



Golden Predator Mines Inc.
(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

Golden Predator Mines Inc.
(An Exploration Stage Company)
INTERIM CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
As at March 31, 2008
(Unaudited)

	March 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,942,556	\$ 24,583,594
Marketable Securities	2,854,003	789,130
Receivables	502,897	215,063
Reclamation bonds (Note 5)	1,069,718	1,011,646
Prepaid expenses and deposits	1,305,808	374,597
	<u>23,674,982</u>	<u>26,974,030</u>
LOANS RECEIVABLE (Note 4)	176,936	4,125,576
RECLAMATION BONDS (Note 5)	324,158	92,248
PROPERTY, PLANT AND EQUIPMENT (Note 6)	10,437,990	9,651,636
MINERAL INTERESTS (Note 7)	28,522,020	16,449,810
	<u>\$ 63,136,086</u>	<u>\$ 57,293,300</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,686,936	\$ 3,135,251
Convertible debentures (Note 8)	2,405,928	2,312,772
Asset retirement obligation (Note 9)	875,165	870,511
	<u>5,968,029</u>	<u>6,318,534</u>
FUTURE INCOME TAXES (Note 10)	3,847,882	2,545,451
	<u>9,815,911</u>	<u>8,863,985</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 11)	53,028,288	43,144,926
SPECIAL WARRANTS (Note 12)	7,410,000	7,610,000
SUBSCRIPTIONS RECEIVED IN ADVANCE	-	3,620,000
CONTRIBUTED SURPLUS (Note 11)	1,522,542	588,562
DEFICIT	(8,640,655)	(6,534,173)
	<u>53,320,175</u>	<u>48,429,315</u>
	<u>\$ 63,091,286</u>	<u>\$ 57,293,300</u>

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION (Note 1)
 COMMITMENTS AND CONTINGENCY (Note 15)
 SUBSEQUENT EVENTS (Note 17)

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

Golden Predator Mines Inc.

(An Exploration Stage Company)

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months ended March 31, 2008	Three months ended March 31, 2007
EXPENSES		
Accounting and audit	\$ 126,545	\$ 17,375
Advertising and promotion	7,032	-
Amortization	66,630	4,827
Automobile	84,908	17,921
Bank charges and interest	252,144	123,297
Consultants	155,342	73,057
Filing and regulatory fees	15,119	265
Insurance	78,523	-
Legal fees	163,228	11,378
Mapping	28,819	8,813
Miscellaneous	1,591	1,901
Office expenses	85,479	9,763
Plant supplies	60,990	-
Rent	21,407	5,422
Repairs and maintenance	33,797	5,329
Safety and security	43,055	133,798
Salaries and benefits	1,183,167	94,774
Stock based compensation	790,963	-
Telephone	22,540	9,089
Travel and entertainment	71,976	52,379
Utilities	90,980	14,054
	<u>3,386,235</u>	<u>583,440</u>
OTHER ITEMS		
Foreign exchange gain (loss)	60,139	37,344
Other income	302,358	-
Interest income	213,893	49,973
Gain on disposal of mineral property	1,906,594	-
Unrealized loss in marketable securities	(1,203,231)	-
	<u>1,279,753</u>	<u>87,317</u>
LOSS BEFORE INCOME TAXES	<u>(2,106,482)</u>	<u>(496,123)</u>
FUTURE INCOME TAX RECOVERY (Note 10)	<u>-</u>	<u>-</u>
LOSS and COMPREHENSIVE LOSS FOR THE PERIOD	<u>(2,106,482)</u>	<u>(496,123)</u>
DEFICIT, beginning of period	<u>(6,534,173)</u>	<u>(3,059,203)</u>
DEFICIT, end of period	<u>\$ (8,640,655)</u>	<u>\$ (3,555,326)</u>
BASIC AND DILUTED LOSS PER COMMON SHARE	<u>\$ (0.11)</u>	<u>\$ (0.39)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>20,696,949</u>	<u>1,273,973</u>

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

Golden Predator Mines Inc.
(An Exploration Stage Company)
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three months ended March 31, 2008	Three months ended March 31, 2007
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Loss for the period	\$ (2,106,482)	\$ (496,123)
Items not affecting cash:		
Amortization	66,630	4,827
Unrealized foreign exchange	(85,655)	(40,806)
Stock-based compensation	790,963	-
Unrealized loss on marketable securities	1,211,067	-
Gain on disposal of mineral property	(1,906,594)	-
Changes in non-cash working capital items:		
Increase in receivables	(291,626)	(16,860)
Increase in prepaid expenses	(928,637)	(130,461)
Asset retirement expenditures	(29,557)	-
Increase in accounts payable and accrued liabilities	(552,042)	(116,337)
	<u>(3,831,933)</u>	<u>(795,759)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash acquired from Subsidiary	740,385	-
Employee loan repayment	1,044	-
Reclamation bonds	(221,800)	-
Purchase of property, plant and equipment	(851,520)	(278,796)
Proceeds on sale of property, plant and equipment	-	-
Purchase of marketable securities, net of proceeds on sale	(1,186,867)	-
Additions to unproven mineral interests	(3,253,709)	(116,710)
	<u>(4,772,467)</u>	<u>(395,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common stock issued	5,645,000	-
Conversion of Subscription Receipts into Common Stock	(3,620,000)	-
Special warrants	-	-
Share issuance costs	(61,638)	(72,759)
	<u>1,963,362</u>	<u>(72,759)</u>
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		
	(6,641,038)	(1,264,025)
CASH AND CASH EQUIVALENTS, beginning of period	<u>24,583,594</u>	<u>3,717,004</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 17,942,556</u>	<u>\$ 2,452,979</u>
CASH AND CASH EQUIVALENTS consist of:		
Cash	\$ 3,650,406	\$ 479,817
Banker's Acceptance	<u>14,292,150</u>	<u>2,023,162</u>
	<u>\$ 17,942,556</u>	<u>\$ 2,452,979</u>

Supplemental disclosure with respect to cash flows (Note 14)

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

Golden Predator Mines Inc.

(An Exploration Stage Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Expressed in Canadian Dollars)

(Unaudited)

1. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

These interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. They do not include all the disclosures as required for annual financial statements under generally accepted accounting principles. These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements which are available through the Internet on SEDAR at www.sedar.com.

Operating results for the three month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements with the exception of the following:

Effective January 1, 2008, the Company adopted the following accounting standards updates issued by the Canadian Institute of Chartered Accountants ("CICA"). These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

(a) Accounting Changes (Section 1506)

This standard establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and correction of errors. As a result, changes in accounting policies are only permitted when required by a primary source of GAAP or when the change will result in more reliable and more relevant information.

(b) Capital Disclosures (Section 1535)

This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such noncompliance.

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products commensurately with the level of risk.

The Company considers the items included in the consolidated statement of shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

(c) Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)

These standards replace CICA 3861, Financial Instruments – Disclosure and Presentation. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company's credit risk is primarily attributable to cash equivalents, receivables, and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash equivalent consist of banker's acceptances, which management believes the risk of loss to be remote. Receivables mainly consist of one large receivable from a single vendor of which the company has received the funds subsequent to March 31, 2008 and the remainder the receivables are interest receivable from the banker's acceptances and goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to receivables is remote. Reclamation bond consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2008, the Company had a cash balance of \$17,942,556 (2007 - \$24,583,594) to settle current liabilities of \$2,686,936 (2007 - \$3,135,251). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

(a) Interest rate risk

The Company has cash balances, banker's acceptances, guaranteed investment certificates, and convertible debenture. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. Further, the Company is currently in negotiation to convert the convertible debenture into shares of the Company. The Company also periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in US dollars. The Company funds certain operations, exploration and administrative expenses in the US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis

The Company has designated its cash and cash equivalents and marketable securities as held-for-trading, which are measured at fair value. Receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost. As of March 31, 2008, the carrying amount of the Company's financial instruments equals fair market value.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by interest rate risk, foreign currency risk and price risk within the next three months. In particular, interest rate risk is remote as the interest rates on the Company's short-term investments are fixed with an interest rate range between 2.00% to 3.77% with maturity dates greater than three months. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk. In addition, price risk is remote since the Company is not a producing entity.

3. ACQUISITION OF SUBSIDIARY

Gold Standard Royalty Corporation

On March 19, 2008, the Company acquired all of the issued and outstanding shares of Gold Standard Royalty Corporation ("GSR") a privately held company incorporated in Nevada, USA on the basis of 1 common share of the Company for every 7.317 common share of GSR. The acquisition is accounted for using the purchase method.

The cost of acquisition was \$4,243,017 consisting of the issuance of 2,050,000 common shares with a fair value of \$4,100,000, and stock options allowing the holders to acquire 168,334 common shares, of which the fair value is \$143,017. GSR's operating results were recognized in the consolidated statement of operations beginning on March 19, 2008, the effective date of the acquisition.

The allocation of the purchase cost to GSR's assets and liabilities is as follows:

Cash	\$	740,385
Receivables		1,012
Prepaid Expenses		2,574
Capital Assets		1,465
Mineral Properties		8,961,908
Accounts Payable		(103,727)
Loan Payable (Note 4)		(4,111,600)
Future Income Taxes		<u>(1,249,000)</u>
Total Consideration	\$	<u>4,243,017</u>

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(Unaudited)

4. LOANS RECEIVABLE

	March 31, 2008	December 31, 2007
Loan receivable from an employee, bearing interest at 5.75% per annum, maturing December 12, 2012, repayable in monthly installments of US\$1,042 including principal and interest, secured by domestic real estate.	\$ 173,936	\$ 173,176
Loan receivable of USD\$4,000,000 from GSR eliminated upon acquisition (Note 3)	-	3,952,400
Total loans receivable	\$ 173,936	\$ 4,125,576

5. RECLAMATION BONDS

	March 31, 2008	December 31, 2007
Springer Mining Property	\$ 1,069,718	\$ 1,011,646
Other properties	324,158	92,248
Total reclamation bonds	1,393,846	1,103,894
Less: current portion	(1,069,718)	(1,011,646)
	\$ 324,158	\$ 92,248

The reclamation bonds of US\$1,330,095 (2007 – US\$1,117,188) are held as security for the estimated cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the bonds will be returned to the Company.

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6. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2008			December 31, 2007		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
Land	296,000	-	296,000	296,000	-	296,000
Plant and equipment	9,291,158	-	9,291,158	8,670,124	-	8,670,124
Building	117,517	612	116,905			
Automobiles	236,518	67,500	169,018	151,616	50,981	100,635
Computer equipment	307,851	107,772	200,079	265,040	85,289	179,751
Small tools and equipment	311,561	99,086	212,475	366,359	82,398	283,961
Office equipment	173,092	34,477	138,615	130,560	26,112	104,448
Leasehold improvements	19,838	6,098	13,740	19,838	3,121	16,717
	<u>10,753,535</u>	<u>315,545</u>	<u>10,437,990</u>	<u>9,899,537</u>	<u>247,901</u>	<u>9,651,636</u>

The plant and equipment is currently not in use and accordingly is not being amortized.

Golden Predator Mines Inc.

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(Expressed in Canadian Dollars)

(Unaudited)

7. UNPROVEN MINERAL INTERESTS

March 31, 2008	Gold Standard Royalties properties	Great American Minerals properties	Springer Mining property	Quincy and other properties	Total
Acquisition costs					
Balance, January 1, 2008	\$ -	\$ 10,973,502	\$ 1,091,820	\$ 1,574,260	\$ 13,639,582
Additions	8,961,908	-	-	2,174,921	11,136,829
Disposition	-	-	-	(143,406)	(143,406)
Written-off	-	-	-	-	-
Balance, March 31, 2008	8,961,908	10,973,502	1,091,820	3,605,775	24,633,005
Deferred exploration costs					
Balance, January 1, 2008	-	-	1,118,337	1,691,891	2,810,228
Additions					
Advance Royalty	-	-	-	100,110	100,110
BLM/Other	-	11,920	3,868	27,213	43,001
Consultant	-	-	40,342	8,162	48,504
Drilling	-	-	413,421	227,882	641,303
Geochemistry	-	-	3,710	6,818	10,528
Lease Payments	-	7,078	-	10,792	17,870
Permitting	-	-	7,140	280	7,420
Property Development	-	-	152,289	-	152,289
Staking	-	17,761	-	26,743	44,504
Reconnaissance	-	-	-	3,057	3,057
Underground	-	-	10,201	-	10,201
Written-off	-	36,759	1,749,308	2,102,948	3,889,015
Balance, March 31, 2008	-	36,759	1,749,308	2,102,948	3,889,015
Total costs	\$ 8,961,908	\$ 11,010,261	\$ 2,841,128	\$ 5,708,723	\$ 28,522,020

Golden Predator Mines Inc.

(An Exploration Stage Company)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008

(Expressed in Canadian Dollars)

(Unaudited)

7. UNPROVEN MINERAL INTERESTS (cont'd...)

December 31, 2007	Great American Minerals properties	Springer Mining property	Quincy and other properties	Total
Acquisition costs				
Balance, January 1, 2007	\$ -	\$ 1,091,820	\$ 916,000	\$ 2,007,820
Additions	10,973,502	-	833,260	11,806,762
Written-off	-	-	(175,000)	(175,000)
Balance, December 31, 2007	10,973,502	1,091,820	1,574,260	13,639,582
Deferred exploration costs				
Balance, January 1, 2007	-	-	156,286	156,286
Additions				
Advance Royalty	-	-	71,318	71,318
BLM/Other	-	92,526	757,748	850,274
Consultant	-	191,721	48,684	240,405
Drilling	-	774,846	113,252	888,098
Geochemistry	-	2,838	8,294	11,132
Exploration advances	-	-	458,000	458,000
Lease Payments	-	-	9,999	9,999
Permitting	-	32,994	27,071	60,065
Property Development	-	23,412	12,586	35,998
Staking	-	-	165,244	165,244
Reconnaissance	-	-	2,679	2,679
Written-off	-	1,118,337	1,831,161	2,949,498
Balance, December 31, 2007	-	1,118,337	1,691,891	2,810,228
Total costs	\$ 10,973,502	\$ 2,210,157	\$ 3,266,151	\$ 16,449,810

Golden Predator Mines Inc.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

(Unaudited)

7. UNPROVEN MINERAL INTERESTS (cont'd...)

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral property interests. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its properties are in good standing.

a) Quincy properties

On September 5, 2006, the Company purchased unproven mineral interests and a database from Quincy Energy Corp. ("Quincy") for a note payable of \$916,000. As the Company and Quincy were related parties, the unproven mineral interests acquired were accounted for at Quincy's predecessor cost.

The properties are summarized as follows:

Silverbow

Pursuant to a mineral lease agreement on claims located in Nye County, Nevada, the Company paid an advance royalty payment of US\$40,000 during fiscal 2007 and is required to pay US\$50,000 each subsequent year. The property is subject to a 3% Net Smelter Returns royalty ("NSR"). The Company may repurchase 2/3 of the NSR for US\$1,500,000 and the final 1/3 for US\$2,000,000.

Lantern

Pursuant to a mineral lease agreement on claims located in Pershing County, Nevada, the Company is required to incur annual exploration expenditures of US\$50,000 to July, 2012, increased to US\$100,000 per year thereafter. The property is subject to a 3% NSR.

The lessor has the right to back into a 51% interest in the property in exchange for reimbursing the Company for 50% of its exploration expenditures and incurring additional expenditures equal to 200% of the expenditures incurred by the Company.

Lantern (Sheriff Lease)

Pursuant to a mineral lease agreement with a director of the Company on claims located in Pershing County, Nevada, the Company is required to incur annual exploration expenditures of US\$50,000 to December, 2012, increased to US\$100,000 per year thereafter. Should the Company fail to incur the annual exploration expenditure, the Company is required to pay 150% of the shortfall to the director. The property is subject to a NSR ranging from 2% to 4% dependant on the price of gold or the type of mineral recovered.

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(Expressed in Canadian Dollars)

(Unaudited)

7. UNPROVEN MINERAL INTERESTS (cont'd...)

Quartz Mountain

The Company has an option to acquire a 50% interest in certain claims located in Lake County, Oregon. To earn its interest the Company is required to incur exploration expenditures of US\$1,000,000 by October, 2008 and issue common shares on completion. The property is subject to a 1% NSR.

Rattlesnake & Lewiston

i) Rattlesnake

Pursuant to an amended option agreement to acquire a 100% interest in certain claims located in Natrona County, Wyoming, the Company is required to incur cumulative exploration expenditures of US\$1,000,000 by August, 2008, increased to US\$2,000,000 by August, 2009 and US\$5,000,000 by August, 2010. The property is subject to an NSR ranging from 3% to 4%. Subsequent to December 31, 2007, the Company granted an option to acquire its 100% interest in the claims in exchange for 3,000,000 common shares of the optionee over three years and the cumulative exploration expenditures identified above.

ii) Lewiston

Pursuant to an option agreement to acquire a 100% interest in claims located in Fremont County, Wyoming, the Company is required to incur exploration expenditures of US\$250,000 by August, 2008, increased to a cumulative total of US\$500,000 by August, 2009. The property is subject to a 3% NSR.

Upon satisfaction of the exploration expenditure requirements on the Rattlesnake and Lewiston properties, the Company is also required to issue additional common shares or, at the election of the optionor, the cash equivalent value.

b) Springer Mining property

On November 21, 2006, the Company acquired all outstanding and issued shares of Springer. Included in the assets of Springer are the Springer Mine and Mill located in Pershing County, Nevada.

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7. UNPROVEN MINERAL INTERESTS (cont'd...)

c) Great American Minerals properties

During fiscal, 2007, the Company acquired 71% of all outstanding and issued shares of GAM. Included in the assets of GAM are mineral properties as follows:

Phoenix JV

The Company has a 40% participating interest in a joint exploration and development project on claims located in Ladner County, Nevada. In order to maintain its interest, the Company is required to fund 40% of the exploration expenditures. The property is subject to annual advanced minimum royalty payments of US\$60,000 and a 5% gross royalty on gold and silver produced and a 4% NSR on all other metals. These royalties can be purchased for US\$4,000,000 for a period of one year, increasing by US\$500,000 per year for a period of 35 years.

High Grade Project

Pursuant to a lease option agreement on claims located in Modoc County, California, the Company is required to pay an annual lease payment due July 31st of \$25,000 to maintain this agreement. The agreement entails that the Company have the option to purchase the property for \$500,000, less advanced royalty payments previously paid, and includes a 2% NSR retained by the owners.

Treasure Hill

On March 21, 2008, the Company acquired a 50% interest in the Treasure Hill property and a 100% interest in the Mina Gold property, from Century Gold LLC for cash consideration of \$1,679,865. The Treasure Hill property is subject to a 2% NSR in favor of the vendor.

Other

The Company acquired various other mineral property interests requiring annual exploration expenditures, however, the Company has underfunded these commitments and is in negotiations with the optionors.

d) Gold Standard Royalty Corporation

Tonkin Springs Project

Pursuant to a mineral lease agreement of which the Trust will receive 70%, the lessee is required to pay a GSR on gold production of 5%, subject to a minimum annual advance royalty payment of the greater of \$150,000 or the USD equivalent of 455 ounces of gold. The lessee is also required to pay a 2% GSR on any other product recovered and incur minimum annual work expenditures of the greater of \$300,000 or the USD equivalent of 909 ounces of gold. A 1% NSR exists on 10 claims included in the Tonkin Springs Project.

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7. UNPROVEN MINERAL INTERESTS (cont'd...)

d) Gold Standard Royalty Corporation (Cont'd)

Pan Project

Pursuant to a mineral lease agreement, the lessee is required to pay a GSR of 2.5% to 4%, depending on the price of gold, subject to a minimum annual advance royalty payment of the greater of \$60,000 or the USD equivalent of 174 ounces of gold. The lessee is also required to pay a 2% GSR on any other product recovered and incur minimum annual work expenditures of \$65,000.

Other

The Company acquired various other mineral property interests and has leased the properties to various companies with annual advance royalty payments and required annual exploration expenditures.

e) Other interests

Fostung option agreement

The Company entered into an option to acquire up to a 100% interest in certain claims located in Foster Township, Ontario subject to a 2% NSR. The optionor has a right to back-in and retain a 30% interest once the Company has earned a 70% interest. In order to earn a 50% interest, the Company is required to incur staged exploration expenditures totaling \$4,000,000 to fiscal 2012. To earn an additional 20% interest, the Company is required to incur additional expenditures totaling \$2,500,000 to fiscal 2022 and complete a bankable feasibility study.

Staked Claims

The Company also acquired staked mining claims located in Humboldt County and Nye County, Nevada. As these are staked claims, there are no contractual obligations.

Nevada option agreements

The Company has entered into option agreements to acquire certain properties (Buena Vista, French Boy, Dyke Canyon, NWT, and WO Claims) located in Nevada. The Company is required to pay annual advanced royalty payments of US\$100,000 during fiscal 2008, with the annual advance royalty increasing in stages to US\$250,000 for fiscal 2013 and each year thereafter. The agreements also require annual exploration expenditures of US\$115,000 during fiscal 2009, increasing in stages to cumulative exploration expenditures of US\$880,000 by fiscal 2012. The properties are subject to NSRs ranging from 2% to 5%.

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8. CONVERTIBLE DEBENTURES

	March 31, 2008	December 31, 2007
Convertible Debentures	\$ 2,405,928	\$ 2,312,772

Prior to acquisition by the Company, GAM issued a USD\$2,340,625 convertible secured debenture maturing three years from issuance. The debenture is secured against all assets of GAM and it bears 8% interest payable annually. The debenture also bears additional interests and penalties and is presented as a current liability as a result of a breach of various covenants prior to acquisition by the Company.

The debentures are convertible into GAM shares at \$2.00 per share. Attached to each debenture is a quarter share purchase warrant at an exercise price of \$2.50 each for one GAM share which are convertible into share of the company at the 6.1538 exchange ratio. Management is currently negotiating the conversions of these debentures.

9. ASSET RETIREMENT OBLIGATION

	March 31, 2008	December 31, 2007
Balance, beginning of the period	\$ 870,511	\$ 1,127,324
Liabilities assumed on acquisition of property	-	3,900
Unrealized foreign exchange (gain)/loss	34,211	(166,712)
Reclamation work performed during the period	<u>(29,557)</u>	<u>(94,001)</u>
Balance, end of period	\$ 875,165	\$ 870,511

The amount represents an estimate of costs for the reclamation of Springer's mine openings. The Company is required to complete the reclamation work on the Springer mine openings by June, 2008.

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10. FUTURE INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	3 Months Ended, March 31, 2008	3 Months Ended, March 31, 2007
Loss before income taxes	\$ (2,106,482)	\$ (496,123)
Expected income tax recovery	-	-
Write-off of exploration	-	-
Stock-based compensation	(790,963)	-
Other items	1,143,092	37,344
	(1,754,353)	(458,779)
Unrecognized benefit of non-capital losses	1,754,353	458,779
Income tax recovery	\$ -	\$ -

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	March 31, 2008	December 31, 2007
Future income tax assets		
Losses available for future periods	\$ 3,700,586	\$ 3,655,311
Share issuance costs	27,512	241,072
Future income tax liabilities:		
Property, plant and equipment	(7,925,658)	(5,881,183)
	(4,197,560)	(1,984,800)
Valuation allowance	349,678	(560,651)
Net future income tax liability	\$ (3,847,882)	\$ (2,545,451)

At March 31, 2008, the Company has Canadian non-capital loss carry forwards of approximately \$1,600,000 and United States' operating losses of approximately \$10,000,000. The Canadian non-capital loss carry forwards and United States' operating losses expire at various dates from 2024 to 2028. The potential income tax benefits related to the Canadian loss carry forwards and certain of the United States' operating losses have not been reflected in the accounts.

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11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized:

Unlimited number of common shares without par value

	Number of Shares	Share Capital	Contributed Surplus
Issued:			
Balance, as at July 17, 2006	-	\$ -	\$ -
Common shares issued for cash	5,000,000	3,500,000	-
Balance, December 31, 2006	5,000,000	3,500,000	-
For mineral properties	100,000	100,000	-
Stock based compensation	40,000	40,000	489,562
Share issuance costs			
Broker's fee	-	(1,215,074)	99,000
Shares issued	100,000	100,000	-
Exercise of share purchase warrants	50,000	75,000	-
Conversion of Special Warrants	5,390,000	5,390,000	-
Issuance of shares – private placement	17,577,500	35,155,000	-
Balance, December 31, 2007	28,257,500	\$ 43,144,926	\$ 588,562
Issuance of shares – private placement	2,822,500	5,645,000	-
Share issuance costs (Broker's fee)	-	(61,638)	-
Stock based compensation	-	-	790,963
Conversion of Special Warrants	200,000	200,000	-
Acquisition of Gold Standard Royalty Corp	2,050,000	4,100,000	143,017
Balance, March 31, 2008	33,330,000	\$ 53,028,288	\$ 1,522,542

During December 2006, the Company issued 5,000,000 common shares at \$ 0.70 per share to EMC for cash proceeds of \$ 3,500,000.

The Company issued 5,390,000 common shares pursuant to the conversion of special warrants (Note 12). The Company paid \$1,016,074 and issued 100,000 common shares valued at \$100,000 as issuance costs and finders fees. The Company also granted warrants to acquire 300,000 common shares exercisable at \$1.50 expiring September 22, 2008. The warrants were valued at \$99,000 with the Black-Scholes option pricing model using an expected volatility of 115%, life of one year, a risk free interest rate of 4% and dividend yield of 0%.

During November 2007, the Company completed private placements consisting of 17,577,500 units at \$2.00 per unit for proceeds of \$35,155,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at \$3.00 for a period of 12 months following the closing of the placement.

During January 2008, the Company completed another private placements consisting of 2,822,500 units at \$2.00 per unit for proceeds of \$5,645,000. Each unit consisted of one common share and one half of one

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

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common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at \$3.00 for a period of 12 months following the closing of the placement.

On March 19, 2008, the Company executed the share exchange agreement and issued 2,050,000 common shares in consideration for all the issued and outstanding shares of GSR Note 3.

Stock Options and warrants

The Company established a stock option plan (the "Plan") under which it is authorized to grant options to executive officers and directors, employees and consultants and the number of options granted under the Plan shall not exceed 15% of the shares outstanding. Under the Plan, the exercise period of the options may not exceed five years from the date of grant and vesting is determined by the Board of Directors.

Stock options and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Outstanding, December 31, 2006	-	-	-	-
Granted	-	-	2,797,500	1.00
Issuance of Broker Warrants	300,000	1.50	-	-
Conversion of Special Warrants	5,390,000	1.50	-	-
Issuance of Warrants (Private Placement)	8,788,750	3.00	-	-
Exercised	(50,000)	1.50	-	-
Outstanding, December 31, 2007	14,428,750	2.41	2,797,500	1.00
Conversion of Special Warrants	200,000	1.50	-	-
Issuance of Warrants (Private Placement)	1,411,250	3.00	-	-
Granted	-	-	1,235,000	2.00
Acquisition of GSR	-	-	168,334	1.63
Outstanding, March 31, 2008	16,040,000	2.45	4,200,834	1.32
Number currently exercisable	16,040,000	2.45	2,072,709	1.06

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11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

Stock Options and warrants (cont'd...)

As at March 31, 2008, incentive stock options and share purchase warrants were outstanding as follows:

	Number of shares	Exercise Price	Expiry Date
Options	2,385,000	\$ 1.00	July 19, 2012
	412,500	1.00	October 4, 2012
	950,000	2.00	February 13, 2013
	285,000	2.00	March 4, 2013
	100,000	2.00	March 4, 2009
	<u>68,334</u>	1.10	March 19, 2009
	<u>4,200,834</u>		
Warrants	300,000	1.50	September 22, 2008
	4,055,000	1.50	July 6, 2008
	575,000	1.50	August 15, 2008
	660,000	1.50	August 30, 2008
	3,493,500	3.00	November 19, 2008
	2,875,250	3.00	November 21, 2008
	2,420,000	3.00	November 28, 2008
	200,000	1.50	August 15, 2008
<u>1,411,250</u>	3.00	January 7, 2009	
	<u>16,040,000</u>		

Stock-based compensation

During the first three months in 2008, the Company recognized stock based compensation of \$790,963 in the statement of operations as a result of shares for services and incentive stock options granted and vested. The weighted average fair value of options granted was \$1.21 per share.

The fair value of all compensatory options and warrants granted is estimated on grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

	<u>2008</u>
Risk-free interest rate	4%
Expected life	3 years
Volatility	93.49%
Dividend rate	0.00%

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12. SPECIAL WARRANTS

During fiscal 2007, the Company issued 13,000,000 special warrants at \$1.00 per special warrant for proceeds of \$13,000,000. Each special warrant is convertible, at no additional consideration, into a unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at \$1.50 per share for a period of one year. 7,030,000 special warrants are automatically converted into a unit on the earlier of (1) three days following listing of the common share of the Company for trading and (2) one year from issuance of the special warrant. A further 5,970,000 special warrants are converted into a unit on the earlier of (1) five days following listing of the common share of the Company for trading and (2) one year from issuance of the special warrant (Note 17).

During fiscal 2007, holders of 5,390,000 special warrants elected to convert into units resulting in the issuance of 5,390,000 common shares and warrants to acquire an additional 5,390,000 common shares (Note 11), resulting 7,610,000 special warrants remained outstanding at December 31, 2007.

During the first three months of 2008, 200,000 special warrants were converted into units resulting in the issuance of 200,000 common shares and warrants to acquire an additional 200,000 common shares (Note 11), resulting 7,410,000 special warrants remained outstanding at March 31, 2008.

13. SEGMENTED INFORMATION

The Company's capital assets are located in the United States and Canada and its geographic information is as follows:

Canada	\$	156,107
United States		<u>38,803,903</u>
	\$	<u>38,960,010</u>

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

		3 months ended, March 31 2008	Year ended December 31, 2007
Cash paid during the period for interest	\$	-	\$ 234,000
Cash paid during the period for income taxes	\$	-	\$ -

The significant non cash transactions during the three months ended March 31, 2008 included:

- Issued 2,050,000 common shares valued at \$4,100,000 for the acquisition of Gold Standard Royalty Corp.
- Issued 200,000 units on conversion of special warrants. Each unit consists of one common share and one warrant to acquire one additional common share for \$1.50 for one year.
- Received \$2,050,000 of marketable securities for the disposition of mineral property.

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14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

The significant non cash transactions during the year ended December 31, 2007 included:

- a) Issuing 100,000 common shares valued at \$100,000 for the acquisition of mineral property interests.
- b) Issuing 5,390,000 common shares on conversion of special warrants of \$5,390,000.
- c) Issuing 100,000 common shares valued at \$100,000 and warrants to acquire 300,000 common shares valued at \$99,000 as share issuance costs.

15. COMMITMENTS AND CONTINGENCY

Commitments

The Company has entered into operating lease agreements for automobiles and office premises with the following annual lease commitment:

2009	\$	108,119
2010		102,440
2011		92,251
2012		<u>22,763</u>
	\$	<u>325,573</u>

The Company entered into a management services agreement with a corporation controlled by an officer under which the Company is obligated to pay \$ 110,796 per year for two years ending on December 31, 2009.

Contingency

As at October 10, 2007, three persons have requested payment of unpaid wages, severance amounts and health benefits from Great American Minerals Inc. Currently, the Company is under negotiations with the claimants and has recorded a provision for the amount owing in respect of this claim.

16. RELATED PARTY TRANSACTION

In the First Quarter, the Company paid an amount of \$27,000 (2007 – nil) to Mr. William Sheriff President and Chief Executive Officer of the Company.

This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed

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17. SUBSEQUENT EVENTS

Subsequent to March 31, 2008, the Company:

- i) Issued 67,000 common shares for the conversion of 67,000 share purchase warrants for \$1.50 a share.
- ii) Issued 110,000 common shares for the acquisition of mineral properties.
- iii) Issued 10,000 common shares from the exercise of 10,000 options at \$1.0975 USD per share.
- iv) Granted options to acquire 714,000 common shares exercisable at \$2.15 expiring May 13, 2013
- v) On April 22, 2008, the Company acquired the remaining 29% of GAM in a share exchange arrangement, whereby, the Company issued 1,655,183 shares with deemed value of \$2.00 for a total consideration of \$3,310,366.
- vi) On April 24, 2008, the company was listed on Toronto Stock Exchange.
- vii) On April 23, 2008, 2,100,000 special warrants were automatically converted into one common share and one common share purchase warrant for each special warrant. Each warrant entitles the holder to acquire one additional common share at \$1.50 per share expiring on a prescribed dates between July 6, 2008 to October 4, 2008.
- viii) On April 25, 2008, 5,310,000 special warrants were automatically converted into one common share and one common share purchase warrant for each special warrant. Each warrant entitles the holder to acquire one additional common share at \$1.50 per share expiring on August 30, 2008.