SILVER PREDATOR CORP.

(An Exploration Stage Enterprise)

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2012 AND MAY 31 2011

Management's Responsibility for Financial Reporting

The accompanying financial statements of Silver Predator Corp. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

"John Legg"

Nathan Tewalt
Chief Executive Office
Vancouver, BC

"Michael O'Brien"

Michael O'Brien
Chief Financial Officer

August 15, 2012

August 15, 2012

Independent Auditor's Report

To the Shareholders of Silver Predator Corp.

We have audited the accompanying consolidated financial statements of Silver Predator Corp., which comprise the consolidated statements of financial position as at May 31, 2012, May 31, 2011 and June 1, 2010 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years ended May 31, 2012 and May 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform our audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: 604 806 7000, F: 604 806 7806, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Silver Predator Corp. as at May 31, 2012, May 31, 2011 and June 1, 2010 and its financial performance and its cash flows for the years ended May 31, 2012 and May 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the ability of Silver Predator Corp. to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants

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

	As at May 31, 2012	As at May 31, 2011 (Note 18)	As at June 1, 2010 (Note 18)
ASSETS			
Current			
Cash and cash equivalents (Note 5)	$ 790,661	$ 6,584,209	$ 65,276
Prepaid expenses and deposits	40,029	51,396	26,426
Receivables (Note 6)	552,310	87,346	23,161
Investments (Note 7)	750,000	1,350,000	752,200
Promissory notes (Note 8)	100,000	200,000	-
	2,233,000	8,272,951	867,063
Equipment	-	-	9,711
Reclamation Bond	22,206	-	-
Mineral properties (Note 9)	17,824,204	9,658,524	37,321
	$ 20,079,410	$ 17,931,475	$ 914,095
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities (Note 10)	$ 207,320	$ 168,317	$ 235,013
Due to related parties (Note 13)	142,530	51,400	-
	349,850	219,717	235,013
Deferred income tax liability (Note 12)	622,996	-	-
Shareholders' equity			
Share capital (Note 11)	26,518,193	20,693,343	3,907,471
Reserves	1,954,638	1,412,211	178,982
Accumulated other comprehensive income (loss)	339,611	571,262	(84,988)
Deficit	(9,705,878)	(4,965,058)	(3,322,383)
	19,106,564	17,711,758	679,082
	$ 20,079,410	$ 17,931,475	$ 914,095

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors:

"William M. Sheriff" *"Nathan A. Tewalt"*

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

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

	Year ended May 31, 2012	Year ended May 31, 2011 (Note 18)
EXPENSES		
Consulting and management fees	$ 101,763	$ 200,689
General and administrative	309,425	121,387
Filing	107,043	108,722
Insurance	23,197	13,578
Professional fees	160,672	97,998
Salaries and wages	382,735	180,631
Stock-based compensation (Note 11)	751,244	728,861
Travel and promotion	221,112	63,533
Gain on sale of subsidiary (Note 8)	-	(299,908)
Legal fees - acquisition of resource properties	-	347,015
Write-off of resource properties (Note 9)	2,030,216	-
	(4,087,407)	(1,562,506)
OTHER ITEMS		
Write-off of equipment	-	(9,711)
Foreign exchange gain (loss)	5,283	(16,451)
Fair value adjustment-warrants (Note 7)	-	(152,200)
Interest income	69,499	4,443
	74,782	(173,919)
Loss before taxes	(4,012,625)	(1,736,425)
Current income tax	(19,575)	-
Deferred income tax (expense) recovery	(708,620)	93,750
Loss for the year	(4,740,820)	(1,642,675)
Loss for the year	$ (4,740,820)	$ (1,642,675)
Change in cumulative translation adjustment	282,725	-
Unrealized (losses) gains on available-for-sale marketable securities, net of tax	(514,376)	656,250
Loss and comprehensive loss for the year	$ (4,972,471)	$ (986,425)
Basic and diluted loss per common share	$ (0.14)	$ (0.11)
Weighted average number of common shares outstanding	32,817,105	14,632,738

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

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

	Year ended May 31, 2012	Year ended May 31, 2011
CASH FLOWS USED IN OPERATING ACTIVITIES		
Loss for the year	$ (4,740,820)	$ (1,642,675)
Items not affecting cash:		
Deferred income tax (recovery) expense	708,620	(93,750)
Fair value adjustment-warrants	-	152,200
Gain on sale of subsidiary	-	(299,908)
Write-off of resource properties	2,030,216	-
Write-off of equipment	-	9,711
Stock-based compensation	751,244	728,861
Unrealized foreign exchange difference	-	(15,309)
	(1,250,740)	(1,160,870)
Changes in non-cash working capital items:		
Increase in receivables	(429,624)	(56,685)
Decrease (increase) in prepaid expenses and deposits	13,158	(24,970)
Decrease (increase) in due to related parties	7,001	51,400
Increase (decrease) in accounts payable and accrued liabilities	(8,278)	(221,485)
	(1,668,483)	(1,412,610)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Cash received from sale of subsidiary	100,000	99,908
Net cash acquired on acquisition of subsidiary	14,591	1,576
Mineral property exploration and acquisition costs capitalized	(5,029,601)	(452,861)
	(4,915,010)	(351,197)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Private placements	-	8,451,840
Exercise of warrants	820,121	207,251
Share issuance costs	(30,176)	(376,351)
	789,945	8,282,740
Change in cash and cash equivalents during the year	(5,793,548)	6,518,933
Cash and cash equivalents, beginning of year	6,584,209	65,276
Cash and cash equivalents, end of year	$ 790,661	$ 6,584,209

Supplemental disclosures with respect to cash flows (Note 14)

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

Silver Predator Corp.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share capital					
	Number	**Amount**	**Reserves**	**Accumulated other comprehensive income (loss)**	**Deficit**	**Total**
Balance, May 31, 2010 (Note 18)	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	-	(489,205)	112,854	-	-	(376,351)
Issuance of shares – properties	8,050,515	7,245,463	-	-	-	7,245,463
Issuance of shares – Fury Canada	1,000,000	900,000	-	-	-	900,000
Acquisition of subsidiary	949,485	854,537	-	-	-	854,537
Exercise of warrants	429,500	276,592	(61,841)	-	-	214,751
Stock-based compensation	-	-	728,861	-	-	728,861
Change in value of investments	-	-	-	656,250	-	656,250
Net loss for the year	-	-	-	-	(1,642,675)	(1,642,675)
Balance, May 31, 2011 (Note 18)	28,542,218	20,693,343	1,412,211	571,262	(4,965,058)	17,711,758
Share issuance costs – cash	-	(30,176)	-	-	-	(30,176)
Exercise of warrants	1,640,250	1,056,291	(236,166)	-	-	820,125
Issuance of shares – properties	2,016,667	881,250	-	-	-	881,250
Issuance of shares – Fury Canada	2,533,333	988,000	-	-	-	988,000
Acquisition of subsidiary	7,059,000	2,929,485	27,349	-	-	2,956,834
Stock-based compensation	-	-	751,244	-	-	751,244
Change in value of investments	-	-	-	(514,376)	-	(514,376)
Cumulative translation adjustment	-	-	-	282,725	-	282,725
Net loss for the year	-	-	-	-	(4,740,820)	(4,740,820)
Balance, May 31, 2012	41,791,468	26,518,193	1,954,638	339,611	(9,705,878)	19,106,564

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 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 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.

While these consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the year ended May 31, 2012, the Company reported a loss of $4,740,820 and as at that date had a net working capital balance of $1,883,150 and an accumulated deficit of $9,705,878. Management estimates that it presently does not have adequate working capital to fund all of its planned activities for the next fiscal year. The Company's continued operations are dependent on its ability to raise additional funding from loans or equity financings or through other arrangements. Management's plan in this regard is to raise equity financing as required. The success of such initiatives cannot be assured.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. BASIS OF PRESENTATION

Basis of presentation and measurement

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as defined in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). In these financial statements, CGAAP refers to Canadian generally accepted accounting principles before the adoption of IFRS.

These consolidated financial statements have been prepared in compliance with IFRS as issued by the IASB. Subject to certain transition elections and exceptions disclosed in Note 18, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS balance sheet at June 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 17 discloses the impact of the transition to IFRS on the Company's reported statements of financial position, loss and comprehensive loss, cash flows, and changes in equity, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended May 31, 2011 prepared under CGAAP.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and stock based awards which have been measured at fair value.

The Company's presentation currency is Canadian dollars. Reference herein to $ is to Canadian dollars. Reference herein to US$ is to United States dollars.

These consolidated financial statements were approved by the board of directors for issue on August 15, 2012.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in these consolidated financial statements are as follows:

a. Basis of consolidation

The financial statements consist of the consolidation of the financial statements of the Company and its subsidiaries.

Subsidiaries are entities over which the Company has control, including the power to govern the financial and operating policies in order obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

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

Where necessary, adjustments are made to the results of the subsidiaries and entities to bring their accounting policies in line with those used by the Company. Intragroup transactions, balances, income and expenses are eliminated on consolidation.

The Company's subsidiaries are as follows:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Silver Predator US Holding 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

b. Translation of foreign currencies

The functional currency of each entity in the Company is the currency of the primary economic environment in which it operates. For many of the Company's entities, this is the currency of the country in which each operates. The Company's presentation currency is Canadian dollars.

Transactions denominated in currencies other than the functional currency are recorded using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit and loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into Canadian dollars at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions, and where exchange differences arise, they are recognized as a separate component of equity.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with banks, and highly liquid short-term interest bearing investments with a term to maturity at the date of purchase of 90 days or less which are subject to an insignificant risk of change in value.

d. Reclamation bonds

Reclamation funds include cash that has been pledged for reclamation and closure activities that is not available for immediate disbursement.

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 that there is 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 all costs relating to a property have been recovered, further payments received are recorded as a gain on option or disposition of mineral property.

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

f. 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.

g. Impairment of tangible and intangible assets

The Company assesses at each reporting period whether there is an indication that an asset or group of assets may be impaired. When impairment indicators exist, the Company estimates the recoverable amount of the asset and compares it to the asset's carrying amount. The recoverable amount is the higher of the fair value less cost to sell and the asset's value in use. If the carrying value exceeds the recoverable amount, an impairment loss is recorded in the statement of loss during the period.

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 for which the estimates of future cash flows have not been adjusted. The cash flows are based on best estimates of expected future cash flows from the continued use of the asset and its eventual disposal.

Fair value less costs to sell is best evidenced if obtained from an active market or binding sale agreement. Where neither exists, the fair value is based on the best estimates available to reflect the amount that could be received from an arm's length transaction.

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. The carrying value of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the statement of loss in the period it is determined.

h. Financial Instruments

Recognition

Financial instruments are recognized on the consolidated balance sheet on the settlement date, the date on which the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

All financial instruments are required to be classified and measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument.

At initial recognition, the Company classifies its financial instruments in the following categories:

Loans and receivables

Loans and receivables include cash and cash equivalents, reclamation bonds, and other current receivables and loans that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include trade payables, finance leases and other long-term liabilities. Trade payables are initially recognized at the amount required to be paid. Subsequently, trade payables are measured at amortized cost using the effective interest method.

Available for sale investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognized in other comprehensive loss. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive loss to the statement of loss.

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

i. 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 deferred tax expense.

j. Share-based compensation

The Company grants share-based awards in the form of share options in exchange for the provision of services from certain employees, officers, and directors. The share options are equity-settled awards. The Company determines the fair value of the awards on the date of grant. This fair value is charged to loss using a graded vesting attribution method over the vesting period of the options, with a corresponding credit to contributed surplus. When the share options are exercised, the applicable amounts of contributed surplus are transferred to share capital. At the end of the reporting period, the Company updates its estimate of the number of awards that are expected to vest and adjust the total expense to be recognized over the vesting period.

The Company accounts for share purchase warrants using the fair value method. Under this method, the fair value of share purchase warrants is determined using the Black-Scholes valuation model. Upon exercise of a share purchase warrant, consideration paid together with the amount previously recognized in reserves is recorded as an increase to share capital

k. Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable earnings for the year. Taxable profit differs from earnings as reported in the statement of earnings because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable earnings will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable earnings nor the accounting earnings. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that taxable earnings will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to earnings, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

l. 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.

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

Critical accounting estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from the amounts included in the financial statements.

Areas of estimation and judgment that have the most significant effect on the amounts recognized in the financial statements include:

Valuation of mineral properties - The Company, from time to time, acquires exploration and development properties. When a number of properties are acquired in a portfolio, the Company must make a determination of the fair value attributable to each of the properties within the total portfolio. When the Company conducts further exploration on acquired properties, it may determine that certain of the properties do not support the fair values applied at the time of acquisition. If such a determination is made, the property is written down, which could have a material effect on the balance sheet and statement of loss.

New standards not yet adopted

The Company is currently evaluating the impact of the following pronouncements and has not yet determined the impact:

- IFRS 7 *Financial instrument – disclosure,* was further amended to provide guidelines on the eligibility criteria for offsetting assets and liabilities as a single net amount in the balance sheets. This amendment is effective for annual periods beginning on or after January 1, 2013.

- IFRS 9 *Financial instruments*, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, *Financial instruments – Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognize in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

- Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value change due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2015.

- 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*. This standard is effective for annual periods beginning on or after January 1, 2013.

- IFRS 11 *Joint arrangements* requires a venturer to classify its interest in a joint arrangement as a joint venture or 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*. This standard is effective for annual periods beginning on or after January 1, 2013.

- 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. This standard is effective for annual periods beginning on or after January 1, 2013.

- 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. This standard is effective for annual periods beginning on or after January 1, 2013.

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

- IAS 1 *Presentation of financial statements* was amended to require entities to group items within other comprehensive income that may be reclassified to profit or loss. This standard is effective for annual periods beginning on or after July 1, 2012.

- IAS 28 *Investment in associates* was amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. This amendment is effective for annual periods beginning on or after January 1, 2013.

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 authorized 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 and CEO 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. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

		May 31, 2012		May 31, 2011		June 1, 2010
Cash	$	440,661	$	1,534,209	$	65,276
Short term investments		350,000		5,050,000		-
	$	790,661	$	6,584,209	$	65,276

6. RECEIVABLES

Receivables comprise the following

		May 31, 2012		May 31, 2011		June 1, 2010
Harmonised Sales Tax recoverable	$	537,968	$	68,405	$	4,123
Other receivables		14,342		18,941		19,038
	$	552,310	$	87,346	$	23,161

7. INVESTMENTS

The Company holds securities in other companies as follows:

		May 31, 2012		May 31, 2011		June 1, 2010
Common shares in public companies – fair value	$	750,000	$	1,350,000	$	600,000
Warrants in public companies – fair value		-		-		152,500
	$	750,000	$	1,350,000	$	752,500

		May 31, 2012		May 31, 2011		June 1, 2010
Common shares in public companies – cost	$	684,988	$	684,988	$	684,988
Warrants in public companies – cost		-		-		315,012
	$	684,988	$	684,988	$	1,000,000

Accumulated other comprehensive loss for the year includes $514,376 (May 31, 2011 – gain $626,250) which is a result of the movement in the difference between original cost and fair value, net of tax, as at May 31, 2012.

8. 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 (Received subsequent to year end).

9. MINERAL PROPERTIES

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
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

2011	Balance May 31, 2010	Acquisition costs incurred in year	Exploration costs incurred in year	*Dispositions and other adjustments	Balance May 31, 2011
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	-	-	-
Staking and other	37,321	211,351	18,506	-	267,178
Total Canada Properties	37,321	4,749,567	19,760	-	4,806,648
USA					
Treasure Hill, Silver Bow	-	2,759,410	2,945	-	2,762,355
Taylor	-	945,309	283,753	-	1,229,062
Pinchot	-	-	7,498	-	7,498
Total USA Properties	-	3,704,719	294,196	-	3,998,915
Mexico					
Magistral	-	852,961	-	-	852,961
Total Property Costs	$ 37,321	$ 9,307,247	$ 313,247	$ -	$ 9,658,524

**Includes the effect of foreign exchange differences*

9. 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.

Taylor, Plata, Rancheria and other Yukon Properties

In December, 2010, the Company signed definitive agreements with Golden Predator, Rockhaven Resources Ltd. ("Rockhaven") and Strategic Metals Ltd. ("Strategic") , to acquire certain predominantly silver exploration and development properties located in Yukon, Nevada, Mexico and British Columbia (the "Transactions") as contemplated by a Letter of Intent entered into in July 2010. The Transactions closed March 14, 2011. The details of the Transactions and mineral properties acquired are discussed further below.

Taylor Property

Golden Predator has granted the Company an option to acquire a 100% interest in 261 unpatented mining claims and 4 patented mining claims located in White Pine County, Nevada, known as the Taylor Property. The option was structured as a purchase of the shares of Fury Explorations Ltd. by Silver Predator, which in turn owns all of the shares of Anglo Nevada Metals Corporation ("Anglo Nevada"). Anglo Nevada owns the Taylor Property. To exercise this option, the Company must issue, in stages, a minimum of 12,000,000 additional common shares ("Common Shares") having a minimum aggregate value of $8,214,000 (all dollar amounts are in Canadian currency) but subject to a maximum of 18,463,333 shares. 1,000,000 shares were issued on closing of the agreement with a fair value of $900,000 and an additional 2,533,333 shares were issued in February 2012 with a fair value of $988,000. On exercise of this option the Company will grant to Golden Predator a 2% NSR on all precious metals and 1% NSR on all other metals, except for metals extracted from claims subject to pre-existing royalties on which Golden Predator will receive a 1% NSR on precious metals and 0.5% NSR on all other metals. The Company has accounted for the fair value of the shares issued as acquisition costs of the Taylor Property.

The Company has also acquired, through Anglo Nevada, a 10 year right to earn a 50% interest in the Taylor Mill Facility from Taylor Mining Corp. ("Taylor Mining"), a wholly-owned subsidiary of Golden Predator. The Taylor Mill Facility comprises five mill site claims and the 1,320 ton per day mill complex located thereon. To earn its 50% interest Anglo Nevada must incur rehabilitation expenditures, invest operating capital or pay to Taylor Mining (or some combination of the foregoing) in an amount equal to the fair market value of the Taylor Mill Facility (or, to the extent that cash payments are made to Taylor Mining, in an amount equal to 50% of the fair market value). On Anglo Nevada acquiring a 50% interest in the Taylor Mill Facility, Anglo Nevada and Taylor Mining will enter into a joint venture agreement to operate the Taylor Mill facility.

Treasure Hill, Silver Bow, and Magistral Properties

The Company acquired, through its wholly-owned subsidiary Silver Predator US Holding Corp. ("SPUS"), the Treasure Hill and Silver Bow Properties located in White Pine & Nye Counties, Nevada from Golden Predator US Mines Inc. (a wholly-owned subsidiary of Golden Predator) ("GPUS") and, through the acquisition of Fury Exploration (Mexico) S. de R.L. de C.V. ("Fury Mexico"), the Magistral property located in Jalisco State, Mexico, for an aggregate of 4,000,000 Common Shares with a fair value of $3,600,000.

The Treasure Hill Property consists of certain patented and unpatented mining claims which are subject to existing NSR royalties of between 2% and 3%. GPUS will retain a 1% net profits interest ("NPI") in the Treasure Hill Property. The Silver Bow Property consists of lease rights in certain unpatented lode mining claims. The underlying owners of the Silver Bow Property retain a 3% NSR. GPUS will retain a 1% NPI in the Silver Bow Property, unless SPUS exercise its right to purchase the existing NSR, in which case GPUS will be granted a 1% NSR on all precious metals and 0.5% NSR on all other metals. Fury Mexico owns 100% of the Magistral Property, with Southern Silver Exploration Corp. ("Southern") holding an option to acquire a 65% interest in the Magistral Property. Provided that Southern exercises its option, Golden Predator will retain a 1% NPI on Fury Mexico's interest in the Magistral Property. In the event that Southern drops its option, Fury Mexico will grant Golden Predator a 2% NSR on all precious metals and 1% NSR on all other metals on the Magistral Property.

The Company relinquished the Silverbow property in the period due to poor exploration results and recorded a write-down of $1,451,223.

Plata Property

Rockhaven has granted the Company's wholly-owned subsidiary Silver Predator Canada Corp. ("SPCC") an option to acquire a 100% interest in certain quartz mining claims located in the Mayo Mining District, Yukon and known as the Plata Property. As consideration for this option, the Company has delivered to Rockhaven 500,000 Common Shares with a fair value of $450,000. To exercise this option, the Company must deliver, in stages, a minimum of 5,500,000 additional Common Shares (1,266,667 delivered) having a minimum aggregate value of $3,627,000 but subject to a maximum of 8,731,667 shares. On exercise of this option, SPCC will grant to Rockhaven a 2% NSR on all precious metals and 1% NSR on all other metals extracted from the property.

9. MINERAL PROPERTIES *(Cont'd…)*

Groundhog, Cyr, Grayling, and Zap Properties

The Company acquired, through SPCC, a 100% interest in four separate prospective mineral properties represented by certain quartz mining claims located in the Watson Lake and Mayo Mining Districts, Yukon, including the Groundhog, Cyr and Grayling carbonate replacement deposit targets and the Zap Project located 16 km northwest of ATAC's Rau Project. As consideration, the Company has delivered to Rockhaven 2,000,000 Common Shares with a fair value of $1,800,000. Rockhaven will retain a 2% NSR on all precious metals and 1% NSR on all other metals extracted from the property.

Quarterback, Blue, Heaven, and Ranch Properties

The Company acquired, through SPCC an option to acquire a 100% interest in certain quartz mining claims located in the Blue, Rancheria Silver-Lead-Zinc District which straddles the British Columbia/Yukon border individually known as the Quarterback, Blue, Heaven and Ranch Properties and collectively known as the Rancheria property. As consideration for this option, the Company has delivered to the vendor 500,000 Common Shares with a fair value of $450,000. To exercise this option, the Company must deliver, in stages, a minimum of 5,500,000 additional Common Shares having a minimum aggregate value of $3,627,000 but subject to a maximum of 8,731,667 shares. On exercise of this option, SPCC will grant to the vendor a 2% NSR on all precious metals and 1% NSR on all other metals extracted from the property.

The Company terminated the option in the period due to poor exploration results and recorded a write down of $578,993.

Touchdown, Pigskin, and Shar Properties

The Company acquired, through SPCC, a 100% interest in eight separate prospective mineral properties represented by certain quartz mining claims located in the Watson Lake and Mayo Mining Districts, Yukon and the Liard Mining Division, British Columbia, including the Touchdown, Pigskin, and Shar Properties. As consideration, the Company has delivered to Strategic 2,000,000 Common Shares with a fair value of $1,800,000. Strategic will retain a 2% NSR on all precious metals and 1% NSR on all other metals extracted from the property.

Hy, Flip, and Rusty Properties

The Company, acquired, through SPCC an option to acquire a 100% interest in the Hy, Flip and Rusty Silver Properties.

The Rusty Property is located 110 km northeast of Mayo, Yukon. As consideration for the grant of the Rusty option, the Company paid $100,000 and issued 200,000 common shares. To exercise the Rusty option and earn a 100% interest in the Rusty Property, the Company will pay an additional $1,450,000 and issue up to an additional 1,800,000 common shares, in stages over a 6 year period, with a value cap of $2.00 per share on the third year share issuance of 200,000 shares and a value cap of $2.50 per share on the fourth year share issuance of 300,000 shares.

The Hy Property is located 130 km north of the town of Watson Lake, Yukon. As consideration for the grant of the Hy option, the Company paid $25,000 and issued 50,000 common shares. To exercise the Hy option and earn a 100% interest in the Hy Property, the Company will pay an additional $775,000 and issue up to an additional 700,000 common shares, in stages over a 6 year period, with a value cap of $2.00 per share on the third year share issuance of 100,000 shares and a value cap of $2.50 per share on the fourth year share issuance of 150,000 shares.

The Flip Property is located 120 km north of Watson Lake, Yukon. As consideration for the grant of the Flip option, the Company is paid $15,000 and issued 50,000 common shares. To exercise the Flip option and earn a 100% interest in the Flip Property, the Company will pay an additional $305,000 and issue up to an additional 750,000 common shares, in stages over a 6 year period, with value caps of $2.00 and $2.50 per share, respectively, on the third and fourth year share issuances of 150,000 shares each.

All properties are subject to a 2% NSR royalty.

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.

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

9. MINERAL PROPERTIES *(Cont'd…)*

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 $22,206 (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, the Company 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.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise the following:

		May 31, 2012		May 31, 2011		June 1, 2010
Trade payables	$	1,057	$	142,838	$	205,021
Accruals		206,263		25,479		29,992
	$	207,320	$	168,317	$	235,013

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common shares without par value.

On September 21, 2010, the Company completed a non-brokered private placement whereby the Company issued 5,191,500 units at a price of $0.36 per unit for gross proceeds of $1,868,940. Each unit consisted of one common share and one half of one share purchase warrant with each full warrant exercisable at $0.50 for 1 year.

On September 29, 2010, the Company completed a non-brokered private placement whereby the Company issued 1,000,000 units at a price of $0.40 per unit for gross proceeds of $400,000. Each Unit consisted of one common share of the Company and one half of one share purchase warrant with each full warrant exercisable at $0.55 for 1 year.

On November 17 and November 27, 2010, the Company completed a non-brokered private placement whereby the Company issued 5,104,143 common shares at a price of $0.70 per share for gross proceeds of $3,572,900. The Company paid finder's fees of $183,687.

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

On December 23, 2010, the Company completed a non-brokered private placement whereby the Company issued 2,610,000 flow-through common shares at a price of $1.00 per common share for gross proceeds of $2,610,000. The Company paid a finder's fee consisting of $150,000 cash and 150,000 non-transferable share purchase warrants. Each warrant entitles the holder to purchase an additional common share of the Company at a price of $1.00 until December 23, 2012. A total fair value for the warrants of $121,137 was determined using the Black-Scholes method using volatility of 121.79%, a risk free rate of 1.69%, an expected life of 2 years, and a dividend payout rate of 0%.

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.

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	(1,326,625)	0.89
Outstanding, May 31, 2012	652,500	0.77	2,648,875	0.87
Exercisable	652,500	0.77	1,621,625	0.87

As May 31, 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
	915,000	0.78	November 18, 2015
	1,260,125	1.05	April 4, 2016
	138,750	0.75	June 27, 2016
	2,648,875		
Warrants	150,000	$ 1.00	December 23, 2012
	502,500	0.70	November 22, 2012
	652,500		

During the year ended May 31, 2012, the Company recognized stock-based compensation of $751,244 (2011 - $728,861) 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	2.02%	2.61%
Expected life	5.00 years	5.00 years
Volatility	109.21%	85.14%
Dividend rate	-	-

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	May 31, 2012	May 31, 2011
Loss before income taxes	$ (4,012,625)	$ (1,764,570)
Expected income tax recovery at statutory rates	(1,130,236)	(497,026)
Non deductible expenses	783,454	205,298
Other items	94,746	(42,238)
Tax benefits renounced in respect of flow-through shares	783,000	-
	530,964	(333,966)
Unrecognized deferred tax asset	197,231	240,216
Income tax expense (recovery)	$ 728,195	$ (93,750)

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities are as follows:

	May 31, 2012	May 31, 2011
Future income tax assets		
Losses available for future periods	$ 1,502,844	670,000
Mineral properties	515,031	-
Share issuance costs	67,240	116,000
	2,085,115	786,000
Future income tax liabilities:		
Marketable securities	(8,127)	(55,000)
Mineral properties	(783,000)	(88,000)
	(791,127)	143,000
Less: unrecognised deferred tax asset	(1,916,984)	(643,000)
Net future income tax liability	$ (622,996)	-

At May 31, 2012, the Company has Canadian non-capital loss carry forwards of approximately $5,350,495. The Canadian non-capital loss carry forwards expire at various dates from 2013 to 2032. The potential income tax benefits related to the Canadian loss carry forwards and certain of the Mexican and United States' operating losses have not been reflected in the accounts.

13. 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 $72,000 for the year ended March 31, 2012 (2011 - $172,578) due to directors of the Company.

The Company has entered into a cost sharing arrangement with Golden Predator Corp., a company having directors in common, who also have significant influence over Silver Predator Corp.. 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 $142,530 (2011 - $51,400), 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, which was subsequently repaid.

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

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

Key management personnel compensation

Key management personnel comprise the Chief Executive Officer, President, Chief Financial Officer, and Vice President, Exploration. Compensation of the Company's key management personnel is comprised of the following:

	May 31, 2012	May 31, 2011
Executive salaries and management fees	$232,082	$103,238
Share based payments	252,547	252,547
Total	$484,629	$355,785

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non cash transactions for the period ended May 31, 2012 include the following:

- The Company issued 2,016,667 common shares with a fair value of $881,250 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 holding of the Taylor property.
- The Company paid $19,575 of Canadian income tax for the tax year ending on May 31, 2011.

Significant non cash transactions for the year ended May 31, 2011 included:

a) The Company issued 1,000,000 common shares with a fair value of $900,000 to purchase of shares of Fury Canada.

b) The Company issued 8,050,515 common shares with a fair value of $7,245,463 for the acquisition of mineral properties.

15. SEGMENTED INFORMATION

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

May 31, 2012	Canada	Mexico	United States	Total
Mineral properties	9,262,502	852,961	7,708,741	17,824,204
Loss for the year	4,441,721	(4)	229,095	4,740,820

May 31, 2011	Canada	Mexico	United States	Total
Mineral properties	4,806,648	852,961	3,998,915	9,658,524
Loss for the year	(1,642,675)	-	-	(1,642,675)

16. MANAGEMENT OF FINANCIAL RISK

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 counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, receivables, loan receivable, and reclamation bonds. The Company has no significant concentration of credit risk arising from operations. Cash and 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. 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.

16. MANAGEMENT OF FINANCIAL RISK *(Cont'd…)*

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 May 31, 2012, the Company had a working capital balance of $1,883,150. Additional information regarding liquidity risk is disclosed in note 1.

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.

Interest rate risk

Management believes the interest rate risk is low given the current low global interest rate environment.

Foreign currency risk

The Company's raises funds in Canadian dollars and major purchases and expenditures are transacted in US dollars. The Company also funds certain operations and exploration and administrative expenses in US dollars. 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.

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.

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 materially affected by interest rate risk, foreign currency risk and price risk within the next three months. In particular, interest rate risk is remote as the interest rates on the Company's short-term investments are fixed with an interest rate range between 0.35% and 1.35% with maturity dates shorter than three months. The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk. In addition, price risk is remote since the Company is not a producing entity.

17. MANAGEMENT OF CAPITAL RISK

The Company's objective when managing capital is 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.

The Company considers the items included in shareholders' equity to be 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.
Additional information regarding management of capital risk is disclosed in note 1.

18. FIRST TIME ADOPTION OF IFRS

As stated in Note 2, these consolidated financial statements are for the period covered by the Company's first consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the period ended May 31, 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 year ended May 31, 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.

18. 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	549,755	9,658,524
		$ 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

18. 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)

18. 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 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).