



Golden Predator Mines Inc.
(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

September 30, 2008

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

	September 30, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (unrestricted)	\$ 2,993,669	\$ 24,469,962
Cash and cash equivalents (restricted)	3,561,106	113,632
Marketable Securities	1,475,983	789,130
Receivables	516,078	215,063
Reclamation bonds (Note 6)	-	1,011,646
Prepaid expenses and deposits	537,638	374,597
Current Loan receivable (Note 4)	2,000,000	-
	<u>11,084,474</u>	<u>26,974,030</u>
LOANS RECEIVABLE (Note 5)	175,814	4,125,576
RECLAMATION BONDS (Note 6)	351,551	92,248
PROPERTY, PLANT AND EQUIPMENT (Note 7)	29,332,172	9,651,636
MINERAL INTERESTS (Note 8)	62,377,738	16,449,810
	<u>\$ 103,321,749</u>	<u>\$ 57,293,300</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,113,463	\$ 3,135,251
Convertible debenture (Note 9)	2,480,828	2,312,772
Asset retirement obligation (Note 10)	4,183	870,511
	<u>6,598,474</u>	<u>6,318,534</u>
FUTURE INCOME TAXES	9,050,409	2,545,451
PROMISSORY NOTE PAYABLE (Note 11)	7,154,325	-
	<u>22,803,208</u>	<u>8,863,985</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (Note 12)	91,180,611	43,144,926
TREASURY STOCK (Note 13)	(2,087,333)	-
SPECIAL WARRANTS	-	7,610,000
SUBSCRIPTIONS RECEIVED IN ADVANCE	-	3,620,000
COMMITMENT TO ISSUE SHARES (Note 14)	173,050	-
CONTRIBUTED SURPLUS (Note 12)	10,845,810	588,562
DEFICIT	(19,593,597)	(6,534,173)
	<u>80,518,541</u>	<u>48,429,315</u>
	<u>\$ 103,321,749</u>	<u>\$ 57,293,300</u>
BASIS OF PRESENTATION (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)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
EXPENSES				
Accounting and audit	\$ 32,579	\$ 6,904	\$ 196,787	\$ 43,194
Advertising and promotion	13,289	-	52,070	-
Amortization	195,211	95,983	399,332	119,049
Automobile	67,475	24,567	197,885	98,010
Bank charges and interest	147,291	127,828	482,233	376,236
Consultants	459,056	155,021	866,075	353,609
Filing and regulatory fees	188,579	4,336	419,846	5,841
Insurance	93,691	135,212	254,694	196,476
Legal fees	388,072	101,019	993,039	189,808
Mapping	5,918	31,436	64,116	72,837
Office expenses	248,213	-	485,685	214,053
Plant supplies	186,337	-	593,374	-
Reclamation Expense	-	-	13,566	-
Rent	57,724	16,511	133,605	40,290
Repairs and maintenance	191,818	19,071	463,548	38,462
Safety and security	36,182	129,037	147,631	129,037
Salaries and benefits	2,619,839	616,635	5,550,558	1,060,418
Stock based compensation	1,211,739	40,000	2,074,889	40,000
Telephone	18,751	7,381	67,893	27,725
Travel and entertainment	145,074	57,652	368,738	197,653
Utilities	104,221	9,411	250,360	62,092
	<u>6,411,059</u>	<u>1,578,004</u>	<u>14,075,924</u>	<u>3,264,790</u>
OTHER ITEMS				
Foreign exchange gain (loss)	(598,059)	113,279	(620,351)	281,348
Other income	4,709	-	323,827	-
Interest income	79,508	76,191	368,109	161,099
Gain on disposal of fixed assets	-	-	-	442,757
Gain on disposal of mineral property	-	-	1,906,594	-
Gain on insurance proceeds	-	-	972,761	-
Unrealized loss in marketable securities	(706,599)	(2,444)	(2,914,096)	(2,444)
	<u>(1,220,441)</u>	<u>187,026</u>	<u>36,844</u>	<u>882,760</u>
FUTURE INCOME TAX RECOVERY (LOSS)	-	(13,805)	979,656	199,494
LOSS and COMPREHENSIVE LOSS FOR THE PERIOD	<u>(7,631,500)</u>	<u>(1,404,783)</u>	<u>(13,059,424)</u>	<u>(2,182,536)</u>
DEFICIT, beginning of period	<u>(11,962,097)</u>	<u>(960,671)</u>	<u>(6,534,173)</u>	<u>(182,918)</u>
DEFICIT, end of period	<u>\$ (19,593,597)</u>	<u>\$ (2,365,454)</u>	<u>\$ (19,593,597)</u>	<u>\$ (2,365,454)</u>
BASIC AND DILUTED LOSS PER COMMON SHARE	<u>\$ (0.14)</u>	<u>\$ (0.27)</u>	<u>\$ (0.29)</u>	<u>\$ (0.43)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
	55,112,359	5,122,609	45,169,105	5,023,004

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 September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Loss for the period	\$ (7,631,500)	\$ (1,404,783)	\$ (13,059,424)	\$ (2,182,537)
Items not affecting cash:	-	-	-	-
Amortization	195,211	95,983	399,332	119,049
Gain on disposal of fixed assets	-	-	-	(442,757)
Unrealized foreign exchange	339,983	(322,937)	149,010	(395,558)
Future income tax recovery	-	-	(979,656)	(199,494)
Stock-based compensation	1,211,739	40,000	2,074,888	40,000
Unrealized loss on marketable securities	706,599	2,444	2,921,932	2,444
Gain on disposal of mineral property	-	-	(1,906,594)	-
	(5,177,968)	(1,589,293)	(10,400,512)	(3,058,853)
Changes in non-cash working capital items:				
Increase (decrease) in receivables	(139,552)	293,788	(278,875)	(238,658)
Increase (decrease) in prepaid expenses	346,142	27,892	(80,081)	(308,519)
Increase (decrease) in accounts payable and accrued liabilities	(343,305)	114,984	836,050	523,238
Decrease in asset retirement expenditures	(942,333)	-	(971,890)	-
	(6,257,016)	(1,152,629)	(10,895,308)	(3,082,792)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Cash acquired from Subsidiary	3,907,870	-	4,648,256	-
Employee loan repayment	5,358	-	6,403	-
Reclamation bonds	567,324	70,171	916,578	(9,596)
Purchase of property, plant and equipment	(12,018,614)	(505,038)	(20,053,130)	(1,303,516)
Acquisition of Great American Minerals	(101,390)	-	(1,254,544)	500,941
Proceeds on sale of property, plant and equipment	-	-	500	-
Purchase of marketable securities, net of proceeds on sale	(258,073)	(61,094)	(3,497,786)	(61,094)
Additions to unproven mineral interests	(2,556,981)	(1,269,700)	(9,661,125)	(1,552,928)
	(10,454,506)	(1,765,661)	(28,894,848)	(2,426,193)
CASH FLOWS FROM FINANCING ACTIVITIES				
Common stock issued	-	-	10,645,000	-
Subscription payable	-	-	(3,620,000)	-
Special warrants	-	8,045,000	-	12,890,000
Warrant exercised	7,956,750	-	9,752,250	-
Option exercised	51,900	-	91,400	-
Share issuance costs	-	(634,257)	(261,638)	(712,072)
Promissory note payable to Cosgrave	7,154,325	-	7,154,325	-
Loan to Midway	(2,000,000)	-	(2,000,000)	-
Advance from (repayment) to intercompany	-	153,083	-	(322,801)
	13,162,975	7,563,826	21,761,337	11,855,127
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(3,548,547)	4,645,536	(18,028,819)	6,346,142
CASH AND CASH EQUIVALENTS, beginning of period	10,103,322	5,417,610	24,583,594	3,717,004
CASH AND CASH EQUIVALENTS, end of period	\$ 6,554,775	\$ 10,063,146	\$ 6,554,775	\$ 10,063,146
CASH AND CASH EQUIVALENTS consist of:				
Cash (unrestricted)	\$ 2,993,669	\$ 1,536,419	\$ 2,993,669	\$ 1,536,419
Cash (restricted)	\$ 3,561,106	\$ -	\$ 3,561,106	\$ -
Banker's Acceptance	\$ -	\$ 8,526,727	\$ -	\$ 8,526,727

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Note 16)

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

September 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.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

The Company currently earns no operating revenues. The Company's ability to continue as a going concern is uncertain and is dependent upon the generation of profits from mineral properties, obtaining additional financing or maintaining continued support from its shareholders and creditors. In the event that additional financial support is not received or operating profits are not generated, the carrying values of the Company's assets may be adversely affected.

Operating results for the nine month period ended September 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 public and/or 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.

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, loan 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 banks and corporations, for which management believes the risk of loss to be minimal. Receivables mainly consist of interest receivable from the banker's acceptances, loan receivables, and goods and services tax refunds due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to receivables is minimal. Loans receivable consist of a second mortgage for an employee and loan to a third party (Note 4) and reclamation bonds consist 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

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed share capital financings or proceeds from property sales or options.

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

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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.

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

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 fair value. As of September 30, 2008, the carrying amounts of the Company's financial instruments are not materially different from the fair market value.

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 5)		(4,111,600)
Future Income Taxes		<u>(1,892,000)</u>
Total Consideration	\$	<u>4,243,017</u>

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(Expressed in Canadian Dollars)

(Unaudited)

3. ACQUISITION OF SUBSIDIARIES (cont'd)

Great American Minerals Inc

On April 22, 2008, the Company acquired the remaining 29% of GAM (10,185,740 shares) in a share exchange arrangement whereby, the Company must exchange 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 \$4,621,268, 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 547,633 common shares at exercise price range of \$USD 0.92 - \$CAD 2.00, with a fair value of \$426,672, 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.

Fury Explorations Ltd.

On August 15, 2008, the Company acquired all of the issued and outstanding shares of Fury Explorations Ltd. ("FURY") a public company incorporated in British Columbia on the basis that each share of Fury was exchanged for 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 acquisition. The acquisition is accounted for using the purchase method.

The cost of acquisition was \$21,461,511 consisting of the issuance of 10,595,814 common shares with a fair value of \$13,774,558 in the exchange for 31,657,433 Fury's common shares as well as stock options and warrants allowing the holders to acquire 18,310,236 common shares at exercise prices range of \$0.90 - \$3.71 per share, with a fair value of \$7,787,783. FURY's operating results were recognized in the consolidated statement of operations beginning on August 15, 2008, the effective date of the acquisition.

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

Cash	\$ 3,907,871
Receivables	30,171
Prepaid Expenses	80,386
Marketable securities	47,500
Reclamation bonds	102,435
Capital Assets	25,773
Mineral Properties	21,974,032
Accounts Payable	(38,433)
Future Income Taxes	<u>(4,668,224)</u>
Total Consideration	<u>\$ 21,461,511</u>

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(Expressed in Canadian Dollars)

(Unaudited)

4. CURRENT LOAN RECEIVABLE

	September 30, 2008	December 31, 2007
Loan receivable from Midway Gold Corp., bearing interest at prime plus 2% per annum, maturing July 16, 2009	\$ 2,000,000	\$ -

On August 22, 2008, the Company entered into a loan agreement to provide a loan facility with Midway Gold Corp. Interest revenue of \$12,205 was recorded during the quarter ended September 30, 2008.

5. LOANS RECEIVABLE

	September 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.	\$ 175,814	\$ 173,176
Loan receivable of USD\$4,000,000 from GSR eliminated upon acquisition (Note 3)	-	3,952,400
Total loans receivable	\$ 175,814	\$ 4,125,576

6. RECLAMATION BONDS

	September 30, 2008	December 31, 2007
Springer Mining Property	\$ -	\$ 1,011,646
Other properties	351,551	92,248
Total reclamation bonds	351,551	1,103,894
Less: current portion	-	(1,011,646)
	\$ 351,551	\$ 92,248

Reclamation bonds of US\$337,457 (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.

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7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2008			December 31, 2007		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
Land and water rights	7,623,647	-	7,623,647	296,000	-	296,000
Plant and equipment	19,861,000	-	19,861,000	8,606,919	-	8,606,919
Cosgrave plant and equipment	358,696	53,805	304,891	-	-	-
Building	215,442	7,717	207,725	63,205	-	63,205
Automobiles	295,280	100,031	195,249	151,616	50,981	100,635
Computer equipment	647,577	225,003	422,574	265,040	85,289	179,751
Small tools and equipment	686,060	194,649	491,412	366,359	82,398	283,961
Office equipment	294,280	80,970	213,310	130,560	26,112	104,448
Leasehold improvements	22,838	10,473	12,364	19,838	3,121	16,717
	<u>30,004,820</u>	<u>672,648</u>	<u>29,332,172</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.

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8. UNPROVEN MINERAL INTERESTS

September 30, 2008	Fury Explorations properties	Gold Standard Royalty properties	Great American Minerals properties	Springer Mining properties	Quincy and other properties	Total
Acquisition costs						
Balance, January 1, 2008	\$ -	\$ -	\$ 10,973,502	\$ 1,091,820	\$ 1,574,260	\$ 13,639,582
Additions	21,974,032	9,604,908	4,621,268	-	3,056,295	39,256,503
Disposition	-	-	-	-	(143,406)	(143,406)
Written-off	-	-	-	-	-	-
Balance, September 30, 2008	21,974,032	9,604,908	15,594,770	1,091,820	4,487,149	52,752,679
Deferred exploration costs						
Balance, January 1, 2008	-	-	-	1,118,337	1,691,891	2,810,228
Additions						
Advance Royalty	-	-	25,418	-	536,640	562,058
BLM/Other	-	-	303,151	90,358	214,269	607,778
Consultant	6,323	-	114,280	478,344	155,576	754,523
Drilling	240,806	-	218,071	2,075,143	795,607	3,329,627
Geochemistry	-	-	-	145,277	202,660	347,937
Lease Payments	-	-	7,078	-	40,065	47,143
Permitting	-	-	31,565	76,183	6,215	113,963
Property Development	-	-	5,095	699,293	4,939	709,327
Staking	-	-	17,761	-	50,084	67,845
Reconnaissance	6,759	-	139,651	-	4,914	151,324
Underground	-	-	-	123,306	-	123,306
Balance, September 30, 2008	253,888	-	862,070	4,806,241	3,702,860	9,625,059
Total costs	\$ 22,227,920	\$ 9,604,908	\$ 16,456,840	\$ 5,898,061	\$ 8,190,009	\$ 62,377,738

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(Unaudited)

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

December 31, 2007	Great American Minerals properties	Springer Mining properties	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.

(An Exploration Stage Company)

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8. 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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8. 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\$1,500,000 by October, 2008 and issue common shares on completion. The property is subject to a 1% NSR. (See Note 17)

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. The Company purchased this property on April 2008, for \$50,000 cash and 100,000 shares of the Company.

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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8. 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 Joint Venture

On December 27, 2007, the parties to Phoenix JV exercised their option to purchase the Lewis mineral property by making a cash payment of USD \$2,000,000 together with the first payment of the advance royalty in the cash amount of USD \$60,000. These payments were funded by the Company for its 40 per cent stake and by Madison Minerals Inc, the JV partner, for the remaining 60 percent.

The Company is required to fund 40% of the exploration expenditures. The property is subject to US\$60,000 annual advanced minimum royalties and a 5% gross royalty on gold and silver produced and a 4% NSR on all other metals. The royalties can be purchased for US\$4,000,000 for a period of one year from the purchase option exercise date, increasing by US\$500,000 per year for 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 from Century Gold LLC for cash consideration of \$1,679,865 and the remaining 50% from Allied Nevada Gold Corp. for cash consideration of \$1,009,399 on April 30, 2008. 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 Properties

On March 19, 2008, the Company completed its acquisition of GSR (Note 3). Included in the assets of GSR are mineral properties as follows:

Tonkin Springs Project

Pursuant to a mineral lease agreement of which the Company will receive 70%, the lessee is required to pay a NSR 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% NSR 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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8. 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 NSR 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% NSR 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) Fury Explorations Mineral Properties

On August 15, 2008, the Company completed its acquisition of FURY (Note 3). Included in the assets of FURY are mineral properties as follows:

Magistral I Property

On August 2, 2005 the Company's wholly-owned Mexican subsidiary acquired, by staking, a mining concession located in Jalisco State, Mexico. As consideration, the Company issued 100,000 common shares valued at \$85,000 as a finder's fee and paid \$28,000 for the purchase of a historical data library.

On July 4, 2006, the Company optioned the property to Southern Silver Exploration Corp. ("Southern Silver"), a company listed on the TSX Venture Exchange ("TSX-V"). The agreement with Southern Silver provides that they acquire a 65% interest in the property by issuing a total of 500,000 shares, of which 50,000, valued at \$39,500, were received upon signing the option agreement. The remaining 450,000 shares are to be received as follows: 50,000 shares in each of the first four years of the option term and 250,000 shares in year five. The first annual payment of 50,000 shares, valued at \$30,000, was received in July, 2007. Additionally, Southern Silver is required to spend US\$3,000,000 on exploration expenditures in staged increments, over five years. The Company will retain a 1% net smelter return royalty ("NSR") on the property.

On October 24, 2006, the Company acquired an additional concession in Jalisco State, Mexico. The newly acquired concession will fall under the previously announced option agreement, whereby Southern Silver can earn up to 65% of the Company's Magistral I concession.

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

e) Fury Explorations Ltd. (Cont'd)

Guachinango I Property

On August 2, 2005 the Company's wholly-owned Mexican subsidiary acquired, by staking, a mining concession located in Jalisco State, Mexico. As consideration the Company issued 50,000 common shares valued at \$42,500 as a finder's fee and paid \$28,000 for the purchase of a historical data library.

On November 9, 2006, the Company entered into a Letter Agreement with Soltoro Ltd., a company listed on the TSXV, to dispose of the mining concessions, whereby Soltoro paid the Company \$34,245 and issued to the Company 50,000 common shares valued at \$19,000. A recovery of \$53,245 was recognized and the remaining acquisition costs and deferred exploration costs of \$56,267 were written off. The Company was also granted a 2% NSR upon which an advance royalty payment of US\$25,000 was due November 9, 2007 and US\$50,000 is due November 9, 2008.

On December 10, 2007 the Company accepted 100,000 common shares of Soltoro valued at \$76,000 for full and final settlement of the advance royalty payments for 2007 and 2008.

Guijoso Property

On March 2, 2007 the Company entered into an option agreement to acquire a 100% interest in the Guijoso mining concession located in Jalisco State, Mexico.

The Company can earn a 100% interest by incurring US \$1,500,000 in exploration expenditures over four years and by paying US\$300,000 (US\$75,000 paid by May 31, 2008) and issuing 100,000 common shares (16,667 shares issued valued at \$53,500) over four years to the vendors. Upon production the Company will pay the vendors a NSR of 2.5%. The Company has the right to purchase, in whole or in part, the NSR for US\$2,500,000.

The Company has agreed to option the Guijoso property to Ansell Capital Corp. To exercise its earn-in rights, Ansell must pay the sum of US\$275,000, issue up to 1,300,000 fully paid non-assessable shares of Ansell and incur exploration expenditures on the Guijoso claims in the aggregate amount of US\$2,000,000 in installments over a 3 year period ending March 2nd, 2011. Following Ansell's exercise of the earn-in option, the Company has the right to back into the property to the extent of an additional 19% interest (total 49%) by spending a further sum of US\$1,000,000 in exploration expenditures on the claims on or before March 2, 2014.

Layton Property

During the year ended November 30, 2007, the Company acquired, through staking, a property in Nevada, USA. Acquisition costs of \$21,726 related to the staking have been recorded.

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

e) Fury Explorations Ltd. (Cont'd)

Taylor Property

On March 15, 2006, the Company acquired an option to earn a 100% interest in the Taylor Property, located in Ely, Nevada, through the purchase of Anglo Nevada Metals Corporation ("Anglo"), and completed the Taylor Project acquisition during the period ended September 30, 2008 for the following consideration:

- i paid (US \$50,000) and issued 850,000 shares valued at \$823,000 for the purchase Anglo;
- ii paid (US \$2,500,000) in option payments over 21 months;
- iii paid (US \$5,000) per month in maintenance costs

The total cost of this acquisition was allocated as follows:

	<u>CAD</u>	<u>USD</u>
Plant and equipment	\$ 2,510,002	\$ 2,325,927
Mineral claims	1,055,000	1,000,000
Sustaining fees (maintenance costs)	115,659	105,000
	<u>\$ 3,680,661</u>	<u>\$ 3,430,927</u>

The Company has provided reclamation bonds totaling \$96,400 (2007 - \$96,400) as security against future and environmental work on the Taylor property.

f) 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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9. CONVERTIBLE DEBENTURE

	September 30, 2008	Dec 31, 2007
Convertible Debenture	\$ 2,480,828	\$ 2,312,772

On September 26, 2006, GAM issued a USD\$2,340,625 convertible secured debenture maturing on August 28, 2009. 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 by GAM 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).

10. ASSET RETIREMENT OBLIGATION

	September 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	105,563	(166,712)
Reclamation work performed during the period	(144,958)	(94,001)
Adjustment of over accrual	(826,933)	(94,001)
Balance, end of period	\$ 4,183	\$ 870,511

The Company has completed the recommended reclamation work on the Springer Mine. The amount as of September 30, 2008 represents an estimate of costs for the reclamation of Modoc project owned directly by GAM.

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11. PROMISSORY NOTE PAYABLE

	September 30, 2008	December 31, 2007
Promissory note principle US\$ 6,750,000, bearing interest at 6% per annum, maturing July 30, 2013	\$ 7,154,325	\$ -

On July 30, 2008, the Company entered into a promissory note agreement with Cosgrave Ranch, LLC ("Cosgrave") in connection with acquisition of water rights and land from Cosgrave for US\$7,500,000. The note bears interest at 6% per annum matures in 5 years. The interest can be paid either by cash or equivalent value of common shares of the Company at the holder's discretion. Further, the Company obtained a \$3 million letter of credit as a lien and security in the land, equipment and the portion of the water rights (Note 17).

12. 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	5,322,500	10,645,000	-
Share issuance costs (Broker's fee)	-	(261,638)	-
Stock based compensation	-	-	2,074,889
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)	969,501	1,939,002	426,672
Acquisition of Fury Explorations Ltd. (Note 3)	10,595,814	13,774,558	7,787,783
Exercise of share purchase options and warrants	6,592,900	9,930,115	(86,465)
Exercise of cashless options	44,324	88,648	(88,648)
For mineral properties	110,000	210,000	-
Balance, September 30, 2008	61,552,539	\$ 91,180,611	\$ 10,845,810

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

During January 2008, the Company completed a 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 and 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 entitled the holder to acquire one additional common share at \$1.50 per share until August 30, 2008.

During July 2008, the Company completed a private placement consisting of 2,500,000 units at \$2.00 per unit for proceeds of \$5,000,000. In connection with this private placement the company paid a finder's fee of \$250,000 to Peninsula Merchant Syndications.

During the three months ended September 30 2008, the Company issued 5,304,500 common shares for proceeds of \$7,956,750 on the exercise of warrants, 51,900 common shares for proceeds of \$51,900 on the exercise of options, 44,324 common shares on the exercise of cashless options in connection with the acquisition of a subsidiary, 299,188 common shares in connection with the acquisition of the subsidiary, Great America Minerals Inc., and 10,595,814 common shares in connection with the acquisition of the subsidiary, Fury Explorations Ltd. Further, 20,000 common shares were returned to Treasury.

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.

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

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

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	1.00	-	-
Issuance of Warrants (Private Placement)	1,411,250	3.00	-	-
Granted	-	-	2,875,500	1.90
Granted	-	-	58,000	0.80
Acquisition of GSR	-	-	168,334	1.63
Acquisition of GAM	258,383	2.12	320,125	USD 2.02
Acquisition of FURY	17,346,821	3.38	963,416	2.25
Expired or cancelled	(8,004,600)	1.91	(317,501)	USD 2.66
Exercised	(7,698,500)	1.50	(91,400)	1.00
Outstanding, September 30, 2008	25,352,104	2.18	6,773,974	1.54
Number currently exercisable	25,352,104	2.18	3,452,999	1.42

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

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

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

	Number of shares	Exercise Price	Expiry Date
Options	2,296,100	\$ 1.00	July 19, 2012
	412,500	1.00	October 4, 2012
	925,000	2.00	February 13, 2013
	270,000	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
	616,500	2.15	May 13, 2013
	101,500	2.15	June 2, 2013
	955,000	1.57	August 20, 2013
	26,667	0.90	November 15, 2008
	58,333	2.91	November 15, 2008
	133,333	1.80	November 15, 2008
	85,457	2.40	November 15, 2008
	11,667	0.90	August 15, 2009
	66,667	1.80	August 15, 2009
	83,333	2.40	August 15, 2009
	75,000	2.91	August 15, 2009
	100,000	2.91	March 29, 2011
	12,124	2.40	July 26, 2011
	183,334	1.80	October 31, 2011
	58,000	0.80	December 16, 2008
	<u>6,773,974</u>		
Warrants	2,493,500	3.00	November 19, 2008
	2,875,250	3.00	November 21, 2008
	2,420,000	3.00	November 28, 2008
	1,411,250	3.00	January 7, 2009
	76,274	2.40	January 8, 2009
	58,496	2.00	March 31, 2011
	123,613	2.00	September 30, 2011
	<u>15,893,721</u>	3.35	August 15, 2011
	<u>25,352,104</u>		

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

Stock-based compensation

During the first Nine months in 2008, the Company recognized stock based compensation of \$2,074,889 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 \$1.37 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%

13. TREASURY STOCK AND WARRANTS

	Number of Shares	Amount
Treasury shares	1,033,333	\$ 1,343,333
Treasury warrants	1,550,000	744,000
	<u>2,583,333</u>	<u>\$ 2,087,333</u>

The Company's holdings of the common shares of Fury Explorations Ltd. were converted to treasury stocks and warrants upon closing of the Fury acquisition (Note 3).

14. COMMITMENT TO ISSUE SHARES

Pursuant to the terms of acquisition for the remaining interest in a subsidiary, the Company is committed to issue 87,220 common shares valued at \$173,050 representing the value of the shares at the date the obligation arose (Note 3).

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15. COMMITMENTS

Commitments

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

2009	\$	432,735
2010		374,961
2011		321,983
2012		264,704
2013		273,238
2014		<u>204,929</u>
	\$	<u>1,872,550</u>

- b. The Company entered into management services agreements with corporations controlled by a director and an officer under which the Company is obligated to pay \$ 390,000 over two years ending on December 31, 2009.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

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

- a) \$1,400,000 of mineral properties costs was accrued in accounts payable.

Significant non cash transactions during the Nine months ended September 30, 2008 included:

- a) \$1,400,000 of mineral properties costs was accrued in accounts payable.
- b) Issued 2,050,000 common shares valued at \$4,100,000 for the acquisition of Gold Standard Royalty Corp.
- c) 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.
- d) Received \$2,050,000 of marketable securities from Evolving Gold Corp for the disposition of mineral property.
- e) Issued 10,595,814 common shares valued at \$13,774,558 for the acquisition of Fury Explorations Ltd.
- f) Transferred 1,033,333 shares and 1,550,000 warrants of the Company resulting from acquisition of Fury from marketable securities to treasury stock (Note 13).

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

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17. SUBSEQUENT EVENTS

Subsequent to September 30, 2008, the Company:

- i) Granted 1,574,000 incentive options, priced at 20 cents per share, to key employees, officers, insiders and directors of the company.
- ii) Issued 76,274 common shares of the Company from commitment to issue.
- iii) Re-priced 1,405,000 existing non-insider options to 20 cents per share.
- iv) Re-priced 180,625 existing non-insider options to 27 cents per share.
- v) 540,457 stock options expired.
- vi) On October 24, 2008, the Company received early notice of termination for its Quartz Mountain Mineral Interest. The Company is in negotiation and must resolve the notice within 30 days from the receipt of notice.
- vii) In October 2008, 13 of the 39 debenture holders, holding principle US\$1,054,375 of the debentures have delivered acceleration notices to the Company requesting immediate payment of the principle, interest and penalties as disclosed in Note 9. The management is currently in discussion with the Debenture holders and is of the opinion the amount requested has been sufficiently reflected in these financial statements.
- viii) On October 16, 2008, the Company and Ansell Capital Corp has agreed to amend the Guijoso Property Earn-In Agreement, which changed the exploration expenditures for the property to be US \$1,225,000 by March 2, 2011, and cash consideration of \$275,000 and issuing 1,800,000 common shares in the capital of Ansell to the Company, at a deemed value of \$0.15 per share, for an aggregate deemed value of \$270,000 by March 2, 2011.
- ix) On October 27, 2008, the Company closed an amendment agreement with Cosgrave Ranch, LLC ("Cosgrave") for the promissory note (Note 11). Pursuant to the amendment agreement, a US\$3 million cash backed Letter of Credit held in favor of Cosgrave was cancelled. US\$2 million of the proceeds have been retained by the Company, the balance of US\$1 million was paid to Cosgrave in addition to 4,728,000 units of the Company having a deemed value of US\$2 million. Each unit consist of one common share and one-half share purchase warrant exercisable at CDN\$0.75 each and exercisable for a period of two years. As a result of the amendment and partial payment of the promissory note, a principal balance of US\$3.75 million remains payable at the same terms as note 11 with the exception that the interest must be paid in cash.
- x) On November 13, 2008, the Company received \$1,000,000 loan repayment (Note 4) and accrued interest from Midway Gold Inc. As such, there is a \$1,000,000 balance remaining on the loan is payable no later than July 16, 2009 with interest. Midway further agreed to apply 50% of the proceeds of any warrants exercised pursuant to the private placement, closed on November 12, 2008, to the pre-payment the balance of the loan amount.