



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

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2009**

## **Notice of Non-review of Interim Financial Statements**

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The attached interim consolidated financial statements for the three month period ended March 31, 2009 have been prepared by and are the responsibility of the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these interim financial statements.

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# EMC Metals Corp. (formerly Golden Predator Mines Inc.)

(An Exploration Stage Company)

## INTERIM CONSOLIDATED BALANCE SHEETS

(Expressed in Canadian Dollars unless otherwise indicated)

As at March 31, 2009

(Unaudited)

	March 31, 2009	December 31, 2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 568,417	\$ 1,646,574
Marketable securities	145,167	45,000
Receivables	55,900	181,607
Prepaid expenses and deposits	90,920	179,409
Current loan receivable (Note 4)	1,000,000	1,000,000
Due from related parties (Note 18)	640,007	-
	<u>2,500,411</u>	<u>3,052,590</u>
LOANS RECEIVABLE (Note 5)	221,146	212,675
RECLAMATION BONDS (Note 6)	27,724	26,941
PROPERTY, PLANT AND EQUIPMENT (Note 7)	35,282,562	35,321,267
UNPROVEN MINERAL INTERESTS (Note 8)	27,232,903	27,227,862
	<u>\$ 65,264,746</u>	<u>\$ 65,841,335</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 333,987	\$ 2,902,103
Convertible Debentures (Note 9)	-	2,866,329
	<u>333,987</u>	<u>5,768,432</u>
FUTURE INCOME TAXES	1,816,976	1,769,184
PROMISSORY NOTE PAYABLE (Note 10)	4,725,750	4,592,250
	<u>6,876,713</u>	<u>12,129,866</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 11)	81,099,502	67,361,926
Treasury stock (Note 12)	(2,087,333)	(2,087,333)
Deficit	(20,624,136)	(11,563,124)
	<u>58,388,033</u>	<u>53,711,469</u>
	<u>\$ 65,264,746</u>	<u>\$ 65,841,335</u>

BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION (Note 2)

COMMITMENTS (Note 17)

SUBSEQUENT EVENTS (Note 19)

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

# EMC Metals Corp. (formerly Golden Predator Mines Inc.)

(An Exploration Stage Company)

## INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICITS

For the Periods Ended March 31, 2009 and March 31, 2008

(Expressed in Canadian Dollars unless otherwise indicated)

(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
<b>EXPENSES</b>		
Accounting and audit	\$ 171,604	\$ 60,741
Advertising and promotion	39,919	3,537
Amortization	180,673	56,064
Automobile	10,448	78,854
Bank charges and interest	(666,960)	251,053
Consultants	150,302	93,304
Filing and regulatory fees	58,833	7,296
Insurance	130,618	70,067
Legal fees	176,498	87,913
Mapping	-	26,535
Office expenses	37,586	56,356
Plant supplies	6,505	12,158
Rent	91,087	59,803
Repairs and maintenance	-	28,788
Safety and security	921	41,744
Salaries and benefits	528,699	1,033,107
Stock based compensation	(1,072,955)	378,848
Telephone	17,959	18,192
Travel and entertainment	39,826	56,509
Utilities	31,543	82,009
	<u>(66,894)</u>	<u>2,502,878</u>
<b>OTHER ITEMS</b>		
Foreign exchange gain (loss)	(7,918,977)	60,139
Other income	121,775	302,358
Interest income	18,346	109,522
Loss on sale of marketable securities	(1,151,725)	-
Loss on disposal of mineral property	-	(3,419)
Write off of exploration expenditures	(68,325)	-
Unrealized gain (loss) on marketable securities	(129,000)	7,836
	<u>(9,127,906)</u>	<u>476,436</u>
<b>LOSS and COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(9,061,012)</b>	<b>(2,026,442)</b>
DEFICIT, beginning of period	(18,180,321)	(6,534,174)
Adjustment due to spin out (Note 1)	6,617,197	-
Performa deficit, beginning of period	(11,563,124)	(6,534,174)
<b>DEFICIT, end of period</b>	<b>\$ (20,624,136)</b>	<b>\$ (8,560,616)</b>
<b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	<b>\$ (0.13)</b>	<b>\$ (0.10)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>70,684,127</b>	<b>20,696,949</b>

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

# EMC Metals Corp. (formerly Golden Predator Mines Inc.)

(An Exploration Stage Company)

## INTERIM STATEMENTS OF CASH FLOWS

For the Periods Ended March 31, 2009 and March 31, 2008

(Expressed in Canadian Dollars unless otherwise indicated)

(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Loss for the period	\$ (9,061,012)	\$ (2,026,442)
Items not affecting cash:		
Amortization	180,673	56,064
Unrealized foreign exchange	8,731,812	130,228
Stock-based compensation	(1,072,955)	790,963
Unrealized loss on marketable securities	129,000	-
Realized loss in marketable securities	1,151,725	-
Changes in non-cash working capital items:		
Increase in receivables	125,707	(290,582)
Increase in prepaid expenses	88,489	(933,430)
Increase in accounts payable and accrued liabilities	(724,222)	(630,945)
Asset retirement expenditures	-	(29,557)
	<u>(450,783)</u>	<u>(2,933,701)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Proceeds on sale of marketable securities	158,954	24,041
Employee loan repayment	634	-
Reclamation bonds	-	(21,980)
Purchase of property, plant and equipment	(141,968)	(851,520)
Additions to unproven mineral interests	(553,949)	(1,672,828)
	<u>(536,329)</u>	<u>(2,522,287)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Common stock issued	-	5,645,000
Options Exercised	20,200	-
Subscription payable	-	(3,620,000)
Advances from parent company	-	(3,888,796)
Due from related parties	(111,245)	-
Share issuance costs	-	(61,639)
	<u>(91,045)</u>	<u>(1,925,435)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>	<u>(1,078,157)</u>	<u>(7,381,423)</u>
CASH AND CASH EQUIVALENTS, beginning of period	<u>1,646,574</u>	<u>24,583,594</u>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<u>\$ 568,417</u>	<u>\$ 17,202,171</u>
<b>CASH AND CASH EQUIVALENTS consist of:</b>		
Cash	\$ 568,417	\$ 2,910,021
Banker's Acceptance	-	14,292,150
	<u>\$ 568,417</u>	<u>\$ 17,202,171</u>

Supplemental disclosure with respect to cash flows (Note 16)

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

# **EMC Metals Corp. (formerly Golden Predator Mines Inc.)**

(An Exploration Stage Company)

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

March 31, 2009

(Expressed in Canadian Dollars unless otherwise indicated )

(Unaudited)

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### **1. SPIN-OUT**

On December 19, 2008, Golden Predator Mines Inc. (GP) announced the proposed business reorganization and spin-out of its gold and silver focused, precious metals portfolio to a newly incorporated company named Golden Predator Royalty & Development Corp. ("GPD") described in Note 22 to the audited financial statements for the year ended December 31, 2008 for EMC Metals Corp. (formerly Golden Predator Mines Inc.). On March 4, 2009, the spin-out and all other matters voted on at the GP special shareholders meeting were successfully passed. On March 6, 2009, the Court approved the business reorganization and spin-out. Following the spin-out, GPD applied to list its shares on the TSX Venture Exchange. The existing parent company changed its name to EMC Metals Corp. and now trade under the TSX trading symbol EMC. EMC Metals Corp focuses its efforts as a specialty metals and alloy company targeting primarily tungsten, molybdenum, vanadium and uranium.

Unaudited comparative figures shown for prior periods have been restated to reflect only the assets, liabilities and corresponding expenses related to the Company. Audited 2008 year end figures for assets, liabilities, and shareholders' equity are as follows:

# EMC Metals Corp. (formerly Golden Predator Mines Inc.)

(An Exploration Stage Company)

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(Expressed in Canadian Dollars unless otherwise indicated )

(Unaudited)

### 1. SPIN-OUT (cont'd...)

	2008
<b>ASSETS</b>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,722,962
Marketable Securities	1,067,214
Receivables	195,285
Reclamation bonds	-
Prepaid expenses and deposits	247,492
Current Loan receivable	1,000,000
	<u>4,232,953</u>
LOANS RECEIVABLE	212,675
RECLAMATION BONDS	401,346
PROPERTY, PLANT AND EQUIPMENT	37,855,494
MINERAL INTERESTS	60,550,876
	<u>\$ 103,253,344</u>
<b>LIABILITIES</b>	
CURRENT LIABILITIES	
Accounts payable and accrued liabilities	\$ 2,940,474
Convertible debenture	2,866,329
Asset retirement obligation	-
	<u>5,806,803</u>
FUTURE INCOME TAXES	8,329,407
PROMISSORY NOTE PAYABLE	4,592,250
	<u>18,728,460</u>
<b>SHAREHOLDERS' EQUITY</b>	
SHARE CAPITAL	93,706,311
TREASURY STOCK	(2,087,333)
SPECIAL WARRANTS	-
SUBSCRIPTIONS RECEIVED IN ADVANCE	-
CONTRIBUTED SURPLUS	11,086,227
DEFICIT	(18,180,321)
	<u>84,524,884</u>
	<u>\$ 103,253,344</u>

**EMC Metals Corp. (formerly Golden Predator Mines Inc.)**  
 (An Exploration Stage Company)  
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**1. SPIN-OUT (cont'd...)**

Reconciliation of Deficits:

Deficit, the end of fiscal year 2008	\$ (18,180,321)
Adjustment due to spin out (Note 1)	<u>6,617,197</u>
Performa deficit, beginning balance of fiscal 2009	<u>\$ (11,563,124)</u>

**2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION**

EMC Metals Corp. (formerly Golden Predator Mines Inc.) (the "Company") is incorporated under the laws of the Province of British Columbia. The Company intends to refit its Springer Tungsten mill with a view to processing ore. To March 31, 2009 the Company has not commenced its planned principal business activities and has generated no revenue. Additionally, the Company's properties are in the exploration or pre-exploration stage and it intends to commence exploration of its unproven mineral interests. As such, the Company is in the exploration stage and anticipates incurring significant expenditures prior to commencement of contract milling operations.

These interim consolidated financial statements include the accounts of EMC Metals Corp. and its subsidiaries and are prepared in accordance with Canadian generally accepted accounting principles. They do not include all the disclosures required for annual financial statements under generally accepted accounting principles. These interim consolidated financial statements should be read in conjunction with GP's annual consolidated financial statements and GPD's annual consolidated financial statements for the year ended December 31, 2008 which are available through the Internet on SEDAR at [www.sedar.com](http://www.sedar.com).

These interim consolidated financial statements reflect the financial position, statements of operations and deficit and cash flows of the related business of the Company. The statement of operations and deficit for the three months ended March 31, 2009 and 2008 reflect an allocation of GP's general and administrative expenses incurred in each of these periods. The allocation of general and administrative expenses was calculated on the basis of the ratio of the assets transferred to GPD compared to the total assets of GP as at December 31, 2008. Management cautions readers of these interim consolidated financial statements, that the allocation of expenses does not necessarily reflect future general and administrative expenses.

These interim 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 three month period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2009.



**EMC Metals Corp. (formerly Golden Predator Mines Inc.)**  
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**3. ACQUISITION OF SUBSIDIARY**

**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.

**4. CURRENT LOAN RECEIVABLE**

	March 31, 2009	December 31, 2008
Loan receivable from Midway Gold Corp. ("Midway"), bearing interest at prime plus 2% per annum, maturing July 16, 2009, unsecured	\$ 1,000,000	\$ 1,000,000

On August 22, 2008, the Company entered into a loan agreement to provide a loan facility of \$5,000,000 with Midway. \$2 million of the facility was drawn subsequently.

On November 13, 2008, the Company received \$1,000,000 loan repayment and accrued interest from Midway.

Subsequent to March 31, 2009, the Company received the balance of \$1,000,000 loan repayment and accrued interest from Midway (Note 19).

**5. LOANS RECEIVABLE**

	March 31, 2009	December 31, 2008
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.	\$ 221,146	\$ 212,675

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**6. RECLAMATION BONDS**

	March 31, 2009	December 31, 2008
Modoc Property	\$ 27,724	\$ 26,941

The reclamation bonds of US\$22,000 (2008 – US\$22,000) 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.

**7. PROPERTY, PLANT AND EQUIPMENT**

	March 31, 2009			December 31, 2008		
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Cost \$	Accumulated Amortization \$	Net Book Value \$
Land and water rights	7,972,291	-	7,972,291	7,972,291	-	7,972,291
Plant and equipment	25,580,065	-	25,580,065	25,438,097	-	25,438,097
Cosgrave plant and equipment	375,762	97,079	278,683	375,763	75,153	300,610
Building	222,685	15,021	207,664	222,685	11,629	211,056
Automobiles	302,115	165,394	136,721	302,115	139,993	162,122
Computer equipment	642,551	323,910	318,641	642,551	271,324	371,227
Small tools and equipment	958,273	351,328	606,945	958,273	290,588	667,685
Office equipment	276,611	101,676	174,935	276,611	85,962	190,649
Leasehold improvements	13,083	6,466	6,617	13,083	5,553	7,530
	<u>36,343,436</u>	<u>1,060,874</u>	<u>35,282,562</u>	<u>36,201,469</u>	<u>880,202</u>	<u>35,321,267</u>

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

## EMC Metals Corp. (formerly Golden Predator Mines Inc.)

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### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

(Expressed in Canadian Dollars unless otherwise indicated)

(Unaudited)

#### 8. UNPROVEN MINERAL INTERESTS

March 31, 2009	Gold and Others	Tungsten	Total
<b>Acquisition costs</b>			
Balance, January 1, 2009	\$ 17,904,075	\$ 199,237	\$ 18,103,312
Additions	54,791	-	54,791
Reclassification	<u>(285,074)</u>	<u>285,074</u>	<u>-</u>
Balance, March 31, 2009	17,673,792	484,311	18,158,103
<b>Deferred exploration costs</b>			
Balance, January 1, 2009	3,778,592	5,345,958	9,124,550
Reclassification	(94,688)	94,688	-
Additions			
Advance Royalty	12,452	-	12,452
BLM/Other	(138,902)	15,990	(122,912)
Consultant	15,122	-	15,122
Geochemistry	4,136	-	4,136
Permitting	-	19,010	19,010
Property Development	-	10,743	10,743
Reconnaissance	<u>11,699</u>	<u>-</u>	<u>11,699</u>
Balance, March 31, 2009	<u>3,588,411</u>	<u>5,486,389</u>	<u>9,074,800</u>
Total costs	\$ 21,262,203	\$ 5,970,700	\$ 27,232,903

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2009  
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(Unaudited)

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

December 31, 2008	Gold and Other Metals	Tungsten	Total
<b>Acquisition costs</b>			
Balance, January 1, 2008	\$ 11,460,811	\$ 1,091,820	\$ 12,552,631
Additions	6,586,670	(892,583)	5,694,087
Disposition	<u>(143,406)</u>	<u>-</u>	<u>(143,406)</u>
Balance, December 31, 2008	17,904,075	199,237	18,103,312
<b>Deferred exploration costs</b>			
Balance, January 1, 2008	1,114,040	1,118,337	2,232,377
Additions			
Advance Royalty	465,555	-	465,555
BLM/Other	549,694	93,889	643,583
Consultant	246,845	775,692	1,022,537
Drilling	738,658	2,170,390	2,909,048
Geochemistry	69,420	188,331	257,751
Lease Payments	17,451	-	17,451
Permitting	40,476	149,207	189,683
Property Development	258,867	705,019	963,886
Staking	63,631	-	63,631
Reconnaissance	213,955	-	213,955
Underground	<u>-</u>	<u>145,093</u>	<u>145,093</u>
Balance, December 31, 2008	<u>3,778,592</u>	<u>5,345,958</u>	<u>9,124,550</u>
<b>Total costs</b>	<b>\$ 21,682,667</b>	<b>\$ 5,545,195</b>	<b>\$ 27,227,862</b>

## **EMC Metals Corp. (formerly Golden Predator Mines Inc.)**

(An Exploration Stage Company)

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

March 31, 2009

(Expressed in Canadian Dollars unless otherwise indicated )

(Unaudited)

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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.

#### **TUNGSTEN PROPERTY**

##### *Springer Mine and Mill Facility*

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

#### **GOLD PROPERTIES**

##### *Phoenix Joint Venture*

On December 27, 2007, the parties to Phoenix JV exercised their option to purchase the Lewis mineral property in Lander County, Nevada 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 GAM for its 40 per cent stake and by Madison Minerals Inc, the JV partner, for the remaining 60 percent.

##### *High Grade Project*

The Company has 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 Company has the option to purchase the property for \$500,000, less advanced royalty payments previously paid, and includes a 2% net smelter returns royalty (NSR) retained by the owners.

##### *Treasure Hill*

On March 21, 2008, the Company acquired a 50% interest in the Treasure Hill property in White Pine Valley, Nevada 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 vendors which can be repurchased by the Company.

##### *Modoc*

The Company has a lease and option to purchase two-thirds interest in 12 mineral claims comprising the Modoc gold property, located in Lander County, Nevada. The Company owns the remaining one-third interest. In order to maintain the lease interest, the Company paid \$50,000USD in March, 2008 and is further required to pay US\$100,000 annually thereafter and incur US\$500,000 in work commitments prior to September 1, 2008 and a further US\$500,000 prior to September 1, 2009. The Company may purchase the remaining two-thirds interest in the claims at any time by providing a cash payment of US\$2,000,000 and a 3% net smelter returns royalty to the vendor. The Company is currently negotiating the work commitment schedule with the optionor and had paid to the optionor \$10,000USD in March 2009.

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

On February 5, 2009, a binding memorandum agreement (the "Agreement") was signed between GAM and Golden Predator Mines US Inc. (GPUS), a subsidiary of GPD whereby GAM would lease or assign non-core gold mineral properties to GPUS under customary commercial terms. The Agreement is subject to concluding a definitive agreement.

**9. CONVERTIBLE DEBENTURES**

	March 31, 2009	December 31, 2008
Convertible Debentures	\$ -	\$ 2,886,329

Prior to acquisition by the Company (Note 3) GAM completed a USD\$2,340,625 convertible secured debenture maturing three years from issuance. The debenture is secured against all assets of GAM and bears an 8% interest payable annually. The debenture also bears additional interests and penalties and is presented as a current liability as a result of a breach of various covenants prior to acquisition by the Company.

The debentures are convertible into GAM shares at \$2.00 per share. Attached to each debenture is a quarter share purchase warrant at an exercise price of \$2.50 each for one GAM share. Under the terms of the Purchase Agreement by the Company, each GAM share is convertible into shares of the Company at the 6.1538 exchange ratio. As stated in the Debenture agreement, GAM's management is obligated to arrange for the conversion of the GAM shares into the acquirer's shares in case of a change in control.

On February 18, 2009, an agreement was reached with holders of the Debentures to settle the Debentures. The holders received 105% of their principal amount plus accrued interest as at February 18, 2009 in common shares of the Company. In addition, the holders of the Debentures received share purchase warrants of the Company exercisable to acquire an aggregate of up to 1,787,374 shares of the Company at US\$0.30 per share for a period of two years. The holders of the debentures also received share purchase warrants to acquire an aggregate of up to 446,844 shares of GPD, a spin-out company from the Company, exercisable at US\$0.45 per share for a period of one year.

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(Unaudited)

#### 10. PROMISSORY NOTE PAYABLE

	2009	2008
Promissory note principle US\$ 3,750,000, bearing interest at 6% per annum, maturing July 3, 2013	\$ 4,725,750	\$ -

On July 30, 2008, the Company issued a promissory note to Cosgrave Ranch, LLC ("Cosgrave") in connection with the acquisition of water rights and land from Cosgrave for US\$6,750,000. The note bears interest at 6% per annum and matures in 5 years. The interest is payable by cash or the Company's shares. Further, the note was secured by a US\$ 3 million letter of credit and a lien on the land, equipment and a portion of the water rights.

On October 27, 2008, the Company reached an amendment agreement with Cosgrave for the promissory note. Pursuant to the amendment agreement, the US\$3 million cash backed Letter of Credit held in favor of Cosgrave was cancelled and the corresponding cash collateral was released by the financial institution issuing the letter of credit on the Company's behalf. US\$2 million of the proceeds was retained by the Company. The balance of US\$1 million was paid to Cosgrave in addition to 4,728,000 units of the Company. Each unit consists of one common share and one-half share purchase warrant exercisable at CDN\$0.75 each 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 with the exception that the interest must be paid in cash quarterly.

Interest expense of \$93,750 was accrued for the three months ended March 31, 2009 and paid on April 1, 2009.

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**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

Authorized:  
Unlimited number of common shares without par value

	Number of Shares	Share Capital	Contributed Surplus
Issued:			
Balance, 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	-	-	2,324,458
Conversion of Special Warrants	7,610,000	7,610,000	-
Acquisition of Gold Standard Royalty Corp	2,050,000	4,100,000	143,017
Acquisition of Great American Minerals Inc. (Note 3)	1,045,775	2,091,550	426,672
Acquisition of Fury Explorations Ltd.	10,595,814	13,774,558	7,787,783
Exercise of share purchase options and warrants	6,592,900	9,939,267	(95,617)
Exercise of cashless options	44,324	88,648	(88,648)
Issuance for mineral properties	110,000	210,000	-
Issuance for repayment of promissory note	4,728,000	2,364,000	-
Balance, December 31, 2008	66,356,813	\$ 93,706,311	\$ 11,086,227
Issuance for mineral properties	2,213,784	317,509	-
Exercise of share purchase options	101,000	189,065	(168,865)
Stock based compensation	-	-	(1,072,955)
Issuance of shares for repayment of convertible debentures (Note 9)	7,336,874	3,746,208	526,105
Value of assets transferred to Golden Predator Royalty & Development Corp. upon spin-out	-	-	(27,230,103)
Reclassification	-	(16,859,591)	16,859,591
Balance, March 31, 2009	76,008,471	\$ 81,099,502	\$ -

During January 2008, the Company completed private placements consisting of 2,822,500 units at \$2.00 per unit for proceeds of \$5,645,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at \$3.00 for a period of 12 months following the closing of the placement.

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

During July 2008, the Company completed a private placement consisting of 2,500,000 shares at \$2.00 per share for proceeds of \$5,000,000. In connection with this private placement the Company paid a finder's fee of \$250,000.



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

On October 18, 2008, the Company issued 4,728,000 units to Cosgrave for repayment of a promissory note at a value of US\$2,000,000. Each unit consists of one common share of the Company and one-half common share purchase warrant with a two year life and exercisable at CAD\$0.75.

On November 17, 2008, the Company issued 76,274 common shares in connection with the acquisition of the subsidiary, Great American Minerals Inc.

On January 5, 2009, the Company issued 2,147,000 common shares to Canyon Resources Corporation at a value of US\$250,000 for the Adelaide and Tuscarora projects for Golden Predator Mines US Inc., a wholly owned subsidiary of Golden Predator Mines Inc.

On January 20, 2009, the Company issued 66,667 common shares to Gillian KM Kearvell at a price of C\$0.20 per share for the Guijoso property for Fury Explorations Ltd., wholly owned subsidiary of Golden Predator Mines Inc.

On March 4, 2009, the Company issued 7,336,874 common shares at a price of US\$0.40 per share to the holders of Convertible Debentures (the "Debentures") to retire GAM share purchase warrants held by holders of the Debentures. In addition, the Company issued 1,787,374 share purchase warrants to the Debenture shareholders and 500,040 share purchase warrants to Westminster Securities as an agent's fee for their services in connection with the retirement of Debentures. These warrants are exercisable at US\$0.30 per share for a period of two years (Note 9).

#### **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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#### 11. 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, 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	-	-	6,178,625	1.02
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	2.24
Issuance for repayment of promissory note	2,364,000	0.75	-	-
Expired or cancelled	(16,990,350)	2.47	(2,275,916)	1.73
Exercised	(6,501,500)	1.51	(91,400)	1.02
Outstanding, December 31, 2008	19,927,354	\$ 2.40	8,060,684	\$ 1.01
Granted	-	-	2,163,100	0.30
Issuance for retirement of convertible debentures	2,287,414	USD 0.30	-	-
Cancelled	(1,669,633)	1.60	(3,560,667)	1.42
Exercised	-	-	(101,000)	0.20
Outstanding, March 31, 2009	20,545,135	\$ 2.18	6,562,117	\$ 0.55
Number currently exercisable	20,545,135	\$ 2.18	3,128,551	\$ 0.91

Pursuant to the spin-out, the exercise prices of the warrants were adjusted downward by 20%. The exercise prices of the warrants shown in the above table are adjusted price.

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

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

As at March 31, 2009, incentive stock options and share purchase warrants were outstanding as follows:

	Number of shares	Exercise Price	Expiry Date
<b>Options</b>	147,975	\$ 1.00	July 19, 2012
	3,333	1.00	October 4, 2012
	227,500	2.00	February 13, 2013
	15,000	2.00	March 4, 2013
	17,500	2.15	June 2, 2013
	80,000	2.15	August 15, 2013
	31,000	1.50	August 20, 2013
	200,000	1.59	August 20, 2013
	45,834	1.10	March 19, 2013
	65,000	USD 0.92	March 23, 2010
	92,625	USD 1.54	March 23, 2010
	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
	12,124	2.40	July 26, 2011
	183,334	1.80	October 31, 2011
	23,750	0.27	January 31, 2013
	59,375	0.27	February 15, 2013
	15,000	0.27	March 4, 2013
	80,000	0.20	August 20, 2009
	442,500	0.20	July 26, 2012
	265,000	0.20	October 4, 2012
	140,000	0.20	February 25, 2013
	225,000	0.20	May 13, 2013
	104,000	0.20	June 2, 2013
	30,000	0.20	August 20, 2013
	67,500	0.20	March 4, 2013
	1,589,000	0.20	October 31, 2013
	2,113,100	0.30	January 22, 2014
	50,000	0.30	February 24, 2014
	<u>6,562,117</u>		
<b>Warrants</b>	15,893,721	2.68	August 15, 2011
	2,364,000	0.60	October 18, 2010
	<u>2,287,414</u>	USD 0.30	March 4, 2011
	<u>20,545,135</u>		

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

**Stock-based compensation (cont'd...)**

During the first three months in 2009, the Company recognized stock based compensation of (\$1,072,955) in the statement of operations as a result of vested shares expired and cancelled net of shares for services and incentive stock options granted and vested. The weighted average fair value of options granted was \$0.55 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	1.24%
Expected life	3 years
Volatility	183%
Dividend rate	0.00%

**12. 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 were converted to treasury stocks and warrants upon closing of the Fury acquisition on August 15, 2008.

**13. CAPITAL DISCLOSURES**

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 shareholders' 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.

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### **14. FINANCIAL INSTRUMENTS**

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

#### **Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. 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 Note 5) and reclamation bonds consist of term deposits and 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.

At December 31, 2008, the Company had a working capital deficiency which was alleviated subsequent to year end. On February 18, 2009, the Company successfully negotiated the conversion of the entire convertible debenture balance and the related interests into shares and warrants of the Company. (Note 22)

#### **Market risk**

Market risk is the risk of loss that may arise from changes in market fluctuations such as those listed below. The fluctuations may be significant.

##### **(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 negotiated to convert the convertible debenture into shares of the Company (Note 10). The Company also annually 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 and equity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

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### 14. FINANCIAL INSTRUMENTS (cont'd...)

#### Sensitivity analysis

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

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 Company doesn't hold significant investments earning interest. 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. However, the Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations.

### 15. SEGMENTED INFORMATION

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

	Canada	United States	Total
Fixed assets	\$ 181,923	\$ 35,100,639	\$ 35,282,562
Mineral properties	-	27,232,903	27,232,903
	<u>\$ 181,923</u>	<u>\$ 62,333,542</u>	<u>\$ 62,515,465</u>

### 16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non cash transactions during the three months ended March 31, 2009 included:

- Issued 2,147,000 common shares to Canyon Resources Corporation for Adelaide and Tuscarora projects.
- Issued 66,667 common shares to Gillian KM Kearvell for Guijoso property.
- Issued 7,336,874 common shares for retirement of Convertible Debentures.
- Issued 2,287,414 share purchase warrants to the Debenture shareholders and Westminster
- Securities as an agent's fee for their services in connection with the retirement of Debentures.

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**17. COMMITMENTS**

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

2010	57,187
2011	<u>17,376</u>
	\$ <u>74,563</u>

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

**18. RELATED PARTY RECEIVABLES AND TRANSACTIONS**

The Company entered into management services agreements with corporations controlled by a director and an officer under which the Company paid \$72,855 during the quarter.

As at March 31, 2009, \$640,007 (2008 – nil) was due from a related party for expenditures paid by the Company. The company and the related party share office facilities and certain staff on an on-going basis. All amounts are billed on a cost-recovery basis.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**19. SUBSEQUENT EVENTS**

- a) On April 21, 2009, the Company issued 51,859 common shares valued at \$5,185.90 to Columbus Gold Corporation Canada in satisfaction of an option agreement.
- b) On April 30, 2009, the Company received \$420,000 loan repayment and applicable accrued interest from Midway.
- c) On May 8, 2009, the Company received \$580,000 loan repayment and applicable accrued interest from Midway, which has now fully repaid the loan.
- d) On May 13, 2009, the Company issued 89,254 common shares valued at \$9,817.94 to a consultant in settlement of consulting fees.