

---

---

**GOLDEN PEAKS RESOURCES LTD.**

CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
APRIL 30, 2008 AND 2007

---

---

## AUDITORS' REPORT

To the Shareholders of  
**Golden Peaks Resources Ltd.**

We have audited the consolidated balance sheets of **Golden Peaks Resources Ltd.** as at April 30, 2008 and 2007 and the consolidated statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*Ernst + Young LLP*

Vancouver, Canada,  
July 10, 2008.

Chartered Accountants

**GOLDEN PEAKS RESOURCES LTD.  
CONSOLIDATED BALANCE SHEETS  
AS AT APRIL 30**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>A S S E T S</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,392,649	10,020,077
Amounts receivable (Note 3)	54,917	83,933
Prepays	<u>19,677</u>	<u>12,701</u>
	3,467,243	10,116,711
<b>PLANT AND EQUIPMENT</b> (Note 4)	90,352	97,523
<b>MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS</b> (Note 5)	<u>14,617,943</u>	<u>8,061,725</u>
	<u><u>18,175,538</u></u>	<u><u>18,275,959</u></u>
<b>L I A B I L I T I E S</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>1,143,720</u>	<u>794,420</u>
<b>S H A R E H O L D E R S '   E Q U I T Y</b>		
<b>SHARE CAPITAL</b> (Note 6)	29,300,113	28,546,902
<b>CONTRIBUTED SURPLUS</b> (Note 8)	3,164,843	2,065,149
<b>DEFICIT</b>	<u>(15,433,138)</u>	<u>(13,130,512)</u>
	<u>17,031,818</u>	<u>17,481,539</u>
	<u><u>18,175,538</u></u>	<u><u>18,275,959</u></u>

APPROVED BY THE BOARD

"Kieran Downes" , Director

"Nick DeMare" , Director

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

**GOLDEN PEAKS RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**  
**FOR THE YEARS ENDED APRIL 30**

	2008 \$	2007 \$
<b>EXPENSES</b>		
Accounting and administration	34,450	40,604
Advertising	3,289	58,590
Amortization	17,416	10,870
Audit	49,190	7,860
Capital tax	50,000	-
Consulting and professional fees	37,381	62,482
Directors fees	50,000	50,000
Filing fees and transfer agent	32,273	166,351
General exploration	16,555	12,798
Legal	233,079	89,486
Management fees	98,988	116,040
Office and general	115,225	129,201
Office rent	20,914	20,175
Salaries and benefits	91,503	75,478
Shareholder communications	90,768	264,532
Stock-based compensation (Note 7)	1,220,405	1,046,697
Travel and related costs	95,675	211,345
	<u>2,257,111</u>	<u>2,362,509</u>
<b>LOSS BEFORE THE FOLLOWING</b>	(2,257,111)	(2,362,509)
<b>INTEREST AND OTHER INCOME</b>	251,521	510,981
<b>WRITE-OFF OF MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS</b>	-	(292,937)
<b>FOREIGN EXCHANGE</b>	<u>(297,036)</u>	<u>(102,071)</u>
<b>NET LOSS FOR THE YEAR</b>	(2,302,626)	(2,246,536)
<b>DEFICIT - BEGINNING OF YEAR</b>	<u>(13,130,512)</u>	<u>(10,883,976)</u>
<b>DEFICIT - END OF YEAR</b>	<u><u>(15,433,138)</u></u>	<u><u>(13,130,512)</u></u>
 <b>BASIC AND DILUTED LOSS PER COMMON SHARE</b>	 <u><u>\$(0.07)</u></u>	 <u><u>\$(0.07)</u></u>
 <b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	 <u><u>31,366,572</u></u>	 <u><u>30,636,197</u></u>

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

**GOLDEN PEAKS RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED APRIL 30**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED FROM (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(2,302,626)	(2,246,536)
Items not involving cash		
Amortization	17,416	10,870
Stock-based compensation	1,220,405	1,046,697
Write-off of mineral properties and deferred exploration costs	-	292,937
	<u>(1,064,805)</u>	<u>(896,032)</u>
Decrease in amounts receivable	29,016	153,176
Decrease (increase) in prepaids	(6,976)	44,317
Increase in accounts payable and accrued liabilities	<u>45,776</u>	<u>361,557</u>
	<u>(996,989)</u>	<u>(336,982)</u>
<b>INVESTING ACTIVITIES</b>		
Expenditures on mineral properties and deferred exploration costs	(6,242,764)	(5,376,123)
Additions to plant and equipment	<u>(20,175)</u>	<u>(97,966)</u>
	<u>(6,262,939)</u>	<u>(5,474,089)</u>
<b>FINANCING ACTIVITY</b>		
Issuance of common shares	<u>632,500</u>	<u>786,250</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR</b>	<b>(6,627,428)</b>	<b>(5,024,821)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>10,020,077</u></b>	<b><u>15,044,898</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u><u>3,392,649</u></u></b>	<b><u><u>10,020,077</u></u></b>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash	814,273	1,346,807
Short term investments	<u>2,578,376</u>	<u>8,673,270</u>
	<u><u>3,392,649</u></u>	<u><u>10,020,077</u></u>

**SUPPLEMENTAL CASH FLOW INFORMATION** (Note 13)

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

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**1. NATURE OF OPERATIONS**

The Company is a junior mineral exploration company currently engaged in the acquisition and exploration of precious metals on mineral properties located in Argentina. On the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as mineral properties and deferred exploration costs represent net costs to date, less amounts written off, and do not necessarily represent present or future values.

Management considers that the Company has adequate resources to maintain its core operations and planned exploration programs over the next twelve months. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Consolidation*

These consolidated financial statements include the accounts of the Company and its wholly-owned Argentinean subsidiaries, Golden Peaks Argentina S.A. and Golden Peaks Minera S.A. Intercompany balances and transactions are eliminated on consolidation.

*Use of Estimates*

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within the framework of the significant accounting policies summarized in this note.

*Cash Equivalents*

Cash includes cash and short term investments maturing within 90 days of the original date of acquisition.

*Mineral Properties and Deferred Exploration Costs*

Mineral property costs and exploration, development and field support costs directly relating to mineral properties are deferred until the property to which they directly relate is placed into production, sold or abandoned. The deferred costs will be amortized over the useful life of the orebody following commencement of production or written off if the property is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific property are expensed as incurred.

From time to time, the Company acquires or disposes of properties pursuant to the terms of options 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.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

On a periodic basis, management reviews the carrying values of deferred mineral property acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, the stage of exploration, evaluation and development, results of exploration activities conducted to date, estimated future metal prices and reports and opinions of outside geologists, mine engineers and consultants. In the event that reserves are determined to be insufficient to recover the carrying value of any property or other impairments in value are determined, the carrying value will be written down or written off, as appropriate. As of April 30, 2008, the Company had not established that its mineral properties have any known or proven reserves.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, according to the usual industry standards for the stage of exploration of such properties, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The Company also accounts for foreign value added taxes paid as part of mineral properties and deferred costs. The recovery of these taxes will commence on the beginning of foreign commercial operations. Should these amounts be recovered they would be treated as a reduction in carrying costs of mineral properties and deferred costs.

***Plant and Equipment***

Plant and equipment are recorded at cost. Amortization is calculated using the straight-line method over the estimated useful life of the assets, at a rate of 33% for computer equipment, 20% for office equipment and 10% for field equipment and building.

***Translation of Foreign Currency***

As the Company's foreign subsidiaries have been dependent on funding from their parent, the operations are considered to be integrated. As a result, the temporal method of translating the accounts of the foreign subsidiaries have been adopted. Under this method, the Company translates monetary items at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at average rates in effect during the period in which they were earned or incurred. Revenues and expenses are translated at average rates in effect during the period except for depreciation and amortization which are translated at historical rates. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

***Income Taxes***

Future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using substantially enacted income tax rates. The effect of a change in income tax rates on future income tax liabilities and assets is recognized in income in the period that the change occurs. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Long-lived Assets Impairment***

Long-lived assets of the Company are reviewed when changes in circumstances suggest their carrying value has become impaired. Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations (undiscounted and without interest charges). If impairment is deemed to exist, the assets will be written down to fair value.

***Asset Retirement Obligations***

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow. As at April 30, 2008, the Company does not have any asset retirement obligations.

***Stock-Based Compensation***

Stock-based compensation is accounted for at fair value as determined by the Black-Scholes option pricing model using amounts that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and the risk-free interest rate. The estimated fair value of awards of stock-based compensation are charged to expense as awards vest, with offsetting amounts recognized as contributed surplus.

***Loss Per Share***

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method. Basic and diluted loss per share are the same as the effect of potential issuances of shares under warrants or share option arrangements would be anti-dilutive.

***Financial Instruments***

Effective May 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation and Section 3865, Hedges. These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities, and non-financial derivatives, and describe when and how hedge accounting may be applied. Section 1530 provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

affected the current or comparative period balances on the financial statements. Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale assets or other financial liabilities. All financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financings will be expensed in the period incurred.

Upon adoption of this new standard the Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

*New Accounting Pronouncements*

*Assessing Going Concern*

The Accounting Standards Board (“AcSB”) amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

*Financial Instruments*

The AcSB issued CICA Handbook Section 3862, Financial Instruments - Disclosures, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity’s financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, Financial Instruments - Recognition and Measurement, Section 3863, Financial Instruments - Presentation, and Section 3865, Hedges. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Handbook Section 3863, Financial Instruments - Presentation, which is to enhance financial statement users’ understanding of the significance of financial instruments to an entity’s financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and nonfinancial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Capital Disclosures*

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The Company is currently assessing the impact of the above new accounting standards on the Company's financial position and results of operations.

*International Financial Reporting Standards ("IFRS")*

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended April 30, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**3. AMOUNTS RECEIVABLE**

	2008 \$	2007 \$
Amounts receivable	42,310	46,073
Interest receivable	4,131	24,605
Goods and services tax receivable	<u>8,476</u>	<u>13,255</u>
	<u>54,917</u>	<u>83,933</u>

**4. PLANT AND EQUIPMENT**

	2008 \$	2007 \$
Computer equipment	55,361	50,264
Office equipment	20,930	14,082
Field equipment	5,472	5,472
Building	<u>74,447</u>	<u>73,822</u>
	156,210	143,640
Less: accumulated amortization	<u>(65,858)</u>	<u>(46,117)</u>
	<u>90,352</u>	<u>97,523</u>

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS**

	2008			2007		
	Mineral Property \$	Deferred Exploration Costs \$	Total Costs \$	Mineral Property \$	Deferred Exploration Costs \$	Total Costs \$
La Fortuna	2,034,744	10,051,015	12,085,759	790,041	6,078,432	6,868,473
Lonco	103,588	171,606	275,194	66,662	60,384	127,046
Oro	92,691	50,541	143,232	66,661	47,495	114,156
Cerro Delta	318,445	127,957	446,402	-	-	-
Others	-	1,667,356	1,667,356	-	952,050	952,050
	<u>2,549,468</u>	<u>12,068,475</u>	<u>14,617,943</u>	<u>923,364</u>	<u>7,138,361</u>	<u>8,061,725</u>

(a) *La Fortuna Project*

The La Fortuna Project comprises two agreements:

- i) in December 2003, the Company entered into an option agreement to earn a 100% interest in the La Fortuna Property, covering approximately 5,000 hectares, located in the province of Chubut, Argentina. The Company has paid a total of US \$350,000 to acquire the option on a 100% interest in the La Fortuna Property. In addition, the Company must pay US \$1 per ounce of all proven and economically recoverable gold or gold-silver equivalent to the optionor, to a maximum of US \$5 million, of which an initial payment of US \$1 million was paid on June 19, 2007. Following the initial payment the option agreement is now considered to be partially exercised and the ownership of the La Fortuna Property will be transferred to the Company on December 19, 2008. At that time the Company will also be required to pay for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered in excess of 1 million ounces, to a maximum of 4 million ounces, at US \$1 per ounce. If 4 million ounces have not been discovered by December 19, 2008, the Company will continue to have the obligation to pay US \$1 per ounce for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered to a maximum of 4 million ounces.
- ii) in January 2007, the Company entered into an option agreement to acquire a 100% interest in the Stella Maris claims, covering approximately 50 hectares, under which the Company has paid a total of US \$70,000 in option payments and is required to make further option payments totalling US \$380,000, as follows:

Date	Option Payments US \$
October 30, 2008	60,000
October 30, 2009	80,000
October 30, 2010	100,000
October 30, 2012	140,000
	<u>380,000</u>

Upon exercise of the option, the vendor will retain a 1.5% net smelter royalty (“NSR”) which can be purchased by the Company at any time prior for US \$450,000.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS** (continued)

(b) *Lonco Project*

In December 2004, the Company entered into an option agreement to acquire a 100% interest in the Lonco Project, covering approximately 66,000 hectares, located in the province of Neuquen, Argentina. Under the agreement the Company is required to make monthly payments of US \$2,000 and can purchase the Lonco Project at any time by payment of US \$400,000. If the option is exercised the Company will pay advance royalties of US \$2,000 per month until the earlier of ten years, or the start of commercial production at which time a 1% NSR becomes payable.

(c) *Oro Project*

In December 2004, the Company entered into an option agreement to acquire a 100% interest in the Oro Project, covering approximately 72,000 hectares, located in the province of Neuquen, Argentina. Under the agreement the Company is required to make monthly payments of US \$2,000 and can purchase the Oro Project at any time by payment of US \$400,000. If the option is exercised the Company will pay advance royalties of US \$2,000 per month until the earlier of ten years, or the start of commercial production at which time a 1% NSR becomes payable.

(d) *Cerro Delta Project*

In August 2007, the Company entered into an option agreement to acquire a 100% interest in the Cerro Delta Project, covering 16,800 hectares, located in the Maricunga Belt, in La Rioja Province, Argentina. Under the agreement the Company is required to make option payments totalling US \$4,000,000. As at April 30, 2008, the Company has paid US \$300,000 and is required to make further option payments as follows:

Date	Option Payments US \$
March 30, 2009	300,000
March 30, 2010	400,000
March 30, 2011	1,000,000
March 30, 2012	<u>2,000,000</u>
	<u><u>3,700,000</u></u>

Upon exercise of the option, the vendor will retain a 0.8% NSR.

The Company has also acquired cateos covering 13,900 hectares immediately adjacent to the optioned ground.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**6. SHARE CAPITAL**

Authorized - unlimited common shares without par value

Issued -	2008		2007	
	Shares	\$	Shares	\$
Balance, beginning of year	30,943,594	28,546,902	30,168,594	27,514,277
Issued during the year				
For cash				
Exercise of options	450,000	250,000	775,000	786,250
Exercise of warrants	170,000	382,500	-	-
Reallocation from contributed surplus on exercise of options (Note 8)	-	120,711	-	246,375
	<u>620,000</u>	<u>753,211</u>	<u>775,000</u>	<u>1,032,625</u>
Balance, end of year	<u>31,563,594</u>	<u>29,300,113</u>	<u>30,943,594</u>	<u>28,546,902</u>

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at April 30, 2008 and 2007, and the changes for the year ending on those dates is as follows:

	2008		2007	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of year	6,153,700	2.25	6,153,700	2.25
Exercised	(170,000)	2.25	-	-
Expired	<u>(5,983,700)</u>		<u>-</u>	
Balance, end of year	<u>-</u>		<u>6,153,700</u>	

**7. STOCK OPTIONS AND STOCK-BASED COMPENSATION**

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The options have a maximum term of ten years.

During the 2008 fiscal year the Company granted 1,860,000 (2007 - 1,173,000) stock options to the Company's directors, employees and consultants, and recorded compensation expense of \$1,220,405 (2007 - \$1,046,697).

The fair value of stock options granted to employees, directors and consultants is estimated on the dates of grants using the Black-Scholes option pricing model with the following assumptions used for the grants made during the 2008 and 2007 fiscal years:

	2008	2007
Risk-free interest rate	2.82% - 4.32%	4.00% - 4.09%
Estimated volatility	69.98% - 71.79%	57.89% - 72.38%
Expected life	2 years - 3 years	2 years
Expected dividend yield	0%	0%

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**7. STOCK OPTIONS AND STOCK-BASED COMPENSATION** (continued)

The weighted average fair value per share of all stock options granted during the 2008 fiscal year to the Company's employees, directors and consultants was \$0.66 per share (2007 - \$0.89 per share).

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measure of the fair value of the Company's stock options.

A summary of the Company's outstanding stock options at April 30, 2008 and 2007, and the changes for the years ending on those dates is presented below:

	<u>2008</u>		<u>2007</u>	
	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price \$</b>
Balance, beginning of year	2,183,000	1.76	2,045,000	1.30
Granted	1,860,000	1.57	1,173,000	2.14
Exercised	(450,000)	0.56	(775,000)	1.01
Cancelled / expired	<u>(860,000)</u>	2.02	<u>(260,000)</u>	2.01
Balance, end of year	<u><u>2,733,000</u></u>	1.76	<u><u>2,183,000</u></u>	1.76

The following table summarizes information about the stock options outstanding and exercisable at April 30, 2008:

<b>Exercise Price \$</b>	<b>Number Outstanding</b>	<b>Expiry Date</b>
2.22	33,000	June 6, 2008
2.15	600,000	October 25, 2008
2.06	270,000	December 1, 2008
2.10	50,000	January 17, 2009
2.50	20,000	March 20, 2009
2.27	75,000	September 21, 2009
1.40	1,385,000	April 8, 2010
2.05	<u>300,000</u>	May 10, 2010
	<u><u>2,733,000</u></u>	

**8. CONTRIBUTED SURPLUS**

The Company's contributed surplus at April 30, 2008 and 2007, is comprised of the following:

	<u>2008</u> \$	<u>2007</u> \$
Balance, beginning of year	2,065,149	1,264,827
Stock-based compensation (Note 7)	1,220,405	1,046,697
Stock options exercised (Note 6)	<u>(120,711)</u>	<u>(246,375)</u>
Balance, end of year	<u><u>3,164,843</u></u>	<u><u>2,065,149</u></u>

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**9. RELATED PARTY TRANSACTIONS**

During the 2008 and 2007 fiscal years the Company was charged for various services provided by companies controlled by directors and officers of the Company, as follows:

	2008 \$	2007 \$
Accounting and administration	34,450	33,700
Management fees	185,000	174,000
Directors fees	50,000	50,000
Consulting and professional	10,000	10,000
	<u>279,450</u>	<u>267,700</u>

These fees have been either expensed to operations or capitalized to mineral properties and deferred exploration costs based on the nature of the expenditures.

As at April 30, 2008, accounts payable and accrued liabilities include \$10,366 (2007 - \$7,160) due to these related parties.

These transactions were measured at the exchange amount, which was the amount of consideration established and agreed to by related parties.

Other related party transactions are disclosed elsewhere in these consolidated financial statements.

**10. INCOME TAXES**

Future income tax assets and liabilities of the Company as at April 30, 2008 and 2007, are as follows:

	2008 \$	2007 \$
Future income tax assets (liabilities)		
Losses carried forward	4,541,700	1,187,000
Mineral resource interests	(3,537,800)	1,155,000
Other	119,000	153,000
	<u>1,122,900</u>	<u>2,495,000</u>
Valuation allowance	(1,122,900)	(2,495,000)
Net future income tax asset	<u>-</u>	<u>-</u>

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**10. INCOME TAXES** (continued)

The recovery of income taxes shown in the consolidated statements of operations and deficit differs from the amounts obtained by applying statutory rates to the loss before provision for income taxes due to the following:

	2008	2007
	\$	\$
Income tax rate reconciliation		
Combined federal and provincial income tax rate	<u>33.25%</u>	<u>34.12%</u>
Expected income tax recovery	(749,000)	(766,500)
Foreign income tax rate differences	65,500	15,800
Deductible mineral resource interests cost additions	(1,245,400)	(1,382,000)
Non-deductible stock-based compensation	405,800	357,100
Write-off of mineral resource interests	-	100,000
Other	54,700	(12,000)
Unrecognized benefit of income tax losses	<u>1,468,400</u>	<u>1,687,600</u>
Actual income tax recovery	<u>-</u>	<u>-</u>

As at April 30, 2008, the Company has accumulated non-capital losses of approximately \$3.7 million and accumulated resource and other pools of approximately \$4.5 million carried forward for Canadian income tax purposes and are available to reduce taxable income of future years. The non-capital losses expire commencing in 2009 through 2018. The cumulative resource and other pools can be carried forward indefinitely. Through its subsidiaries the Company also has cumulative losses of approximately \$9.5 million carried forward for Argentinean tax purposes, which are available to reduce taxable income of the subsidiaries of future years. These losses expire commencing 2009 through 2013.

**11. FINANCIAL INSTRUMENTS**

The carrying value of cash and cash equivalents, amounts receivables and accounts payable approximate their fair values.

The Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company may be subject to significant currency risk due to the fluctuations of exchange rate between the Canadian dollars and the currency of the country in which the Company operates. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**12. SEGMENTED INFORMATION**

Substantially all of the Company's operations are in one industry, the exploration for gold. Management reviews the financial results according to expenditures by property. The Company's current mineral properties are located in Argentina and its corporate assets are located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

The Company's total assets are segmented geographically as follows:

	<b>2008</b>		
	<b>Canada</b>	<b>Argentina</b>	<b>Total</b>
	\$	\$	\$
Identifiable assets			
Current assets	2,970,862	496,381	3,467,243
Equipment	23,623	66,729	90,352
Mineral properties and deferred exploration costs	<u>-</u>	<u>14,617,943</u>	<u>14,617,943</u>
	<u><u>2,994,485</u></u>	<u><u>15,181,053</u></u>	<u><u>18,175,538</u></u>
	<b>2007</b>		
	<b>Canada</b>	<b>Argentina</b>	<b>Total</b>
	\$	\$	\$
Identifiable assets			
Current assets	9,814,893	301,818	10,116,711
Equipment	23,964	73,559	97,523
Mineral properties and deferred exploration costs	<u>-</u>	<u>8,061,725</u>	<u>8,061,725</u>
	<u><u>9,838,857</u></u>	<u><u>8,437,102</u></u>	<u><u>18,275,959</u></u>

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

Non-cash activities were conducted by the Company during the 2008 and 2007 fiscal years as follows:

	<b>2008</b>	<b>2007</b>
	\$	\$
Financing activities		
Shares issued on exercise of options	120,711	246,375
Contributed surplus	<u>(120,711)</u>	<u>(246,375)</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Operating activity		
Accrued payable for mineral properties and deferred exploration costs	<u>(1,059,520)</u>	<u>755,996</u>
Investing activity		
Accounts payable for mineral properties and deferred exploration costs	<u><u>1,059,520</u></u>	<u><u>(755,996)</u></u>

**GOLDEN PEAKS RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2008 AND 2007**

**13. SUPPLEMENTAL CASH FLOW INFORMATION** (continued)

Other supplemental cash flow information:

	2008 \$	2007 \$
Interest paid in cash	- <u>          </u>	- <u>          </u>
Income taxes paid in cash	- <u>          </u>	- <u>          </u>

**SCHEDULE I**

**GOLDEN PEAKS RESOURCES LTD.  
CONSOLIDATED SCHEDULES OF  
MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS  
FOR THE YEARS ENDED APRIL 30**

	<b>2008</b>					<b>2007</b>	
	<b>La Fortuna</b>	<b>Lonco</b>	<b>Oro</b>	<b>Cerro Delta</b>	<b>Others</b>	<b>Total</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	
<b>BALANCE - BEGINNING OF PERIOD</b>	<u>6,868,473</u>	<u>127,046</u>	<u>114,156</u>	<u>-</u>	<u>952,050</u>	<u>8,061,725</u>	<u>2,968,030</u>
<b>EXPENDITURES DURING THE PERIOD</b>							
<b>EXPLORATION COSTS</b>							
Accounting	27,824	-	-	-	-	27,824	20,226
Amortization	-	-	-	-	9,930	9,930	10,509
Assaying	187,663	5,316	-	50,646	-	243,625	100,424
Communications	13,702	1,258	-	171	-	15,131	10,945
Drilling	2,171,098	63,282	-	-	-	2,234,380	2,951,792
Equipment and supplies	1,331	-	-	-	-	1,331	1,027
Excavation	653,502	-	-	-	-	653,502	227,342
Field personnel and supervision	204,244	5,215	-	4,288	-	213,747	247,758
Geological	289,827	8,910	1,763	35,970	-	336,470	151,748
Land management	-	-	-	-	-	-	2,973
Legal	-	-	-	-	-	-	73,494
Satellite imagery	31,556	-	-	22,750	-	54,306	61,199
Technical report	-	-	-	-	-	-	17,958
Travel and transportation	391,836	27,241	1,283	14,132	-	434,492	354,134
Foreign value added tax	-	-	-	-	705,376	705,376	655,737
	<u>3,972,583</u>	<u>111,222</u>	<u>3,046</u>	<u>127,957</u>	<u>715,306</u>	<u>4,930,114</u>	<u>4,887,266</u>
<b>ACQUISITION COSTS</b>							
Option payments	1,156,573	26,367	26,030	318,445	-	1,527,415	196,671
Mining rights	88,130	10,559	-	-	-	98,689	302,695
	<u>1,244,703</u>	<u>36,926</u>	<u>26,030</u>	<u>318,445</u>	<u>-</u>	<u>1,626,104</u>	<u>499,366</u>
	<u>5,217,286</u>	<u>148,148</u>	<u>29,076</u>	<u>446,402</u>	<u>715,306</u>	<u>6,556,218</u>	<u>5,386,632</u>
<b>BALANCE BEFORE WRITE-OFF</b>	12,085,759	275,194	143,232	446,402	1,667,356	14,617,943	8,354,662
<b>LESS WRITE-OFF</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(292,937)</u>
<b>BALANCE - END OF PERIOD</b>	<u><u>12,085,759</u></u>	<u><u>275,194</u></u>	<u><u>143,232</u></u>	<u><u>446,402</u></u>	<u><u>1,667,356</u></u>	<u><u>14,617,943</u></u>	<u><u>8,061,725</u></u>

# **GOLDEN PEAKS RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED APRIL 30, 2008**

### **Background**

This discussion and analysis of financial position and results of operation is prepared as at July 29, 2008 and should be read in conjunction with the audited consolidated financial statements and the accompanying notes for the years ended April 30, 2008 and 2007 of Golden Peaks Resources Ltd. (the "Company"). Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities, can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Company Overview**

The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the trading symbol ("GL"). The Company is a reporting issuer in British Columbia, Alberta and Ontario.

The Company is involved in gold mineral exploration, with its primary assets located in Argentina. The Company's corporate strategy is to acquire properties which have the potential to host large, high-grade gold deposits. The Company has assembled a portfolio of Argentine mineral properties which meet these criteria, and is continuing its focus on the exploration to advance its La Fortuna Gold Project.

As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties.

The Company has filed its Annual Information Form ("AIF") for the fiscal year ended April 30, 2008, which is available on the website [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

### **Exploration Projects**

#### *La Fortuna Project, Chubut Province, Argentina*

The La Fortuna Project is located in the province of Chubut, Argentina. The project comprises two claim groups - the La Fortuna claims and the Stella Maris claims. The La Fortuna claims cover approximately 5,000 hectares. The Company has completed the schedule of option payments as required under the La Fortuna Option/Purchase Agreement to earn a 100% interest in the La Fortuna project. Under the terms of the agreement the vendor will transfer title of the property to the Company on December 19, 2008, on which date the Company will also be required to pay for all proven and economically recoverable ounces of gold or gold-silver equivalent discovered in excess of 1 million ounces to a maximum of 4 million ounces, at US \$1 per ounce. If 4 million ounces of economically recoverable ounces of gold or gold-silver equivalent have not been discovered by December 19, 2008, the Company will continue to have the obligation to pay US \$1 per ounce for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered to a maximum of 4 million ounces. The Stella Maris claims cover approximately 50 hectares. Under the terms of the Stella Maris Option/Purchase Agreement the Company can acquire a 100% interest

in the claims by making escalating option payments totaling US \$450,000 (of which US \$70,000 has been paid) over 6 years. Upon exercise of the option the vendor will receive a 1.5% net smelter royalty ("NSR"), all of which can be purchased at any time prior for US\$450,000.

The La Fortuna Project covers a large mineral district in which 21 zones of structurally controlled gold mineralization have been identified. Some of these may merge with further exploration. The structures which host the various gold zones total, in aggregate, a lineal distance of approximately 20 kilometers. All but the ML zone have been reconnaissance drilled.

The Company continued its aggressive exploration program on the La Fortuna project in 2008. This exploration program and its results are documented in a report entitled "Updated Technical Report on the La Fortuna Project, Province of Chubut, Argentina" by K. Downes, which is filed on SEDAR.

The Company completed reconnaissance drilling (45 diamond holes - 6,675.4 meters) on the G, Alto, Hill, T-11SX, T-11S, HS and Valley zones. The program greatly expanded the G zone, to approximately 700 meters, and partially delimited the Hill, T-11SX and T-11S zones, which are new discoveries.

A reconnaissance CSAMT survey was completed over the T-11, G, Hill and HS zones. The survey, which mapped the structures to vertical depths of approximately 500 meters, indicated the presence of resistive bodies within the structures, which may be gold mineralized breccias. These possible breccias have not yet been drill tested.

Prospecting between Mina Bagual and ML zones identified approximately 5 kilometers of extensions to the CB, Portrero and ML Structures. Assays are awaited.

Preliminary portable infrared mineral analyzer ("PIMA") and petrographic studies indicate that gold mineralization of the La Fortuna Project is epithermal in character and suggest a distinct zonation in the styles of mineralization southwards from the A Structure to the ML Structure. Such a zonation would have positive implications for future exploration.

#### *Lonco Project, Neuquén Province, Argentina*

The Lonco Project is located in the province of Neuquen, Argentina. The Lonco Project comprises 23 permits and 14 mines covering approximately 66,000 hectares. The Company currently has an option to acquire a 100% interest in all of the properties.

On November 8, 2007, the Company announced the completion of the first phase reconnaissance drilling (12 holes - 1,500 meters) on the Lonco Project. The drill program targeted a series of west-trending structures, associated with precious metal mineralization, over a horizontal distance (north to south) of approximately 1,600 meters. The individual structures appear to be components of a major, regional east-west shear zone. The project which hosts a medium sized porphyry copper-gold system associated with potassically altered diorite porphyry, has never been explored for epithermal gold mineralization. There were no significant gold intersections. However, several holes contained elevated to anomalous pathfinder elements for epithermal gold mineralization.

#### *Cerro Delta Project, La Rioja Province, Argentina*

In August 2007, the Company entered into an option agreement to acquire the Cerro Delta Project in the Maricunga Belt, in the northwest corner of La Rioja Province, Argentina, and adjacent to the Chilean border. The Cerro Delta Project covers 16,800 hectares and contains drill ready targets. Under the terms of the option agreement the Company can acquire a 100% interest in the project by making escalating option payments totaling US \$4,000,000 over five years (of which US \$300,000 has been paid), and the granting to the optionor a 0.8% NSR. In addition, the Company has acquired canteos in its own name covering 13,900 hectares immediately adjacent to the optioned ground.

The 30,700 hectare property package lies on the same major east-west trending structural zone that hosts the Cerro Casale Project (Barrick Gold Corp. 51%; Kinross Gold Corp. 49%) and the Quebrada project (Kinross Gold Corp. 100%). On October 29, 2007, Barrick Gold Corp. announced that it had acquired a 51% interest in the Cerro Casale Project through its purchase of Arizona Star Resource Corp. for CDN \$773 million. The Cerro Casale Project is located in Chile, approximately 18 kilometers to the west. The Quebrada Project covers the 10 km of ground between Cerro Casale and the Argentina/Chile border. The Cerro Delta Project immediately adjoins the Quebrada

project on the Argentina side of the border. The Quebrada Seca Project, on the Quebrada Project, contains an inferred resource of one million ounces of gold (Bema Gold Corp. Annual Information Form dated March 30, 2006). The Cerro Casale deposit contains 22.9 million ounces of gold and 5.8 billion pounds of copper (Barrick Gold Corp. news release dated October 29, 2007).

The Company conducted a combined ground magnetics, and an induced polarization/resistivity survey over the core area to confirm and enlarge the drill targets. The results confirm a potential gold porphyry target which has never been drilled. The Company plans a reconnaissance drilling program on the project in November 2008.

### Selected Financial Data

The following selected consolidated financial information is derived from the audited consolidated financial statements and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Years Ended April 30,		
	2008 \$	2007 \$	2006 \$
<b>Operations:</b>			
Revenues	Nil	Nil	Nil
Income (loss)	(2,302,626)	(2,246,536)	(1,330,597)
Basic and diluted income (loss) per share	(0.07)	(0.07)	(0.06)
Dividends per share	Nil	Nil	Nil
<b>Balance Sheet:</b>			
Working capital	2,323,523	9,322,291	14,906,162
Total assets	18,175,538	18,275,959	18,327,991
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company prepared in accordance with Canadian GAAP.

	Fiscal 2008				Fiscal 2007			
	Apr. 30 2008 \$	Jan. 31 2008 \$	Oct. 31 2007 \$	Jul. 31 2007 \$	Apr. 30 2007 \$	Jan 31 2007 \$	Oct. 31 2006 \$	Jul. 31 2006 \$
<b>Operations:</b>								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss)	(1,173,009)	(33,854)	(570,443)	(525,320)	(386,941)	(736,083)	(960,958)	(162,554)
Basic and diluted loss per share	(0.03)	(0.00)	(0.02)	(0.02)	(0.01)	(0.02)	(0.03)	(0.01)
Dividends per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Balance Sheet:</b>								
Working capital	2,323,523	4,980,558	6,303,612	7,241,258	9,322,291	11,876,273	13,996,146	13,904,545
Total assets	18,175,538	17,790,875	17,775,543	18,530,504	18,275,959	18,207,595	18,185,538	17,864,753
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Results of Operations

#### *Three Months Ended April 30, 2008 Compared to Three Months Ended April 30, 2007*

During the three months ended April 30, 2008 (the "2008 Quarter") the Company reported a loss of \$1,173,009, compared to a loss of \$386,941 for the three months ended April 30, 2007 (the "2007 Quarter"), an increase in loss of \$786,068. The primary factors for the increase in loss were the combination of a \$719,886 increase in stock-based compensation due to the timing of granting of stock options during the 2008 Quarter and the recognition in the 2008 Quarter of \$210,441 of legal costs for the reorganization of the subsidiaries and general legal costs. The increase was partially offset by a general decrease in other general and administrative costs.

#### *Year Ended April 30, 2008 Compared to Year Ended April 30, 2007*

During the year ended April 30, 2008 ("fiscal 2008") the Company reported a loss of \$2,302,626 (\$0.07 per share), compared to the loss of \$2,246,536 (\$0.07 per share) during the year ended April 30, 2007 ("fiscal 2007"), an increase

in loss of \$56,090. Excluding stock-based compensation, general and administrative expenses decreased in fiscal 2008 by \$279,106, from \$1,315,812 in fiscal 2007 to \$1,036,706 in the 2008 period. The decrease was primarily attributable to the following activities:

- i) \$134,078 decrease in filing and transfer agent fees. During fiscal 2007 \$127,000 was paid to the TSX for initial listing fees attributable to the Company's listing upgrade from the TSXV to the TSX;
- ii) shareholder communications expenses decreased by \$173,764 in fiscal 2008, from \$264,532 in fiscal 2007 to \$90,768 in fiscal 2008. During fiscal 2007, the Company filed significantly more news releases and engaged third parties to provide web-hosting activities for the Company and provide access to the European investment and financial community. These activities were reduced significantly in fiscal 2008;
- iii) \$55,301 decrease in advertising from \$58,590 in fiscal 2007 to \$3,289 in fiscal 2008. In fiscal 2007 the Company had advertising placements made in various industry magazine publications. No advertising campaigns were conducted in fiscal 2008;
- iv) travel and related costs decreased \$115,670 due to decreased travel by the Company's management; and
- v) during fiscal 2008 a total of \$185,000 was paid to the Company's President and its Chairman. Of that amount \$86,012 was capitalized to mineral properties as project supervision and \$98,988 was expensed as management fees. For fiscal 2007, the Company paid a total of \$174,000, of which \$57,960 was capitalized to mineral properties as project supervision and \$116,040 was expensed as management fees.

The overall decrease in general and administrative expenses in fiscal 2008 was partially offset by increases in the following categories:

- i) audit fees increased \$41,330 due to the timing of the Company's audit services in fiscal 2007;
- ii) \$143,593 increase in legal fees, from \$89,486 in fiscal 2007 to \$233,079 in fiscal 2008. During fiscal 2008, the Company engaged increased legal services for the corporate restructuring of its subsidiaries, preparation and review of property related agreements and general legal services. Legal services incurred in fiscal 2007 were primarily for the TSX listing upgrade; and
- iii) accrual for estimated capital taxes relating to the subsidiary companies.

During fiscal 2008 the Company recognized stock-based compensation of \$1,220,405 on the granting of 1,860,000 stock options compared to \$1,046,697 recorded in fiscal 2007 on the granting of 1,173,000 stock options.

During fiscal 2008 the Company earned \$251,521 in interest income, a decrease of \$259,460 compared to \$510,981 earned during fiscal 2007. The interest income is derived from short-term investments held with financial institutions based on levels of cash and the decrease in interest income in fiscal 2008 was attributable to the lower levels of cash and short-term investments held through fiscal 2008 compared to fiscal 2007.

During fiscal 2008 the Company experienced an unrealized foreign exchange loss of \$297,036, compared to the foreign exchange loss of \$102,071 in fiscal 2007. The foreign exchange loss arises solely from the impact of the exchange rate depreciation of the United States dollar compared to the Canadian dollar on the Company's holdings of United States denominated cash and cash equivalents.

During fiscal 2007, the Company recorded a \$292,937 write-off on the termination of the option agreement on the Nik Project. No abandonments were made or impairments deemed necessary in fiscal 2008.

During fiscal 2008 the Company recorded expenditures and payments totalling \$5,217,286 (2007 - \$4,627,380) incurred on the La Fortuna Project, including a total \$1,244,703 for option and mining rights payments made on La Fortuna and the Stella Maris claims. In addition the Company incurred \$148,148 (2007 - \$51,703) on the Lonco Project, \$29,076 (2007 - \$39,618) on the Oro Project, and \$446,402 on the Cerro Delta Project. The Company also incurs foreign value added tax ("IVA") associated with its activities in Argentina. A total of \$705,376 (2007 - \$657,422) of IVA was paid during fiscal 2008. Detailed discussion of the Company's exploration activities conducted is discussed in "Exploration Projects".

During fiscal 2008 the Company received \$632,500 (2007 - \$786,250) on the exercise of stock options and warrants.

## **Financial Condition / Capital Resources**

The Company's practice is to proceed with staged exploration, where each stage is dependent on the successful results of the preceding stage. To date the Company has not received any revenues from its mining activities and has relied on equity financing to fund its commitments and discharge its liabilities as they come due. As of April 30, 2008, the Company had working capital of \$2,323,523. The Company is currently reviewing its anticipated exploration budgets for the upcoming season. Although the Company believes that it has sufficient working capital to meet the anticipated corporate overhead requirements and a portion of its planned exploration activities through fiscal 2009, it anticipates that it will be required to raise further equity financings should it proceed with all of its planned exploration activities.

In addition, the Company has also partially exercised its option on La Fortuna. Pursuant to the agreement, on December 10, 2008, the Company will be required to pay for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered in excess of 1 million ounces. See "Off-Balance Sheet Arrangements". As of the date of this MD&A, the Company has not prepared any reserve or resource calculations on its La Fortuna Project. A NI 43-101 compliant resource estimate is scheduled for completion by December 2008. Exploration activities may also change due to ongoing results and recommendations or the Company may acquire additional mineral properties, which may entail significant additional funding or exploration commitments. The Company has relied solely on equity financing to raise the requisite financial resources. While it has been successful in the past, there can be no assurance that the Company will be successful in raising future financings should the need arise.

### **Off-Balance Sheet Arrangements**

Pursuant to the option agreement on the La Fortuna Project the Company must pay US \$1 per ounce of all proven and economically recoverable gold or gold-silver equivalent to the optionor, to a maximum of US \$5 million, of which an initial payment of US \$1 million was paid on June 19, 2007 and the option agreement was considered to be partially exercised and the ownership of the La Fortuna Property will be transferred to the Company on December 19, 2008. At that time the Company will also be required to pay for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered in excess of 1 million ounces, to a maximum of 4 million ounces, at US \$1 per ounce. If 4 million ounces have not been discovered by December 19, 2008, the Company will continue to have the obligation to pay US \$1 per ounce for all additional proven and economically recoverable ounces of gold or gold-silver equivalent discovered to a maximum of 4 million ounces.

### **Proposed Transactions**

The Company has no proposed transactions.

### **Critical Accounting Estimates**

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the April 30, 2008 audited consolidated financial statements.

### **Changes in Accounting Policies**

#### *Financial Instruments*

Effective May 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, Financial Instruments - Disclosure and Presentation and Section 3865, Hedges. These sections apply to fiscal years beginning on or after October 1, 2006 and provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities, and non-financial derivatives, and describe when and how hedge accounting may be applied. Section 1530 provides standards for the reporting and presentation of comprehensive income, which is defined as the change in equity, from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with generally accepted accounting principles. A statement of comprehensive income has not been presented as no components of comprehensive income have been identified and therefore have not affected the current or comparative period balances on the financial statements. Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available for sale assets or other financial liabilities. All

financial instruments, including derivatives, are included on the balance sheet and are measured at fair market value upon inception with the exception of certain related party transactions. Subsequent measurement and recognition of change in the fair value of financial instruments depends on their initial classification. Held-for-trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Loans and receivables, investments held to maturity and other financial liabilities are measured at amortized cost using the effective interest method. Gains and losses upon inception, derecognition, impairment write downs and foreign exchange translation adjustments are recognized immediately. Transaction costs related to financings will be expensed in the period incurred.

Upon adoption of this new standard the Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

### **Transactions With Related Parties**

During fiscal 2008 and 2007, the Company was charged for various services provided by companies controlled by directors and officers of the Company, as follows:

	2008 \$	2007 \$
Accounting and administration	34,450	33,700
Management fees	185,000	174,000
Directors fees	50,000	50,000
Consulting and professional	10,000	10,000
	<u>279,450</u>	<u>267,700</u>

These fees have been either expensed to operations or capitalized to mineral properties and deferred exploration costs based on the nature of the expenditures.

As at April 30, 2008, accounts payable and accrued liabilities include \$10,366 (2007 - \$7,160) due to these related parties.

These transactions were measured at the exchange amount, which was the amount of consideration established and agreed to by related parties.

### **Risks and Uncertainties**

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material regulations applicable to its exploration activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company's mineral properties are located in Argentina and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

## **Investor Relations Activities**

The Company primarily conducts its investor relations activity in-house. The Company did not engage any outside consultants to provide investor relations activities during fiscal 2008. The Company maintains a website at [www.goldenpeaks.com](http://www.goldenpeaks.com).

## **Outstanding Share Data**

The Company's authorized share capital is unlimited common shares without par value. As at July 29, 2008, there were 31,563,594 common shares issued and 2,700,000 stock options outstanding, with exercise prices ranging from \$1.40 to \$2.50 per share.

## **Disclosure Controls and Procedures**

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer has concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Management intends to formalize certain of its procedures. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should such occur, the Company will take whatever steps necessary to minimize the consequences thereof.

## **Internal Controls and Procedures over Financial Reporting**

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. During the process of management's review and evaluation of the design of the Company's internal control over financial reporting, it was determined that certain weaknesses existed in internal controls over financial reporting. As is indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.