SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED FEBRUARY 29, 2012

Silver Predator Corp.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian Dollars)
(Unaudited)

		As at February 29, 2012		As at May 31, 2011		As at June 1, 2010
ASSETS						
Current						
Cash and cash equivalents	$	2,042,742	$	6,584,209	$	65,276
Prepaid expenses and deposits		29,418		51,396		26,426
Receivables		543,160		87,346		23,161
Investments (Note 5)		975,000		1,350,000		752,200
Promissory notes (Note 6)		100,000		200,000		-
		3,690,320		8,272,951		867,063
Equipment		-		-		9,711
Reclamation Bond		22,206		-		-
Long-term investment (Note 7)		1,888,000		900,000		-
Mineral properties (Note 8)		16,956,131		8,758,524		37,321
	$	22,556,657	$	17,931,475	$	914,095
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current						
Accounts payable and accrued liabilities	$	452,668	$	168,317	$	235,013
Due to related parties (Note 9)		145,614		51,400		-
		598,282		219,717		235,013
Deferred tax liability		652,500		-		-
		1,250,782		219,717		235,013
Shareholders' equity						
Share capital (Note 10)		26,399,844		20,693,343		3,907,471
Reserves (Note 10)		1,924,647		1,412,211		178,982
Accumulated other comprehensive income (loss)		253,843		571,262		(84,988)
Deficit		(7,272,459)		(4,965,058)		(3,322,383)
		21,305,875		17,711,758		679,082
	$	22,566,657	$	17,931,475	$	914,095

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

Silver Predator Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended February 29, 2012	Three months ended February 28, 2011	Nine months ended February 29, 2012	Nine months ended February 28, 2011
EXPENSES				
Consulting and management fees	$ 39,096	$ 2,973	$ 77,083	$ 182,582
General and administrative	57,302	17,695	232,089	76,216
Filing	8,967	15,775	70,204	46,525
Insurance	10,176	2,282	22,584	6,465
Professional fees	74,608	-	155,690	24,634
Salaries and wages	61,492	15,899	315,781	73,078
Stock-based compensation (Note 10)	296,529	314,082	721,253	362,021
Travel and promotion	119,649	21,443	189,186	42,822
	(667,819)	(390,149)	(1,783,870)	(814,343)
OTHER ITEMS				
Gain on sale of subsidiary	-	-	-	299,908
Legal fees - acquisition of resource properties	-	(78,317)	-	(196,821)
Write-off of resource properties	-	-	-	(177)
Write-off of equipment	-	-	-	(9,711)
Foreign exchange gain	20,814	67	139,781	385
Interest income	46,422	200	66,261	277
	67,236	(78,050)	206,042	93,861
Loss before taxes	(600,583)	(468,199)	(1,577,828)	(720,482)
Current income tax	(19,574)	-	(19,574)	-
Deferred income tax (expense) recovery	-	237,500	(709,999)	237,500
Loss for the period	(620,157)	(230,699)	(2,307,401)	(482,982)
Loss for the period	$ (620,157)	$ (230,699)	$ (2,307,401)	$ (482,982)
Change in cumulative translation adjustment	655	-	82	-
Unrealized (losses) gains on available-for-sale marketable securities, net of tax	-	1,000,000	(317,501)	1,900,000
Loss and comprehensive (loss) gain for the period	$ (619,502)	$ 769,301	$ (2,624,820)	$ 1,417,018
Basic and diluted loss per common share	$ (0.02)	$ (0.01)	$ (0.08)	$ (0.03)
Weighted average number of common shares outstanding	30,646,303	17,433,751	29,862,210	9,731,159

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

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

	Nine months ended February 29, 2012	Nine months ended February 28, 2011
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the period	$ (2,307,401)	$ (482,982)
Items not affecting cash:		
Deferred income tax (recovery) expense	709,999	(237,500)
Write-off of resource properties	-	177
Write-off of equipment	-	9,711
Stock-based compensation	721,253	362,021
Unrealised foreign exchange difference	82	-
	(876,067)	(348,573)
Changes in non-cash working capital items:		
Increase in receivables	(420,474)	(28,589)
(Increase) in prepaid expenses and deposits	23,769	(40,710)
Increase (decrease) in promissory notes	-	(200,000)
Increase in due to related parties	94,214	77,886
(Decrease) increase in accounts payable and accrued liabilities	(23,216)	(231,192)
	(1,201,774)	(771,178)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Promissory note payment	100,000	-
Cash received from sale of subsidiary	-	-
Exploration costs capitalised	(4,250,009)	(92,995)
	(4,150,009)	(92,995)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Private placements	-	8,451,840
Exercise of warrants	820,125	54,750
Share issuance costs	(20,525)	(376,351)
Cash acquired in subsidiary	10,716	
	810,316	8,130,239
Change in cash and cash equivalents during the period	(4,541,467)	7,266,066
Cash and cash equivalents, beginning of period	6,584,209	65,276
Cash and cash equivalents, end of period	$ 2,042,742	$ 7,331,342

Supplemental disclosures with respect to cash flows (Note 11)

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

Silver Predator Corp.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share capital					
	Number	Amount	Reserves	Accumulated other comprehensive income	Deficit	Total
Balance, May 31, 2010	4,207,075	3,907,471	178,982	(84,988)	(3,322,383)	679,082
Private placement	13,905,643	7,998,485	453,355	-	-	8,451,840
Share issuance costs	-	(489,204)	112,853	-	-	(376,351)
Exercise of warrants	109,500	69,148	(14,398)	-	-	54,750
Stock-based compensation	-	-	362,021	-	-	362,021
Change in value of investments	-	-	-	1,662,500		1,662,500
Net loss for the period	-	-	-	-	(482,982)	(482,982)
Balance, February 29, 2011	18,222,218	11,485,900	1,092,813	1,577,512	(3,805,365)	10,350,860
Balance, May 31, 2011	28,542,218	20,693,343	1,412,211	571,262	(4,965,058)	17,711,758
Share issuance costs – cash	-	(20,525)	-	-	-	(20,525)
Exercise of warrants	1,640,250	1,056,291	(236,166)	-	-	820,125
Issuance of shares – properties	1,616,667	753,250	-	-	-	753,250
Nevgold Acquisition (Note 4)	7,059,000	2,929,485	27,349	-	-	2,956,834
Investment in Fury Canada (Note 7)	2,533,333	988,000	-	-	-	988,000
Stock-based compensation	-	-	721,253	-	-	721,253
Change in value of investments	-	-	-	(317,501)	-	(317,501)
Cumulative translation adjustment	-	-	-	82	-	82
Net loss for the period	-	-	-	-	(2,307,401)	(2,307,401)
Balance February 29, 2012	41,391,468	$ 26,399,844	$ 1,924,647	$ 253,843	$ (7,272,459)	$ 21,305,875

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

1. NATURE OF OPERATIONS

Silver Predator Corp. (the "Company") was incorporated under the laws of the Province of British Columbia on June 1, 2006. The Company is in the business of exploring for and developing economically viable mineral resource deposits in the United States and Canada. The Company's current focus is to advance the exploration of its silver properties.

The Company's head office, principal address and registered and records office is the 11th floor, 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, the ability of the Company to obtain financing to complete project development and future profitable operations or sale of the properties.

2. BASIS OF PREPARATION AND FIRST-TIME ADOPTION OF IFRS

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The Company's transition date to IFRS is June 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with Canadian generally accepted accounting principles ("CGAAP"). Historical results and balances have been restated under IFRS. These condensed consolidated interim financial statements should be read in conjunction with the Company's 2011 CGAAP annual financial statements, and in consideration of the disclosure regarding the transition from CGAAP to IFRS included in Note 14. Certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS are not included in these condensed consolidated interim financial statements.

Basis of Consolidation and Presentation

The condensed consolidated financial statements have been prepared on a historical cost basis except for certain financial assets that are measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

These condensed consolidated financial statements incorporate the financial statements of the Company and its controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its direct wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the expected amounts, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of receivables, valuation and depreciation of property, plant and equipment and mining interests, valuation of share-based payments, and recognition of deferred income tax amounts.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

b. Investments

The Company has designated marketable securities as available-for-sale. Changes in fair values of available-for-sale assets are reflected in other comprehensive income (loss).

c. Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates, using a pre-tax rate that reflect the time value of money, are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

d. Impairment of tangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e. Mineral properties

Costs directly related to the exploration and evaluation of mineral properties are capitalized once the legal rights to explore the mineral properties are acquired or obtained. When the technical and commercial viability of a mineral resource have been demonstrated and a development decision has been made, the capitalized costs of the related property are transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

From time to time, the Company acquires or disposes of properties pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral property costs or recoveries when the payments are made or received. After costs are recovered, the balance of the payments received are recorded as a gain on option or disposition of mineral property.

f. Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

g. Foreign exchange

The functional currency of the Company and each of its subsidiaries is the currency of the primary economic environment in which the subsidiary operates. The consolidated financial statements are presented in Canadian dollars, which is Silver Predator Corp's functional currency. The functional currency determinations were conducted through an analysis of the consideration factors indentified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Subsidiaries with a Canadian dollar functional currency record transactions in currencies other than the Canadian dollar at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Income and expenses are translated at the exchange rates approximating those in effect on the date of the transactions.

The financial statements of subsidiaries that have a functional currency different from that of Silver Predator Corp. are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

h. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

i. Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

The Company classifies its financial liabilities as other liabilities, carried at amortized cost using the effective interest method.

j. Stock-based compensation

The Company grants stock options to directors, officers, employees and consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital.

3. SIGNIFICANT ACCOUNTING POLICIES *(Cont'd…)*

k. Flow-through shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares. These instruments permit the Company to renounce (i.e. transfer) the tax deductions associated with an equal value of qualifying resource expenditures to the investor. The proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through shares and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company incurs the expenditures, at which point the liability is reversed and recorded as a tax recovery on the statement of loss. The Company records a deferred tax liability on the date that the expenditures are incurred. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.

New standards not yet adopted

In November 2009, the IASB published IFRS 9, 'Financial Instruments', which covers the classification and measurement of financial assets as part of its project to replace IAS 39, 'Financial Instruments: Recognition and Measurement'. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to their own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact the Company upon implementation of the issued standard.

IFRS 10, 'Consolidated Financial Statements', requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, 'Consolidation - Special Purpose Entities', and parts of IAS 27, 'Consolidated and Separate Financial Statements'.

IFRS 11, 'Joint Arrangements', requires a venturer to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, 'Interests in Joint Ventures', and SIC-13, 'Jointly Controlled Entities - Non-monetary Contributions by Venturers'.

IFRS 12, 'Disclosure of Interests in Other Entities', establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, 'Fair Value Measurement', is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, 'Separate Financial Statements', and IAS 28, 'Investments in Associates and Joint Ventures'. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10, 11, 12 and 13.

(Expressed in Canadian Dollars)

4. ACQUISITION OF NEVGOLD

On February 28, 2012, Silver Predator Corp. acquired 100% of Nevgold Resource Corp. ("Nevgold") by way of a plan of arrangement (the "Arrangement"). Under the terms of the Arrangement, Silver Predator issued 0.5 of a common share of Silver Predator ("Silver Predator Shares") for each one outstanding common share of Nevgold (the "Exchange Ratio"). Outstanding warrants to acquire common shares of Nevgold now entitle the holders thereof on exercise to receive Silver Predator Shares, adjusted for the Exchange Ratio with a corresponding adjustment to the exercise price.

Pursuant to the Arrangement, Silver Predator issued an aggregate of 7,059,000 Silver Predator Shares to the former Nevgold shareholders, representing approximately 18.8% of the Silver Predator Shares issued and outstanding on closing of the Arrangement. An additional 502,500 Silver Predator Shares have been authorised for issuance upon the exercise of the outstanding Nevgold warrants.

Nevgold is an exploration company with a portfolio that includes the Cornucopia Property, located within the Cornucopia silver mining district in Elko County, Nevada, the Copper King Property located two miles north of the Lucky Friday silver mine in the Coeur d' Alene District of Idaho, the Cordero Property, located seven miles southwest of the town of McDermitt in Humboldt County, north-central Nevada, and the McBride Property, located southwest of Lynn Lake in Manitoba.

Total consideration paid of $3,134,698 included the fair value of 7,059,000 Silver Predator Shares issued at $0.415 (based on the closing price of Silver Predator Shares on February 28, 2012) amounting to $2,929,485, the fair value of 502,500 share purchase warrants amounting to $27,348, and Silver Predator's transaction costs of $177,864. The share purchase warrants were valued using the Black-Scholes pricing option pricing model based on a risk free annual interest rate of approximately 1%, an expected volatility of up to 85%, an expected average life of 9 months, and a dividend yield of nil.

The purchase price was calculated as follows:

Common Shares issued (7,059,000 Silver Predator Shares)	$	2,929,485
Fair value of warrants		27,349
Transaction costs		177,864
Total purchase price	$	3,134,698

The following table sets forth the allocation of the purchase price to the fair value of the assets and liabilities acquired:

Purchase price allocation		
Cash and cash equivalents	$	10,716
Accounts receivable and prepaids		37,131
Reclamation bond		22,206
Mineral properties		3,597,212
Loan payable to Silver Predator		(225,000)
Accounts payable		(307,567)
	$	3,134,698

Included in accounts payable is a US$70,000 loan owing to the former CEO of Nevgold, a current director of Silver Predator, in respect of funds advanced to Nevgold for working capital purposes. The loan was repaid subsequent to closing of the Arrangement.

5. INVESTMENTS

The Company holds securities in other companies as follows:

	February 29, 2012				May 31, 2011			
		Market Value		Cost		Market Value		Cost
Common shares in public companies	$	975,000	$	684,988	$	1,350,000	$	684,988
Warrants in public companies		-		-		-		315,012
	$	975,000	$	684,988	$	1,350,000	$	1,000,000

Accumulated other comprehensive loss for the period of $317,501 (Feb 28, 2011 – gain $1,900,000) is a result of the difference between original cost and fair value as at February 29, 2012.

(Expressed in Canadian Dollars)

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 (received) and the second $100,000 payment due May 31, 2012.

7. LONG-TERM INVESTMENT

In fiscal 2011, the Company acquired certain rights and mineral claims from Golden Predator Corp. ("Golden Predator"). Part of the transaction was structured as a purchase of the shares of Fury Explorations Ltd. ("Fury Canada") in tranches by Silver Predator whereby Silver Predator has the right to acquire 100% of Fury Canada. Fury Canada holds the Taylor Property in Elko, Nevada. To date the Company has acquired 25% of the issued and outstanding shares of Fury Canada with a cumulative fair value of $1,888,000.

8. MINERAL PROPERTIES

	Acquisition costs	Exploration costs	Total
Balance, May 31, 2011	$ 8,407,247	$ 351,277	$ 8,758,524
Canada			
Plata	520,027	1,335,968	1,855,995
Groundhog, Cyr, Grayling, Zap	1,346	48,882	50,228
Quarterback, Blue Heaven, Ranch	116,206	72,523	188,729
Touchdown, Pigskin, Shar	2,033	27,771	29,804
Rusty, Hy, and Flip	367,263	1,168,160	1,535,423
McBride	453,394	-	453,394
Staking and other	240,682	130,918	371,600
USA			
Treasure Hill, Silver Bow	149,005	9,467	158,472
Taylor	40,888	156,364	197,252
Illinois Creek	95,928	76,169	172,097
Pinchot	7,276	623	7,899
Cordero	2,224,155	-	2,224,155
Copper King	760,092	-	760,092
Cornucopia	159,572	-	159,572
Total costs for the year	5,137,867	3,026,845	8,164,712
Translation adjustment	31,674	1,221	32,895
Balance, February 29, 2012	$ 13,576,788	$ 3,379,343	$ 16,956,131

	Acquisition costs	Exploration costs	Total
Balance, May 31, 2010	$ -	$ 37,321	$ 37,321
Canada			
Plata	450,000	1,254	451,254
Groundhog, Cyr, Grayling, Zap	1,810,000	-	1,810,000
Quarterback, Blue Heaven, Ranch	478,216	-	478,216
Touchdown, Pigskin, Shar	1,800,000	-	1,800,000
Other	211,351	18,506	229,857
USA			
Treasure Hill, Silver Bow	2,759,410	2,945	2,762,355
Taylor	45,309	283,753	329,062
Other	-	7,498	7,498
Mexico			
Magistral	852,961	-	852,961
Total costs for the year	8,407,247	313,956	8,721,203
Balance, May 31, 2011	$ 8,407,247	$ 351,277	$ 8,758,524

(Expressed in Canadian Dollars)

8. MINERAL PROPERTIES *(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 conveyance 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.

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 and issue 375,000 common shares, and incur exploration expenditures of US$3,400,000 by December 13, 2015.

The property will be subject to a 2% net smelter royalty ("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.

The following properties having associated commitments were acquired as part of the Nevgold acquisition described in Note 4 above:

McDermitt (Cordero) Project, Nevada

The Company acquired the McDermitt Project in January 2008. As part of the agreement, the Company assumed two leases. The first lease is on a single patented claim which requires annual minimum advance royalty payments of US$5,000 on or before November 30 each year through 2026. In addition, a 1.5% NSR is payable on all minerals produced on these lands.

The second lease requires an annual minimum advance royalty payment of US$4,000 through 2016, for which the Company is expected to contribute 50% or US$2,000. In addition, a 1% NSR is payable on all minerals produced on the leased lands. The Company has $21,582 (April 30, 2011 - $13,954) on deposit with the Nevada Division of Minerals Bond Pool as a reclamation bond for this property.

Cornucopia Property, Nevada

In August 2007, the Company entered into a ten year lease to engage in pre-development exploration and drilling on seven lode mining claims, located in Elko County, Nevada. Production of valuable minerals from this property is subject to a 4% NSR. The Company must complete 2,000 feet of exploration drilling prior to December 31, 2012. To extend the lease beyond 10 years, the Company must be mining, developing or processing materials from the property or must have completed 5,000 feet of exploration drilling or must have performed reclamation and closure activities on the property prior to the ten year anniversary of the signing date. In order to maintain the lease on Cornucopia, Nevgold must pay US$20,000 on or before August 3, each year from 2012 to 2017.

McBride Property, Manitoba

The Company holds a 100% interest in the McBride Property, consisting of four mineral claims totaling 893 hectares located 15 km southwest of Lynn Lake, Manitoba. In September 2011 the Company completed an option agreement with Sypher Resources Limited ("Sypher"), whereby Sypher can earn a 100% interest in the project by issuing 500,000 common shares with a deemed value of at least $500,000 on or before May 30, 2014 and completing an aggregate $600,000 work commitment within a 4 year period. The Company retains a 3% NSR on any production from the property.

9. RELATED PARTY TRANSACTIONS

The financial statements include the financial statements of Silver Predator Corp. and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Silver Predator US Holdings Corp.	Nevada, USA	100%	Holding Company
Silver Predator Alaska Corp.	Alaska, USA	100%	Mineral exploration
PWH Nevada Inc.	Nevada, USA	100%	Mineral exploration
Silver Predator Canada Corp.	Yukon, Canada	100%	Mineral exploration
Nevgold Resource Corp.	Canada	100%	Mineral exploration
Nevgold USA Inc.	Nevada, USA	100%	Mineral exploration
Fury Explorations (Mexico) S. de R.L. de. C.V.	Mexico	100%	Mineral exploration

(Expressed in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS *(Cont'd…)*

Amounts paid to related parties were incurred in the normal course of business and measured at the exchange amount, which is the amount agreed upon by the transacting parties and on terms and conditions similar to non-related parties.

The Company expensed management and consulting fees of $54,000 for the nine months ended February 29, 2012 (2011 - $68,631) 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. The amounts due to related parties under the cost sharing arrangement, and in respect of staking and drilling costs invoiced directly to the related party totaled $76,153 (2011 - $Nil), are non-interest bearing, due on demand, and were paid subsequent to the period end.

On closing of the Nevgold acquisition the Company assumed liability for a US$70,000 loan owing to the former CEO of Nevgold, a current director of Silver Predator, in respect of funds advanced to Nevgold for working capital purposes.

Amounts due to related parties are non-interest bearing and due on demand.

10. 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 cannot be less than the market price of the Company's shares.

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, May 31, 2010	-	$ -	-	$ -
Granted	3,245,750	0.53	3,846,500	0.88
Exercised	(429,500)	0.50	-	-
Forfeited	-	-	(103,500)	0.81
Outstanding, May 31, 2011	2,816,250	0.54	3,743,000	0.89
Granted	502,500	0.70	232,500	0.72
Exercised	(1,640,250)	0.50	-	-
Expired	(1,026,000)	0.52	(1,259,750)	0.89
Outstanding, February 29, 2012	652,500	0.77	2,715,750	0.87
Exercisable	652,500	$ 0.77	950,188	$ 0.82

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES *(Cont'd…)*

As February 29, 2012, incentive stock options and share purchase warrants were outstanding as follows:

	Number of shares		Exercise price	Expiry Date
Options	335,000	$	0.50	September 14, 2015
	925,000		0.78	November 18, 2015
	1,280,750		1.05	April 4, 2016
	175,000		0.75	June 27, 2016
	2,715,750			
Warrants	150,000	$	1.00	December 23, 2012
	502,500		0.70	November 22, 2012
	652,500			

During the period ended February 29, 2012, the Company recognized stock-based compensation of $721,253 that was recorded in the statement of operations. The weighted average fair value of options granted in the period was $0.48 per share.

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:

	2012	2011
Risk-free interest rate	2.63%	-
Expected life	5.00 years	-
Volatility	85.13%	-
Dividend rate	-	-

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non cash transactions for the period ended February 29, 2012 include the following:

- The Company issued 1,616,667 common shares with a fair value of $753,250 for the acquisition of mineral properties.
- The Company issued 7,059,000 common shares with a fair value of $2,929,485 for the acquisition of Nevgold.
- The Company issued 2,533,333 common shares with a fair value of $988,000 to increase its investment in Fury Explorations.

There were no significant non cash transactions for the period ended February 29, 2011.

12. SEGMENTED INFORMATION

February 29, 2012	Canada	Mexico	United States	Total
Mineral properties	8,834,334	852,961	7,268,836	16,956,131
Loss for the period	(2,307,401)	-	-	(2,307,401)

May 31, 2011	Canada	Mexico	United States	Total
Mineral properties	4,806,648	852,961	3,098,915	8,758,524
Loss for the period	(986,425)	-	-	(986,425)

13. SUBSEQUENT EVENT

Following the period end the Company dropped its options on the Quarterback, Blue Heaven and Ranch properties.

14. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these consolidated financial statements are for the period covered by the Company's first interim condensed consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the condensed consolidated financial statements for the period ended February 29, 2012 and 2011, the consolidated financial statements for the year ended May 31, 2011 and the opening IFRS statement of financial position on June 1, 2010, the "Transition Date".

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended February 29, 2012, the Company has adjusted amounts reported previously in financial statements that were prepared in accordance with CGAAP. An explanation of how the transition from CGAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables. The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

a) to apply the requirements of IFRS 3, Business Combinations, prospectively from the Transition Date;

b) to apply the requirements of IFRS 2, Share-based payments, only to equity instruments granted after November 7, 2002 which had not vested as of the Transition Date; and

c) to transfer all foreign currency translation differences, recognized as a separate component of equity, to deficit as at the Transition Date including those foreign currency differences which arose on adoption of IFRS.

Additionally, in accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous CGAAP. The Company's IFRS estimates as of June 1, 2010 are consistent with its CGAAP estimates for the same date.

TRANSITION DATE BALANCE SHEET

As a result of the adoption of IFRS, no adjustments were required to the transition date balance sheet. In addition, no adjustments were required to the February 29, 2011 balance sheet, the statement of loss and comprehensive loss for the nine months ended February 29, 2011, and the statement of cash flows for the nine months ended February 29, 2011.

(Expressed in Canadian Dollars)

14. FIRST TIME ADOPTION OF IFRS *(Cont'd…)*

The reconciliation between CGAAP and IFRS consolidated balance sheet as at May 31, 2011 is provided below:

		May 31, 2011		
	Note	CGAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash and cash equivalents		$ 6,584,209	$ -	$ 6,584,209
Prepaid expenses and deposits		51,396	-	51,396
Receivables		87,346	-	87,346
Investments		1,350,000	-	1,350,000
Promissory notes		200,000	-	200,000
		8,272,951	-	8,272,951
Investment		900,000	-	900,000
Mineral properties	(a)	9,108,769	(350,245)	8,758,524
		$ 18,281,720	$ (350,245)	$ 17,931,475
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities		$ 168,317	$ -	$ 168,317
Due to related parties		51,400	-	51,400
		219,717	-	219,717
Deferred income tax liability	(a)	378,390	(378,390)	-
		598,107	(378,390)	219,717
Shareholders' equity				
Share capital		20,693,343	-	20,693,343
Reserves		1,412,211	-	1,412,211
Accumulated other comprehensive income		571,262	-	571,262
Deficit	(a, b)	(4,993,203)	28,145	(4,965,058)
		17,683,613	28,145	17,711,758
		$ 18,281,720	$ (350,245)	$ 17,931,475

(Expressed in Canadian Dollars)

14. FIRST TIME ADOPTION OF IFRS *(Cont'd…)*

The reconciliation between CGAAP and IFRS comprehensive loss for the year ended May 31, 2011 is provided below:

		Year Ended May 31, 2011		
	Note	CGAAP	Effect of transition to IFRS	IFRS
EXPENSES				
Consulting and management fees		$ 200,689	$ -	$ 200,689
General and administrative		121,387	-	121,387
Filing		108,722	-	108,722
Insurance		13,578	-	13,578
Professional fees		97,998	-	97,998
Salaries and wages		180,631	-	180,631
Stock-based compensation		728,861	-	728,861
Travel		63,533	-	63,533
		(1,515,399)	-	(1,515,399)
OTHER ITEMS				
Gain on sale of subsidiary		299,908	-	299,908
Professional fees and costs related to the property acquisition and listing transaction		(347,015)	-	(347,015)
Write-off of equipment		(9,711)	-	(9,711)
Foreign exchange loss	(a, b)	(44,596)	28,145	(16,451)
Fair value adjustment-warrants		(152,200)	-	(152,200)
Interest income		4,443	-	4,443
		(249,171)	28,145	(221,026)
Loss before income taxes		(1,764,570)	28,145	(1,736,425)
Income tax recovery		93,750	-	93,750
Loss for the period		(1,670,820)	28,145	(1,642,675)
Change in cumulative translation adjustment		-	-	-
Unrealized gain on available-for-sale investments, net of tax		656,250	-	656,250
Comprehensive loss for the period		$ (1,014,570)	$ 28,145	$ (986,425)

14. FIRST TIME ADOPTION OF IFRS *(Cont'd…)*

There are no significant differences between IFRS and CGAAP in connection with the Company's statements of cash flows for the period ended February 29, 2012 or the year ended May 31, 2011.

a) Deferred tax on mineral properties

Under CGAAP, the Company recognized future income taxes on temporary differences arising on the initial recognition of the acquisition of Fury Mexico (where the fair value of the asset acquired exceeded its tax basis) in a transaction which was not a business combination and affected neither accounting profit (loss) nor taxable profit (loss). IAS 12, Income Taxes ("IAS 12"), does not permit the recognition of deferred taxes on such transactions.

As of May 31, 2011, the Company derecognized the impact of all deferred taxes which had previously been recognized on the initial acquisition of mineral properties through transactions not considered business combinations and affecting neither accounting profit (loss) nor taxable profit (loss).

b) Functional currency

Under CGAAP, the Company determined whether a subsidiary was an integrated operation or a self-sustaining entity which determined the method of translation into the presentation currency. IFRS requires that an entity determine the functional currency of each subsidiary individually, prior to consolidation into the Company's presentation currency.

The Company determined that one of its subsidiaries, which had been classified as being integrated operations under CGAAP, had a US Dollar functional currency. Under IFRS, financial statements of subsidiaries denominated in their respective functional currencies are translated into Canadian dollars using the current rate method (whereby all assets and liabilities are translated using the reporting date exchange rates with any gains or losses being recorded in equity).