



SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED AUGUST 31, 2012

Notice of Non-review of Condensed Interim Consolidated Financial Statements

The attached condensed interim consolidated financial statements for the three month period ended August 31, 2012 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 condensed interim consolidated financial statements.

Silver Predator Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	As at August 31, 2012	As at May 31, 2012
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 568,767	\$ 790,661
Prepaid expenses and deposits	34,143	40,029
Receivables (Note 4)	67,913	552,310
Investments (Note 5)	800,000	750,000
Promissory notes (Note 6)	-	100,000
	<u>1,470,823</u>	<u>2,233,000</u>
Reclamation Bond	22,206	22,206
Exploration and evaluation assets (Note 7)	<u>18,114,873</u>	<u>17,824,204</u>
	<u>\$ 19,607,902</u>	<u>\$ 20,079,410</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 244,686	\$ 207,320
Due to related parties (Note 10)	<u>160,777</u>	<u>142,530</u>
	<u>405,463</u>	<u>349,850</u>
Deferred income tax liability	<u>629,246</u>	<u>622,996</u>
Shareholders' equity		
Share capital (Note 9)	26,523,443	26,518,193
Reserves	2,042,095	1,954,638
Accumulated other comprehensive income	133,757	339,611
Deficit	<u>(10,126,102)</u>	<u>(9,705,878)</u>
	<u>18,573,193</u>	<u>19,106,564</u>
	<u>\$ 19,607,902</u>	<u>\$ 20,079,410</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

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

Silver Predator Corp.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended August 31, 2012	Three Months Ended August 31, 2011
EXPENSES		
Consulting and management fees	\$ 57,352	\$ 32,118
General and administrative	77,607	72,888
Filing	19,646	49,873
Insurance	5,885	7,120
Professional fees	60,489	31,534
Salaries and wages	66,304	75,143
Share-based compensation (Note 9)	86,457	366,268
Travel and promotion	41,418	73,152
	<u>(415,158)</u>	<u>(708,096)</u>
OTHER ITEMS		
Foreign exchange loss	(7,330)	(25,108)
Interest income	2,264	9,141
	<u>(5,066)</u>	<u>(15,967)</u>
Loss before taxes	(420,224)	(724,063)
Deferred income tax expense	-	(184,516)
Loss for the period	<u>(420,224)</u>	<u>(908,579)</u>
Loss for the period	\$ (420,224)	\$ (908,579)
Change in cumulative translation adjustment	(249,604)	(68)
Unrealized gain (loss) on available-for-sale marketable securities, net of tax	43,750	(251,876)
Loss and comprehensive loss for the period	<u>\$ (626,078)</u>	<u>\$ (1,160,523)</u>
Basic and diluted loss per common share	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding	41,794,185	28,764,761

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

Silver Predator Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended August 31, 2012	Three Months Ended August 31, 2011
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	\$ (420,224)	\$ (908,579)
Items not affecting cash:		
Deferred income tax expense	-	184,516
Amortization	-	137
Share-based compensation	86,457	366,268
Unrealized foreign exchange difference	(249,604)	(68)
	<u>(583,371)</u>	<u>(357,726)</u>
Changes in non-cash working capital items:		
Decrease (increase) in receivables	484,397	(2,431)
Decrease (increase) in prepaid expenses and deposits	5,886	(8,941)
Increase in due to related parties	18,247	90,929
Increase (decrease) in accounts payable and accrued liabilities	37,366	(96,406)
	<u>(37,475)</u>	<u>(374,575)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	-	(11,000)
Promissory note payment	100,000	100,000
Exploration and evaluation costs capitalized	(285,419)	(600,432)
	<u>(185,419)</u>	<u>(511,432)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds received from exercise of warrants	-	16,000
Share issuance costs	-	(525)
	<u>-</u>	<u>15,475</u>
Change in cash and cash equivalents during the period	(221,894)	(870,532)
Cash and cash equivalents, beginning of period	<u>790,661</u>	<u>6,584,209</u>
Cash and cash equivalents, end of period	\$ <u>568,767</u>	\$ <u>5,713,677</u>
Cash paid for interest	\$ -	\$ -
Cash received for interest	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -

Supplemental disclosures with respect to cash flows (Note 12)

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

Silver Predator Corp.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	Share capital		Reserves	Accumulated other comprehensive income (loss)	Deficit	Total
	Number	Amount				
Balance, May 31, 2011	28,542,218	\$ 20,693,343	\$ 1,412,211	\$ 571,262	\$ (4,965,058)	\$ 17,711,758
Share issuance costs	-	(525)	-	-	-	(525)
Issuance of shares – properties	325,000	251,500	-	-	-	251,500
Cumulative translation adjustment	-	-	-	(68)	-	(68)
Exercise of warrants	32,000	23,999	(7,999)	-	-	16,000
Share-based compensation	-	-	366,268	-	-	366,268
Change in value of investments	-	-	-	(251,876)	-	(251,876)
Net loss for the period	-	-	-	-	(908,579)	(908,579)
Balance, August 31, 2011	28,899,218	\$ 20,968,317	\$ 1,770,480	\$ 319,318	\$ (5,873,637)	\$ 17,184,478
Balance, May 31, 2012	41,791,468	\$ 26,518,193	\$ 1,954,638	\$ 339,611	\$ (9,705,878)	\$ 19,106,564
Exercise of warrants	-	-	1,000	-	-	1,000
Issuance of shares - properties	25,000	5,250	-	-	-	5,250
Share-based compensation	-	-	86,457	-	-	86,457
Change in value of investments	-	-	-	43,750	-	43,750
Cumulative translation adjustment	-	-	-	(249,604)	-	(249,604)
Net loss for the period	-	-	-	-	(420,224)	(420,224)
Balance, August 31, 2012	41,816,468	\$ 26,523,443	\$ 2,042,095	\$ 133,757	\$ (10,126,102)	\$ 18,573,193

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Predator Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on May 16, 2006. The Company is in the business of exploring for and developing economically viable silver resource deposits in the United States and Canada.

The Company's head office, principal address and registered and records office Suite 1100, 888 Dunsmuir Street, Vancouver, British Columbia, Canada V6C 3K4.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, receipt of necessary permits and regulatory approvals, and the ability of the Company to obtain financing to complete project development and future profitable operations or sale of the properties.

The condensed interim consolidated statements of financial position have been prepared assuming the Company will continue on a going-concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. For the three months ended August 31, 2012, the Company reported a loss of \$420,224 and as at that date had a net working capital balance of \$1,065,360 and an accumulated deficit of \$10,126,102. Subsequent to August 31, 2012, as further explained in Note 13, the Company closed a private placement for gross proceeds of \$1,054,600.

As an exploration stage Company, the Company does not have traditional sources of revenue, and has relied on share capital financing to cover its operating expenses. Management will need to raise additional financing for the Company to continue as a going concern. There can be no guarantee that the Company will be able to raise additional financing to complete its mineral exploration projects or bring its properties into production. If the going concern assumption were not appropriate for these condensed interim consolidated financial statements it would be necessary to restate the Company's assets and liabilities on a liquidation basis.

2. BASIS OF PRESENTATION

Statement of Compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") including IAS 34 *Interim financial reporting*. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended May 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods of application adopted are consistent with those disclosed in Note 3 of the Company's consolidated financial statements for the year ended May 31, 2012.

These consolidated financial statements were approved for issue by the board of directors on October 10, 2012.

Critical accounting estimates and judgments

Areas of critical accounting estimates and judgments that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 3 of the Company's consolidated financial statements as at and for the year ended May 31, 2012.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	August 31, 2012	May 31, 2012
Cash	\$ 245,767	\$ 440,661
Short term investments	323,000	350,000
	\$ 568,767	\$ 790,661

Silver Predator Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2012
(Expressed in Canadian Dollars)
(Unaudited)

4. RECEIVABLES

Receivables comprise the following:

	August 31, 2012	May 31, 2012
Harmonised Sales Tax recoverable	\$ 43,966	\$ 537,968
Other receivables	23,947	14,342
	<u>\$ 67,913</u>	<u>\$ 552,310</u>

5. INVESTMENTS

The Company holds securities in other companies as follows:

	August 31, 2012	May 31, 2012
Common shares in public companies – fair value	\$ 800,000	\$ 750,000
	<u>\$ 800,000</u>	<u>\$ 750,000</u>

	August 31, 2012	May 31, 2012
Common shares in public companies – cost	\$ 684,988	\$ 684,988
	<u>\$ 684,988</u>	<u>\$ 684,988</u>

Accumulated other comprehensive loss for the three months ended August 31, 2012 includes \$43,750 (2011 – gain \$251,876) which is a result of the movement in the difference between original cost and fair value, net of tax.

6. PROMISSORY NOTE

On October 20, 2010, the Company sold its subsidiary, 1794298 Ontario Inc., the holding company of Eucan Minas S.A. de C.V. for the sum of \$300,000. \$100,000 was received in cash and the remaining \$200,000 was in the form of a promissory note. The promissory note is non-interest bearing with the first \$100,000 payment due May 31, 2011 and the second \$100,000 payment due May 31, 2012. All payments have now been received.

Silver Predator Corp.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

AUGUST 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

7. EXPLORATION AND EVALUATION ASSETS

Period ended August 31, 2012	Balance May 31, 2012	Acquisition costs incurred in year	Exploration costs incurred in year	*Dispositions and other adjustments	Balance August 31, 2012
Canada					
Plata	\$ 2,384,907	\$ -	\$ 31,922	\$ -	\$ 2,416,829
Groundhog, Cyr, Grayling, Zap	1,954,121	-	5,090	-	1,959,211
Touchdown, Pigskin, Shar	1,834,355	-	2,213	-	1,836,568
Rusty, Hy, and Flip	1,876,515	250	77,832	-	1,954,597
McBride	453,591	-	-	-	453,591
Staking and other	759,013	-	2,615	(651)	760,977
Total Canada Properties	9,262,502	250	119,672	(651)	9,381,773
USA					
Treasure Hill	1,583,014	3,146	34,176	(41,885)	1,578,451
Taylor	2,771,834	38,920	219,986	(23,097)	3,007,643
Illinois Creek	194,132	5,250	62,784	(2,418)	259,748
Pinchot	15,908	-	8,741	(727)	23,922
Cordero	2,224,161	-	9,723	(101,488)	2,132,396
Sonora Silver (formerly known as Copper King)	760,115	-	8,673	(34,877)	733,911
Cornucopia	159,577	20,382	10,010	(8,287)	181,682
Other	-	-	-	(37,614)	(37,614)
Total USA Properties	7,708,741	67,698	354,093	(250,393)	7,880,139
Mexico					
Magistral	852,961	-	-	-	852,961
Total Mexico Property	852,961	-	-	-	852,961
Total Property Costs	\$ 17,824,204	\$ 67,948	\$ 473,765	\$ (251,044)	\$ 18,114,873

**Includes the effect of foreign exchange differences*

Silver Predator Corp.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2012
(Expressed in Canadian Dollars)
(Unaudited)

7. EXPLORATION AND EVALUATION ASSETS (Cont'd...)

Year ended May 31, 2012	Balance May 31, 2011	Acquisition costs incurred in year	Exploration costs incurred in year	*Dispositions and other adjustments	Balance May 31, 2012
Canada					
Plata	\$ 451,254	\$ 536,849	\$ 1,396,804	\$ -	\$ 2,384,907
Groundhog, Cyr, Grayling, Zap	1,810,000	2,286	141,835	-	1,954,121
Quarterback, Blue Heaven, Ranch	478,216	20,628	80,149	(578,993)	-
Touchdown, Pigskin, Shar	1,800,000	2,033	32,322	-	1,834,355
Rusty, Hy, and Flip	-	645,902	1,230,613	-	1,876,515
McBride	-	453,394	197	-	453,591
Staking and other	267,178	369,621	122,214	-	759,013
Total Canada Properties	4,806,648	2,030,713	3,004,134	(578,993)	9,262,502
USA					
Treasure Hill, Silver Bow	2,762,355	258,106	\$ 13,776	\$ (1,451,223)	\$ 1,583,014
Taylor	1,229,062	1,016,782	509,080	16,910	2,771,834
Illinois Creek	-	96,525	97,607	-	194,132
Pinchot	7,498	7,308	644	458	15,908
Cordero	-	2,224,155	6	-	2,224,161
Sonora Silver (formerly known as Copper King)	-	760,092	23	-	760,115
Cornucopia	-	159,571	6	-	159,577
Total USA Properties	3,998,915	4,522,539	621,142	(1,433,855)	7,708,741
Mexico					
Magistral	852,961	-	-	-	852,961
Total Mexico Property	852,961	-	-	-	852,961
Total Property Costs	\$ 9,658,524	\$ 6,553,252	\$ 3,625,276	\$ (2,012,848)	17,824,204

**Includes the effect of foreign exchange differences*

Illinois Creek Property

In June 2011, the Company entered into an option agreement to acquire a 100% interest in certain state of Alaska mining claims known as the Illinois Creek property. As consideration for the option, the Company paid US\$25,000 and issued 25,000 common shares. To exercise the option, the Company is required to, in stages, pay an additional US\$750,000 (paid \$50,000) and issue 375,000 common shares (issued 25,000), and incur exploration expenditures of US\$3,400,000 by December 13, 2015. The property will be subject to a 2% NSR on precious metals and a 1% NSR on base metals. 1% of the 2% NSR may be purchased by the Company for US\$3,000,000.

Beginning in 2016, the Company will pay US\$100,000 per year as an advance royalty until commercial production is reached. These payments will be credited against future royalty payments.

In August 2012 the Company agreed to amend the option agreement by issuing 25,000 shares due December 31, 2012 on or before August 31, 2012 (issued), making the cash payment of \$50,000 due December 31, 2012 a firm commitment, and extending the timelines for incurring the required exploration expenditures of US\$3,400,000 by one year, to December 13, 2016.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

	August 31, 2012	May 31, 2012
Trade payables	\$ 173,515	\$ 1,057
Accruals	71,171	206,263
	<u>\$ 244,686</u>	<u>\$ 207,320</u>

9. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

b) Stock options and warrants

The Company has a Stock Option Plan to provide an incentive to its directors, officers, employees and consultants. The maximum number of shares issuable under the Stock Option Plan may not exceed 15% of the shares outstanding and the maximum number of options granted to insiders of the Company may not exceed 10% of the shares outstanding. The exercise period of the options may not exceed five years from the date of grant. Vesting and the exercise price is as determined by the Company's Board of Directors and the exercise price cannot be less than the market price of the Company's shares on the date of grant.

During the three months ended August 31, 2012, the Company recognized share-based compensation of \$86,457 (2011 - \$366,268) that was recorded in the condensed interim consolidated statement of loss. No options were granted during the three months ended August 31, 2012.

The fair value of all compensatory options 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:

	2013	2012
Risk-free interest rate	-	2.02%
Expected life	-	5.00 years
Volatility	-	109.21%
Dividend rate	-	-

10. RELATED PARTY TRANSACTIONS

Amounts paid to related parties were incurred in the normal course of business and measured at the estimated fair values.

The Company expensed management and consulting fees of \$18,000 for the three months ended August 31, 2012 (2011 - \$18,000) due to directors of the Company.

The Company has entered into a cost sharing arrangement with a company having common directors. Under the agreement, the Company is provided with the use of office space, office and administrative resources, as well as technical services in support of exploration activities, all on a cost recovery basis. At August 31, 2012, the amount outstanding totaled \$160,777 (May 31, 2012 - \$142,530), and is non-interest bearing, due on demand, and was paid subsequent to the period end.

11. SEGMENTED INFORMATION

The Company's mineral properties are located in Canada, Mexico, and the United States as shown below:

August 31, 2012	Canada	Mexico	United States	Total
Mineral properties	\$ 9,381,773	\$ 852,961	\$ 7,880,139	\$ 18,114,873
Loss for the period	\$ (419,790)	\$ (129)	\$ (305)	\$ (420,224)

August 31, 2011	Canada	Mexico	United States	Total
Mineral properties	\$ 6,675,056	\$ 852,961	\$ 3,357,341	\$ 10,885,358
Loss for the period	\$ (897,638)	\$ (321)	\$ (10,620)	\$ (908,579)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non cash transactions for the three months ended August 31, 2012.

Significant non cash transactions for the three months ended August 31, 2011 included:

- a) The Company issued 325,000 common shares with a fair value of \$251,500 for the acquisition of exploration and evaluation assets.

13. SUBSEQUENT EVENTS

On October 2, 2012, the Company closed a non-brokered private placement for gross proceeds of \$1,054,600. A total of 5,858,891 units were issued at a price of \$0.18 per unit with each unit consisting of one common share and one half of one non-transferable share purchase warrant. Each full warrant entitles the holder to acquire an additional common share at a price of \$0.28 until December 31, 2013. In connection with the private placement, the Company paid finders' fees of \$13,700.