	-
Loan from Dawson Gold Corp before RTO	9	2,800	-	60,823	-
		2,328,291	133,320	2,715,384	223,500
Investing activities					
Mineral property expenditures					
Exploration expenditures, net	5	(895,817)	(108,786)	(1,288,571)	(158,786)
Purchase of equipment	4	-	-	(4,521)	-
		(895,817)	(108,786)	(1,293,092)	(158,786)
Net change in cash		981,628	13,635	930,652	44,305
Cash, beginning of period		1,357	30,990	52,333	320
Cash, end of period		982,985	44,625	982,985	44,625

Supplementary cash flow information (note 10)

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

DAWSON GOLD CORP.

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Notes to the Consolidated Financial Statements

Unaudited – Prepared by Management

Six Months Ended December 31, 2010**1. BASIS OF PRESENTATION AND REVERSE TAKEOVER**

These unaudited consolidated financial statements include the accounts of Dawson Gold Corp. (“Dawson Gold”, formerly Uldaman Capital Corp.) and its subsidiary Dawson Exploration Corp. (“Dawson Exploration”, formerly 8451045 BC Ltd.). Dawson Gold and Dawson Exploration are collectively referred to as the “Company”. All intercompany transactions and accounts have been eliminated upon consolidation. Except where indicated all amounts are expressed in Canadian dollars.

On November 5, 2010 Dawson Gold completed the acquisition of all 8,864,357 outstanding common shares of Dawson Exploration, in exchange for 8,864,357 common shares of Dawson Gold. The transaction constituted a reverse take-over (“RTO”) of Dawson Gold by Dawson Exploration because control of Dawson Gold passed to the shareholders of Dawson Exploration on completion of the transaction. The net assets of Dawson Gold at the transaction date were:

Total assets	\$	1,345,679
Total liabilities		(144,209)
Net assets	\$	1,201,470

Included in Dawson Gold’s assets was \$92,185 due from Dawson Exploration to Dawson Gold (note 9).

The Company has accounted for the acquisition of the shares of Dawson Exploration as an RTO in accordance with guidance provided in Emerging Issues Committee Abstract No. 10. Dawson Gold did not qualify as a business for accounting purposes, and accordingly the transaction has been accounted for as an issuance of shares, stock options and warrants by Dawson Exploration for the net assets of Dawson Gold of \$1,201,470 (including cash and cash equivalents of \$1,215,459), accompanied by a recapitalization of Dawson Exploration.

Further to the RTO transaction described above, these consolidated financial statements as at and for the period ended December 31, 2010, reflect the assets, liabilities and results of operations of Dawson Exploration, the legal subsidiary, prior to the RTO and the consolidated assets, liabilities and results of operations of the Dawson Gold and Dawson Exploration subsequent to the RTO. The consolidated financial statements are issued under the name of the legal parent (Dawson Gold), but are considered to be a continuation of Dawson Exploration. In connection with the RTO, Dawson Gold changed its fiscal year end from April 30 to June 30, to match that of Dawson Exploration.

2. NATURE AND CONTINUANCE OF OPERATIONS

Dawson Gold was incorporated as Uldaman Capital Corp. under the Business Corporations Act in British Columbia on January 16, 2006 and changed its name to the current one in August 2010. Dawson Gold was a Capital Pool Company, as defined in the policies of the TSX Venture Exchange (“Exchange”) until the completion of the RTO described above.

In May 2010, Dawson Exploration consolidated its share capital on a 1:1.5 basis. All common share balances and per-share amounts in these financial statements have been updated to reflect the share consolidation.

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(Formerly Uldaman Capital Corp.)

Notes to the Consolidated Financial Statements

Unaudited – Prepared by Management

Six Months Ended December 31, 2010

2. NATURE AND CONTINUANCE OF OPERATIONS (continued)

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 raise adequate financing to develop its mineral properties and commence profitable operations. Further discussion of liquidity risk is disclosed in notes 11 and 12.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and are presented in Canadian dollars.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Goodwill and Intangible Assets – Section 3064; Business Combinations – Section 1582; Consolidated Financial Statements – Section 1601; and Non-Controlling Interests – Section 1602

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-Controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under international financial reporting standards (“IFRS”). Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These sections are applicable for the Company’s interim and annual financial statements for its fiscal year beginning on or after July 1, 2011. Early adoption of these Sections is permitted but all three Sections must be adopted concurrently.

4. EQUIPMENT

	Computer equipment
Cost	
At June 30, 2010	\$ -
Additions	4,521
At December 31, 2010	4,521
Accumulated Amortization	
At June 30, 2010	-
Charge for the period	339
At December 31, 2010	339
Net book value	
At June 30, 2010	-
At December 31, 2010	\$ 4,182

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Notes to the Consolidated Financial Statements

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Six Months Ended December 31, 2010**5. MINERAL PROPERTY INTERESTS**

In September 2009, the Company entered into an option agreement with Northern Freegold Resources Ltd. (“Northern Freegold”), to acquire an exclusive right to an undivided 100% interest in the Toro Project located in the Whitehorse Mining District of Yukon. The Toro Project comprises the 298 Tad / Toro claims and the 12 Nit claims. The Tad /Toro claims are subject to a 3% net smelter royalty (“NSR”), but the Company has the right to purchase one-third of this NSR for \$1,000,000. The Nit claims are subject to a 1% NSR.

The Company will earn the 100% interest by paying \$125,212 in cash and issuing 3,000,000 common shares to Northern Freegold and incurring \$3,000,000 in exploration expenditures on the properties as follows:

Date	Cash Payment	Common Shares	Expenditures
On signing	\$ 25,212	Paid -	\$ -
On January 1, 2010	25,000	Paid -	-
On completion of the RTO	-	1,000,000 issued	-
On or before:			
January 1, 2011 (paid subsequent to period-end)	25,000	750,000	350,000
January 1, 2012	25,000	1,250,000	650,000
January 1, 2013	25,000	-	1,000,000
January 1, 2014	-	-	1,000,000
	\$ 125,212	3,000,000	\$ 3,000,000

At December 31, 2010, the Company has incurred the following acquisition and deferred exploration costs:

	June 30, 2010 \$	Change \$	December 31, 2010 \$
Toro Project			
Acquisition	50,212	150,000	200,212
Exploration expenses			
Assays	-	51,389	51,389
Consulting	31,875	-	31,875
Drilling	9,886	224,021	233,907
Environmental permitting	-	569	569
Field expense	-	539,915	539,915
Geological	145,706	422,931	568,637
Filing and administrative	12,126	10,412	22,538
Shipping	-	37,086	37,086
Staking	13,910	-	13,910
Travel and accomodation	26,634	52,572	79,206
	240,137	1,338,895	1,579,032
Toro Project	290,349	1,488,895	1,779,244

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Six Months Ended December 31, 2010

6. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value

Issued share capital

33,169,782 common shares

Private placements

In October 2010, Dawson Exploration issued 1,348,333 units at a price of \$0.15 per unit for total proceeds of \$202,250. Each unit consisted of one common share and one share purchase warrant exercisable into an additional common share of the Company at a price of \$0.25 per share until October 6, 2011 and at a price of \$0.35 until April 6, 2012. The Company has not yet collected \$15,000 of the subscription amount.

Dawson Exploration also issued 842,500 flow-through shares at a price of \$0.20 per unit for total proceeds of \$168,500. There was an inconsistency between the flow-through offering term sheet, which included warrants, and the subscription agreement, which did not. The Company honoured the issuance of warrants in accordance with the term sheet, and received Exchange approval to do so.

The Company paid finder's fees of \$10,380 in cash and 68,533 common shares in connection with these share issuances.

In November 2010, the Company completed a unit financing of 16,578,829 units at a price of \$0.15 per unit for gross proceeds of \$2,486,824. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into an additional common share of the Company at \$0.25 per share until November 5, 2011 and at \$0.35 per share until May 5, 2012. In connection with the private placement, the Company paid finders' fees of \$151,886 in cash, issued 250,533 common shares, and issued 504,480 share purchase warrants exercisable until May 5, 2012 at a price of \$0.15 per share.

Other share issuances made in connection with the RTO

Pursuant to a finder's fee agreement, Dawson Exploration committed to issue 400,000 common shares, which was satisfied by the issuance of 400,000 common shares of the Company.

The Company also issued 1,000,000 common shares to Northern Freegold pursuant to the mineral property option agreement entered into by Dawson Exploration to acquire an undivided 100% interest in the Toro Project (note 5).

7. STOCK OPTIONS

The Company adopted an incentive stock option plan, which provides that the board of directors of the Company may grant non-transferable options to purchase common shares to directors, officers, employees and technical consultants. The number of options is limited to a maximum of 10% of the Company's issued common shares outstanding. Such options may be exercisable for a period of up to ten years from the date of grant and are subject to the policies of the Exchange. Options granted by the Company typically vest on issuance and have a term of five years.

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Six Months Ended December 31, 2010**7. STOCK OPTIONS (continued)**

The Company had the following stock option transactions during the six months ended December 31, 2010:

	<u>December 31, 2010</u>	
	Number	Weighted Avg. Exercise Price \$
Options outstanding, beginning of period	-	-
Options of Dawson Gold assumed on RTO (note 1)	200,000	0.25
Granted	3,160,000	0.20
Cancelled	<u>(50,000)</u>	0.30
Options outstanding, end of period	<u>3,310,000</u>	0.20
Options exercisable, end of period	<u>3,310,000</u>	0.20

Options at December 31, 2010 comprise:

Exercise Price	<u>Outstanding Options</u>		<u>Exercisable Options</u>
	Number Outstanding	Weighted Average Remaining Life (Years)	Number Exercisable
\$0.30	50,000	0.82	50,000
\$0.20	3,260,000	4.82	3,260,000
	<u>3,310,000</u>	4.76	<u>3,310,000</u>

In November 2010 the Company issued 3,160,000 options to directors, officers and contractors of the Company. The granted options are exercisable at \$0.20 for a term of five years. The Company also cancelled options to purchase up to 50,000 shares at an exercise price of \$0.30 with the consent of the option holder.

8. WARRANTS AND AGENT WARRANTS

	<u>December 31, 2010</u>	
	Number	Weighted Avg. Exercise Price \$
At June 30, 2010	1,291,667	0.25
Issued	19,274,142	0.25
Expired	-	-
Exercised	-	-
At December 31, 2010	<u>20,565,809</u>	<u>0.25</u>

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Notes to the Consolidated Financial Statements

Unaudited – Prepared by Management

Six Months Ended December 31, 2010**8. WARRANTS AND AGENT WARRANTS (continued)**

Warrants and agent warrants at December 31, 2010 comprise:

Number of Financing Warrants	Exercise Price	Expiry
1,291,667	\$ 0.25	until May 27, 2011; then from May 28, 2011 to November 27, 2011
	\$ 0.35	
2,190,833	\$ 0.25	until October 5, 2011; then from October 6, 2011 to April 5, 2012
	\$ 0.35	
16,578,829	\$ 0.25	until November 5, 2011; then from November 5, 2011 to May 5, 2012
	\$ 0.35	
<u>504,480</u>	\$ 0.15	May 5, 2012
20,565,809		

9. RELATED PARTY TRANSACTIONS

The Company and its predecessors incurred the following expenses through transactions with companies having directors in common with the Company:

Six months ended December 31, 2010

	Management Fees	Rent
Paul Gray (a)	\$ 14,000	\$ -
Michael Collins (b)	14,000	-
S2 Management Inc. (c)	7,660	-
SNJ Holdings Corp. (d)	1,735	7,500
Bijay Singh (e)	12,000	-
Northern Freegold Resources Ltd. (f)	-	2,310
Purple Fish Capital Ltd. (g)	3,500	-
	<u>\$ 52,895</u>	<u>\$ 9,810</u>

Six months ended December 31, 2009

	Management Fees	Rent
SNJ Holdings Corp. (a)	\$ 6,150	\$ 8,800
	<u>\$ 6,150</u>	<u>\$ 8,800</u>

DAWSON GOLD CORP.

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Notes to the Consolidated Financial Statements

Unaudited – Prepared by Management

Six Months Ended December 31, 2010**9. RELATED PARTY TRANSACTIONS (continued)**

- a) Paul Gray is a director and officer of the Company.
- b) Michael Collins is a director and officer of the Company.
- c) S2 Management Inc. is a company owned by the Company's CFO.
- d) SNJ Holdings Corp. is a company 50% owned by a director of the Company.
- e) Bijay Singh is a director of the Company.
- f) Northern Freegold Resources Ltd. has a director in common with the Company.
- g) Purple Fish Capital Ltd. is a company owned by a director and officer of the Company.

At December 31, 2010, the Company owed \$2,746 (June 30, 2010 - \$nil) to directors and officers of the Company.

Prior to the RTO, Dawson Gold advanced exploration monies and a loan to Dawson Exploration, which companies were related by a common director at the time. In the period from June 30, 2010 to the RTO date, Dawson Gold advanced \$60,823 to Dawson Exploration. At November 5, 2010, upon completion of the qualifying transaction the cumulative loan and exploration advances were \$92,185, but this amount is now eliminated on consolidation.

All related party transactions have been recorded at the exchange amount, which is the amount of consideration established and agreed to between the parties.

10. SUPPLEMENTARY CASH FLOW INFORMATION

	December 31, 2010 \$	December 31, 2009 \$
Cash paid for income taxes	-	-
Cash paid for interest	-	-
Non-cash investing and financing activities:		
Shares issued for mineral property	150,000	-
Finders' fees paid in units	109,360	-
Finders' warrants on private placement	35,000	-
Mineral property expenditures included in accounts payable	50,324	20,671

11. CAPITAL MANAGEMENT

Capital is comprised of the Company's share capital and any debt that it may issue. The Company considers its capital structure to include net residual equity of all assets, less liabilities. The Company's objectives when managing capital are to (i) maintain sufficient working capital to meet current financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to raise equity funding to finance its capital expenditures and acquisition activity.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic circumstances.

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Notes to the Consolidated Financial Statements

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Six Months Ended December 31, 2010

11. CAPITAL MANAGEMENT (continued)

The Company has historically issued shares through non-brokered private placements. The net proceeds received are typically only sufficient to identify and evaluate a limited number of mineral properties. Additional funds will be required to finance the Company.

The Company is not subject to externally imposed capital requirements.

12. FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account, which balance was \$982,985 at December 31, 2010. The bank account is held with a major Canadian chartered bank. The Company's secondary exposure to credit risk is on its receivables, however, this risk is minimal as receivables consist primarily of refundable government sales taxes.

Currency Risk

At December 31, 2010, the Company operated solely in Canada and therefore was not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company is not exposed to interest rate risk.

Liquidity and Funding Risks

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. Funding risk is the risk that market conditions will impact the Company's ability to raise capital through equity markets under acceptable terms and conditions. Under current market conditions, both liquidity and funding risks are high.

13. SUBSEQUENT EVENT

The Company issued 750,000 shares and paid \$25,000 to Northern Freegold in accordance with the terms of its option agreement.