



**Golden Predator Mines Inc.**  
(An Exploration Stage Company)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**June 30, 2008**

**Golden Predator Mines Inc.**  
**(An Exploration Stage Company)**  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
**(Expressed in Canadian Dollars)**  
**As at June 30, 2008**  
**(Unaudited)**

	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 10,103,321	\$ 24,583,594
Marketable Securities	3,863,510	789,130
Receivables	355,379	215,063
Reclamation bonds (Note 5)	493,420	1,011,646
Prepaid expenses and deposits	803,394	374,597
	<u>15,619,024</u>	<u>26,974,030</u>
LOANS RECEIVABLE (Note 4)	172,150	4,125,576
RECLAMATION BONDS (Note 5)	314,730	92,248
PROPERTY, PLANT AND EQUIPMENT (Note 6)	17,482,996	9,651,636
MINERAL INTERESTS (Note 7)	<u>37,866,072</u>	<u>16,449,810</u>
	<u>\$ 71,454,972</u>	<u>\$ 57,293,300</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 4,418,333	\$ 3,135,251
Convertible debenture (Note 8)	2,384,160	2,312,772
Asset retirement obligation (Note 9)	750,355	870,511
	<u>7,552,848</u>	<u>6,318,534</u>
FUTURE INCOME TAXES	<u>4,326,741</u>	<u>2,545,451</u>
	<u>11,879,589</u>	<u>8,863,985</u>
<b>SHAREHOLDER'S EQUITY</b>		
SHARE CAPITAL (Note 10)	63,623,914	43,144,926
SPECIAL WARRANTS	-	7,610,000
SUBSCRIPTIONS RECEIVED IN ADVANCE (Note 11)	5,000,000	3,620,000
COMMITMENT TO ISSUE SHARES (Note 12)	872,816	-
CONTRIBUTED SURPLUS (Note 10)	2,040,750	588,562
DEFICIT	<u>(11,962,097)</u>	<u>(6,534,173)</u>
	<u>59,575,383</u>	<u>48,429,315</u>
	<u>\$ 71,454,972</u>	<u>\$ 57,293,300</u>

BASIS OF PRESENTATION (Note 1)  
 COMMITMENTS AND CONTINGENCY (Note 13)  
 SUBSEQUENT EVENTS (Note 15)

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)

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
<b>EXPENSES</b>				
Accounting and audit	\$ 37,663	\$ 17,375	\$ 164,208	\$ 36,290
Advertising and promotion	31,749	-	38,782	-
Amortization	137,491	18,239	204,121	23,066
Automobile	45,502	55,523	130,410	73,444
Bank charges and interest	82,797	125,111	334,941	248,408
Consultants	251,677	125,531	407,018	198,588
Filing and regulatory fees	216,148	1,240	231,267	1,505
Insurance	82,480	61,264	161,003	61,264
Legal fees	441,739	78,951	604,967	88,789
Mapping	29,380	32,589	58,198	41,401
Miscellaneous	21,599	-	23,190	-
Office expenses	170,895	159,899	256,374	319,414
Plant supplies	303,955	-	364,947	-
Reclamation Expense	13,411	-	13,411	-
Rent	54,474	18,357	75,881	23,779
Repairs and maintenance	235,933	14,062	271,730	19,391
Safety and security	68,394	-	111,449	-
Salaries and benefits	1,747,552	349,009	2,930,719	443,783
Stock based compensation	72,188	-	863,150	-
Telephone	26,602	11,255	49,142	20,344
Travel and entertainment	151,688	34,941	223,664	87,320
Utilities	55,159	-	146,139	-
	<u>4,278,476</u>	<u>1,103,346</u>	<u>7,664,711</u>	<u>1,686,786</u>
<b>OTHER ITEMS</b>				
Foreign exchange gain (loss)	(82,585)	118,555	(22,446)	155,898
Other income	16,761	-	319,118	-
Interest income	74,707	34,934	288,601	84,908
Gain on disposal of fixed assets	972,761	473,394	972,761	473,394
Gain on disposal of mineral property	-	-	1,906,594	-
Unrealized loss in marketable securities	(1,004,266)	-	(2,207,497)	-
	<u>(22,622)</u>	<u>626,883</u>	<u>1,257,131</u>	<u>714,200</u>
<b>FUTURE INCOME TAX RECOVERY</b>	<b>979,656</b>	<b>213,299</b>	<b>979,656</b>	<b>213,299</b>
<b>LOSS and COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>3,321,442</b>	<b>263,164</b>	<b>5,427,924</b>	<b>759,287</b>
<b>DEFICIT, beginning of period</b>	<b>(8,640,655)</b>	<b>(3,555,326)</b>	<b>(6,534,173)</b>	<b>(3,059,203)</b>
<b>DEFICIT, end of period</b>	<b>\$ (11,962,097)</b>	<b>\$ (3,818,490)</b>	<b>\$ (11,962,097)</b>	<b>\$ (3,818,490)</b>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	<b>\$ (0.08)</b>	<b>\$ (0.05)</b>	<b>\$ (0.14)</b>	<b>\$ (0.15)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>41,675,425</b>	<b>5,000,000</b>	<b>40,091,737</b>	<b>5,000,000</b>

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**  
(Expressed in Canadian Dollars)  
(Unaudited)

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Loss for the period	\$ (3,321,442)	\$ (263,164)	\$ (5,427,924)	\$ (759,287)
Items not affecting cash:				
Amortization	137,491	18,239	204,121	23,066
Gain on disposal of fixed assets	-	(473,394)	-	(473,394)
Unrealized foreign exchange	(105,319)	(130,430)	(190,974)	(160,822)
Future income tax recovery	(979,656)	(213,299)	(979,656)	(213,299)
Stock-based compensation	72,187	-	863,149	-
Unrealized loss on marketable securities	1,004,266	-	2,215,333	-
Gain on disposal of mineral property	-	-	(1,906,594)	-
	(3,192,473)	(1,062,048)	(5,222,545)	(1,583,736)
Changes in non-cash working capital items:				
Increase in receivables	152,304	(515,587)	(139,322)	(532,446)
Increase in prepaid expenses	502,414	(205,950)	(426,223)	(336,411)
Asset retirement expenditures	-	-	(29,557)	-
Increase in accounts payable and accrued liabilities	431,397	47,716	(120,645)	407,277
	(2,106,358)	(1,735,869)	(5,938,292)	(2,045,316)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				
Cash acquired from Subsidiary	-	-	740,385	-
Employee loan repayment	-	-	1,045	-
Reclamation bonds	571,054	(28,357)	349,254	(41,347)
Purchase of property, plant and equipment	(6,182,996)	(505,521)	(7,034,516)	(793,254)
Acquisition of Great American Minerals	(1,153,154)	-	(1,153,154)	-
Proceeds on sale of property, plant and equipment	500	553,558	500	553,558
Purchase of marketable securities, net of proceeds on sale	(2,052,846)	-	(3,239,713)	-
Additions to unproven mineral interests	(3,550,435)	(162,201)	(6,804,143)	(267,397)
	(12,367,877)	(142,521)	(17,140,342)	(548,440)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Common stock issued	1,835,000	-	3,860,000	-
Subscription Receipts for private placement	5,000,000	4,845,000	5,000,000	4,845,000
Share issuance costs	(200,000)	(5,055)	(261,639)	(77,815)
Advances from Related Parties	-	3,076	-	(472,823)
	6,635,000	4,843,021	8,598,361	4,294,362
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	(7,839,235)	2,964,631	(14,480,273)	1,700,606
CASH AND CASH EQUIVALENTS, beginning of period	17,942,556	2,452,979	24,583,594	3,717,004
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 10,103,321</b>	<b>\$ 5,417,610</b>	<b>\$ 10,103,321</b>	<b>\$ 5,417,610</b>
<b>CASH AND CASH EQUIVALENTS consist of:</b>				
Cash	8,438,660	5,417,610	8,438,660	5,417,610
Banker's Acceptance	\$ 1,664,661	\$ -	\$ 1,664,661	\$ -

**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

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

### 1. BASIS OF PRESENTATION

These interim consolidated financial statements include the accounts of Golden Predator Mines Inc. and its subsidiaries and 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](http://www.sedar.com).

Operating results for the six month period ended June 30, 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 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.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

### 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 equivalents consist of banker's acceptances issued by major bank corporation, which management believes the risk of loss to be minimal. Receivables mainly consist of one large receivable from two customers of which the company has received the funds from one vendor subsequent to June 30, 2008 and the remainder the receivables are interest receivable from the banker's acceptances and goods and services tax refund due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal. Reclamation bond consists of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be minimal.

#### **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 June 30, 2008, the Company had a cash balance of \$10,103,321 (Dec 31, 2007 - \$24,583,594) to settle accounts payable of \$4,418,833 (Dec 31, 2007 - \$3,135,251). All of the Company's financial current 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 and expenditures are transacted in US dollars. The Company funds certain operations, exploration and administrative expenses in US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions and relative exchange rate between Canadian dollars and US dollars 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 are classified as other financial liabilities, which are measured at amortized cost. As of June 30, 2008, the carrying amounts of the Company's financial instruments are not materially different from the fair market value.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

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

Based on management's knowledge of and experience in 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 shorter 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 SUBSIDIARIES

#### 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 shares 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 at exercise prices range of \$1.10 - \$2.00 per share, with a fair value of \$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		9,604,908
Accounts Payable		(103,727)
Loan Payable (Note 4)		(4,111,600)
Future Income Taxes		<u>(1,892,000)</u>
Total Consideration	\$	<u>4,243,017</u>

#### Great American Minerals Inc

On April 22, 2008, the Company acquired the remaining 29% of GAM in a share exchange arrangement whereby, the Company was obligated to acquire the remaining 10,185,740 GAM common shares for cash or common shares of the Company with a share exchange ratio of 1 common share of the Company for every 6.1538461 common shares of GAM.

The acquisition cost for the remaining 29% of GAM was \$4,640,616, consisting of the acquisition of 3,449,000 GAM shares for \$1,153,154, issuance of 670,313 common shares with a fair value of \$1,340,626, stock options and warrants allowing the holders to acquire 502,234 common shares at exercise price range of \$USD 0.92 - \$CAD 2.00, with a fair value of \$446,020, an accrual of 436,408 common shares of the company as Commitment to issue shares with fair value \$872,816 (Note 12) and \$828,000 in future income tax liabilities.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

### 4. LOANS RECEIVABLE

	June 30, 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.	\$ 172,150	\$ 173,176
Loan receivable of USD\$4,000,000 from GSR eliminated upon acquisition (Note 3)	-	3,952,400
Total loans receivable	\$ 172,150	\$ 4,125,576

### 5. RECLAMATION BONDS

	June 30, 2008	December 31, 2007
Springer Mining Property	\$ 493,420	\$ 1,011,646
Other properties	314,730	92,248
Total reclamation bonds	808,150	1,103,894
Less: current portion	(493,420)	(1,011,646)
	\$ 314,730	\$ 92,248

The reclamation bonds of US\$793,393 (Dec 31, 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.

## Golden Predator Mines Inc.

(An Exploration Stage Company)

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

#### 6. PROPERTY, PLANT AND EQUIPMENT

	June 30, 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	15,948,568	-	15,948,568	8,670,124	-	8,670,124
Building	117,677	5,086	112,591	-	-	-
Automobiles	277,557	87,433	190,124	151,616	50,981	100,635
Computer equipment	580,356	168,354	412,002	265,040	85,289	179,751
Small tools and equipment	493,701	137,509	356,192	366,359	82,398	283,961
Office equipment	201,320	45,690	155,630	130,560	26,112	104,448
Leasehold improvements	19,838	7,949	11,889	19,838	3,121	16,717
	<u>17,935,017</u>	<u>452,021</u>	<u>17,482,996</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.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

### 7. UNPROVEN MINERAL INTERESTS

June 30, 2008	Gold Standard Royalty 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	9,604,908	4,640,616	-	2,952,624	17,198,148
Disposition	-	-	-	(143,406)	(143,406)
Written-off	-	-	-	-	-
Balance, June 30, 2008	9,604,908	15,614,118	1,091,820	4,383,478	30,694,324
Deferred exploration costs					
Balance, January 1, 2008	-	-	1,118,337	1,691,891	2,810,228
Additions					
Advance Royalty	-	-	-	173,136	173,136
BLM/Other	-	88,986	87,475	151,353	327,814
Consultant	-	56,041	318,568	48,393	423,002
Drilling	-	201,256	1,799,968	414,335	2,415,559
Geochemistry	-	-	75,434	34,202	109,636
Lease Payments	-	7,078	-	40,065	47,143
Permitting	-	30,974	39,621	5,227	75,822
Property Development	-	2,970	569,785	4,939	577,694
Staking	-	17,761	-	44,898	62,659
Reconnaissance	-	72,791	-	3,650	76,441
Underground	-	-	72,614	-	72,614
Written-off	-	477,857	2,963,465	920,198	4,361,520
Balance, June 30, 2008	-	477,857	4,081,802	2,612,089	7,171,748
<b>Total costs</b>	<b>\$ 9,604,908</b>	<b>\$ 16,091,075</b>	<b>\$ 5,173,622</b>	<b>\$ 6,995,567</b>	<b>\$ 37,866,072</b>

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 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
	-	-	(139,270)	(139,270)
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.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(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.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(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.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

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

#### c) Great American Minerals properties

On April 22, 2008, the Company completed its acquisition of all of the remaining interest in GAM. (Note 3) 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 31<sup>st</sup> 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 Company 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.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

### 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%.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

### 8. CONVERTIBLE DEBENTURE

	June 30, 2008	Dec 31, 2007
Convertible Debenture	\$ 2,384,160	\$ 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 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 debenture is convertible into common shares of the Company at \$2.00 per share and is convertible at the holder's discretion.

Attached to each debenture is a quarter share purchase warrant at an exercise price of \$2.00 each for one share of the company (Note 3).

### 9. ASSET RETIREMENT OBLIGATION

	June 30, 2008	Dec 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	24,158	(166,712)
Reclamation work performed during the period	(144,314)	(94,001)
Balance, end of period	\$ 750,355	\$ 870,511

The amount represents an estimate of costs for the reclamation of Springer's mine openings. The Company has completed the recommended reclamation work on the Springer mine openings as of June 30, 2008 and is awaiting an assessment to confirm completion of the reclamation work.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

### 10. 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)	-	(261,638)	-
Stock based compensation	-	-	863,150
Conversion of Special Warrants	7,610,000	7,610,000	-
Acquisition of Gold Standard Royalty Corp (Note 3)	2,050,000	4,100,000	143,017
Acquisition of Great American Minerals Inc. (Note 3)	670,313	1,340,626	446,021
Exercise of share purchase warrants	1,197,000	1,795,500	-
Exercise of share purchase options	39,500	39,500	-
For mineral properties	110,000	210,000	-
Balance, June 30, 2008	42,756,813	\$ 63,623,914	\$ 2,040,750

During January 2008, the Company completed private placement 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 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 April 29, 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 prescribed dates between July 6, 2008 to October 4, 2008.

On May 1, 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 until August 30, 2008.

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

### 10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

#### 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	7,610,000	1.50	-	-
Issuance of Warrants (Private Placement)	1,411,250	3.00	-	-
Granted	-	-	1,978,500	2.06
Acquisition of GSR	-	-	168,334	1.63
Acquisition of GAM	182,109	2.00	320,125	USD 2.02
Expired	-	-	(162,500)	USD 2.73
Exercised	(1,197,000)	1.50	(39,500)	1.06
Outstanding, June 30, 2008	22,435,109	2.18	5,062,459	1.37
Number currently exercisable	22,435,109	2.18	2,547,084	1.17

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

### 10. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

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

As at June 30, 2008, incentive stock options and share purchase warrants were outstanding as follows:

	Number of shares	Exercise Price	Expiry Date
<b>Options</b>	2,368,000	\$ 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
	45,834	1.10	March 19, 2009
	65,000	USD 0.92	March 23, 2010
	92,625	USD 1.54	March 23, 2010
	626,500	2.15	May 13, 2013
	117,000	2.15	June 2, 2013
	<u>5,062,459</u>		
<b>Warrants</b>	890,000	\$ 1.50	September 22, 2008
	4,523,000	1.50	July 6, 2008
	1,445,000	1.50	August 15, 2008
	4,995,000	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
	1,411,250	3.00	January 7, 2009
	58,496	2.00	March 31, 2011
	123,613	2.00	September 30, 2011
	<u>22,435,109</u>		

#### Stock-based compensation

During the first six months in 2008, the Company recognized stock based compensation of \$863,150 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:

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

# Golden Predator Mines Inc.

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

### 11. SUBSCRIPTIONS RECEIVED IN ADVANCE

The Company received \$5,000,000 as of June 30, 2008 as subscription proceeds for common shares of the Company issued subsequent to June 30, 2008 (Note 15). These subscription proceeds will be reclassified as share capital on issuance of the common shares.

### 12. COMMITMENT TO ISSUE SHARES

Pursuant to the terms of acquisition for the remaining interest in a subsidiary, the Company is committed to issue 436,408 common shares valued at \$872,816 representing the value of the shares at the date the obligation arose (Note 15).

### 13. COMMITMENTS AND CONTINGENCY

#### Commitments

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

2009	\$	338,027
2010		337,318
2011		336,406
2012		266,803
2013		273,238
2014		<u>273,238</u>
	\$	<u>1,825,030</u>

- b. 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.
- c. On May 29, 2008, the Company entered into a letter of intent to a business combination with Fury Exploration Ltd ("Fury"), whereby shareholders of Fury will receive for each share of Fury held by them, one third of a common share of the Company and one half of a common share purchase warrant of the Company, with each full warrant being exercisable to acquire an additional common share of the Company at an exercise price of \$3.35 for a period of three years from the date of the closing of the transaction. A total of approximately 10,552,477 common shares of the Company and 14,727,722 share purchase warrants (net of 1,101,000 issued on treasury stock) are assumed to be issued in the exchange for 31,657,433 Fury's common shares. See Note 15.
- d. On June 26, 2008, the Company entered into an asset purchase agreement ("APA") to acquire water rights and land from Cosgrave Ranch, LLC ("Cosgrave") for USD \$7,500,000 . Upon execution of the agreement, the Company will pay \$750,000 to Cosgrave and the remaining \$6,750,000 will be in the form of a note payable with 6% per annum interest bearing maturing in 5 years; the interest could be paid with common shares of the Company at the holder's discretion. Further, the Company would obtain a \$3 million letter of credit as a lien and security in the land, equipment and the portion of the water rights. The Company had closed the agreement subsequent to June 30, 2008.

## **Golden Predator Mines Inc.**

(An Exploration Stage Company)

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

#### **13. COMMITMENTS AND CONTINGENCY**

##### **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 negotiating with the claimants and has recorded a provision for the amount owing in respect of this claim.

#### **14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non cash transactions during the three months ended June 30, 2008 included:

- a) \$1,000,000 of property, plant and equipment was accrued in accounts payable.
- b) \$300,000 of mineral properties costs was accrued in accounts payable.

Significant non cash transactions during the six months ended June 30, 2008 included:

- a) \$1,000,000 of property, plant and equipment was accrued in accounts payable.
- b) \$300,000 of mineral properties costs was accrued in accounts payable.
- c) Issued 2,050,000 common shares valued at \$4,100,000 for the acquisition of Gold Standard Royalty Corp.
- d) 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.
- e) Received \$2,050,000 of marketable securities for the disposition of mineral property.

There were no significant non cash transactions during the three and six months June 30, 2007.

#### **15. SUBSEQUENT EVENTS**

Subsequent to June 30, 2008, the Company:

- i) Issued 4,304,500 common shares for proceeds of \$6,456,750 on the exercise of warrants.
- ii) Issued 7,000 common shares for proceeds of \$7,000 on the exercise of options.
- iii) Issued 2,500,000 common shares for the completion of the private placement at \$2.00 per share (note 11).

## **Golden Predator Mines Inc.**

(An Exploration Stage Company)

### **NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2008

(Expressed in Canadian Dollars)

(Unaudited)

---

#### **15. SUBSEQUENT EVENTS (cont...)**

- iv) Issued 287,188 common shares of the Company in connection with the acquisition of a subsidiary (note 12).
- v) On July 16, 2008, the Company entered into a term sheet ("TS") in respect of a proposed business combination of the Company and Midway Gold Corp. ("Midway") by way of a share and warrant exchange. Under the proposed TS, the Company will exchange one common share for one common share of Midway. All share purchase options and warrants of the Company will be exchanged for options and warrants to acquire common shares of Midway, based upon the same exchange ratio. Upon closing of the transaction, Midway shareholders prior to the merger will receive a dividend consisting of one share purchase warrant for each share of Midway. The warrant is exercisable at \$2.05 and expires in 18 months from the date of closing. Upon closing, Midway will be renamed Golden Predator Mines Inc. The transaction is subject to the signing of a definitive agreement, completion of due diligence investigations, securities law compliance and obtaining all necessary court, regulatory, stock exchange, board and shareholder approval.
- vi) On August 8, 2008, Fury exploration Ltd's shareholders voted in favor of the propose merger (Note 13). Upon receiving various regulatory approvals, the transaction is expected to be effective on or about August 15, 2008.