

SKYGOLD VENTURES LTD.

FINANCIAL STATEMENTS

March 31, 2008

(Amended)

The accompanying unaudited interim financial statements have been prepared by management and approved by the Audit Committee and Board of Directors.

SKYGOLD VENTURES LTD.**Balance Sheet**

	March 31, 2008	December 31, 2007
	(unaudited)	
Assets		
Current		
Cash	\$ 411,731	\$ 3,875,679
Term deposits (note 4)	3,010,003	2,559,449
Due from joint venturer (note 5(a))	2,351,971	1,070,059
Receivables	647,969	642,424
Prepaid expenses	55,254	32,794
	6,476,928	8,180,405
Mineral Properties (note 5)	15,586,767	12,402,024
Property and Equipment (note 6)	1,012,769	911,553
Deposit for Reclamation	50,000	50,000
Security Deposit	16,785	15,000
	\$ 23,143,249	\$ 21,558,982
Liabilities		
Current		
Accounts payable and accrued liabilities (note 10(a))	\$ 2,705,508	\$ 546,499
Future Income Tax (note 8)	2,288,110	1,470,522
	4,993,618	2,017,021
Shareholders' Equity		
Capital Stock (note 7)	20,251,202	21,176,665
Contributed Surplus (note 7(h))	2,928,933	2,894,954
Deficit	(5,030,504)	(4,529,658)
	18,149,631	19,541,961
	\$ 23,143,249	\$ 21,558,982

Contingency (note 12)
 Commitments (note 13)
 Subsequent Events (note 14)

Approved by the Board:

"Douglas A. Fulcher"
 Director
 Douglas A. Fulcher

"Brian Groves"
 Director
 Brian Groves

SKYGOLD VENTURES LTD.
Statement of Operations and Deficit
For the Three Months Ended March 31

	2008	2007
	(unaudited)	(unaudited)
Expenses		
Contract wages	\$ 174,766	\$ 30,000
Legal	188,638	7,157
Consulting fees	111,019	88,402
Investor relations	99,333	42,197
Stock-based compensation	33,979	0
Transfer agent and filing fees	14,263	12,904
Rent	12,698	10,006
Administration	8,992	5,570
Office and miscellaneous	8,173	2,519
Insurance	3,870	10,800
Management fees	1,500	4,500
Amortization	15,845	1,297
	(673,076)	(215,352)
Interest income	43,356	101,448
Expense recoveries	0	1,594
Loss Before Future Income Tax Recovery	(629,720)	(112,310)
Future Income Tax Recovery (note 8)	128,874	2,048,400
Net Income (Loss) and Comprehensive Income (Loss) for the Period	(500,846)	1,936,090
Deficit, Beginning of Period	(4,529,658)	(5,398,345)
Deficit, End of Period	\$ (5,030,504)	\$ (3,462,255)
Earnings (Loss) Per Share - basic	\$ (0.01)	\$ 0.04
Earnings Per Share – diluted		\$ 0.04
Weighted Average Number of Common Shares Outstanding	49,474,698	46,103,103

SKYGOLD VENTURES LTD.
Statement of Cash Flows
For the Three Months Ended March 31

	2008	2007
	(unaudited)	(unaudited)
Operating Activities		
Net income (loss) for the period	\$ (500,846)	\$ 1,936,090
Items not involving cash		
Stock-based compensation	33,979	0
Amortization	15,845	1,297
Future income tax recovery	(128,874)	(2,048,400)
	(579,896)	(111,013)
Changes in non-cash working capital		
Due from related party	0	(58,929)
Due from joint venturer	(1,281,912)	(55,839)
Receivables	(5,545)	(5,556)
Prepaid expenses	(22,460)	(17,205)
Accounts payable and accrued liabilities	(285,167)	(87,237)
	(1,595,084)	(224,766)
Cash Used in Operating Activities	(2,174,980)	(355,779)
Financing Activity		
Shares issued for cash, net of issue costs	0	127,605
Investing Activities		
Term deposits	(450,554)	458,457
Mineral property costs	(719,568)	(397,437)
Purchase of property and equipment	(117,061)	0
Security deposit	(1,785)	0
Cash Provided by (Used in) Investing Activities	(1,288,968)	61,020
Decrease in Cash	(3,463,948)	(147,154)
Cash, Beginning of Period	3,875,679	1,130,034
Cash, End of Period	\$ 411,731	\$ 982,880
Supplemental Cash Flow Information		
Income taxes paid	\$ 0	\$ 0
Interest paid	\$ 0	\$ 0
Common shares issued for mineral property interests (2008 – 18,103 common shares; 2007 – 12,805 common shares)	\$ 20,999	\$ 20,232
Accounts payable included in mineral properties	\$ 2,444,176	\$ 0

SKYGOLD VENTURES LTD.

Notes to Financial Statements

For the Three Months Ended March 31, 2008 and 2007

(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS

Skygold Ventures Ltd. (the “Company”) is a junior resource exploration company incorporated under the Alberta *Business Corporations Act* and continued into British Columbia under the *Business Corporations Act* of British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the financial statements for the Company’s most recently completed fiscal year ended December 31, 2007. They do not include all disclosures required in annual financial statements but rather are prepared in accordance with recommendations for interim financial statements.

(a) Joint Venture Accounting

A portion of the Company’s exploration activities is conducted jointly with others when the Company enters into agreements that provide for specified percentage interests in mineral properties. Joint venture accounting, which reflects the Company’s proportionate interest in mineral properties, is applied by the Company only when the parties enter into formal comprehensive agreements for ownership and mining participation terms.

(b) Mineral Property Interests

The Company defers all costs related to investments in mineral properties on a property-by-property basis. Such costs include mineral property acquisition costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral properties are either developed or the Company’s mineral rights are allowed to lapse.

All deferred mineral property expenditures are reviewed annually, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company’s assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.

From time to time, the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

SKYGOLD VENTURES LTD.

Notes to Financial Statements

For the Three Months Ended March 31, 2008 and 2007

(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property and Equipment

Amortization of property and equipment is recorded on the declining-balance basis at the following annual rates:

Building	4%
Computer equipment	30%
Vehicles	30%
Office equipment	20%

Amortization on leasehold improvements is recorded on a straight line basis over the term of the lease.

Additions during the year are amortized at one-half the annual rates.

(d) Asset Retirement Obligations

The Company recognizes an estimate of the liability associated with an asset retirement obligation (“ARO”) in the financial statements at the time the liability is incurred. The estimated fair value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The capitalized amount is depleted on a straight-line basis over the estimated life of the asset. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. The ARO can also increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated undiscounted cost. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded. At present, the Company has determined that it has no material AROs to record in these financial statements.

(e) Capital Stock

Capital stock issued for non-monetary consideration is recorded at fair market value on the dates of issuance pursuant to the agreement to issue shares as determined by the Board of Directors of the Company based on the trading price of the shares on the TSX Venture Exchange (the “Exchange”). Costs incurred for the issuance of shares are deducted from capital stock.

(f) Stock-Based Compensation

The Company accounts for stock-based compensation using the fair value based method with respect to all stock-based payments to directors, employees and non-employees, including awards that are direct awards of stock and call for settlement in cash or other assets, or stock appreciation rights that call for settlement by the issuance of equity instruments. Under this method, stock-based payments are recorded as an expense over the vesting period or when the awards or rights are granted, with a corresponding increase to contributed surplus. When stock options are exercised, the corresponding fair value is transferred from contributed surplus to capital stock.

(g) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method for calculating diluted earnings per share. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to re-purchase common shares at the average market price during the period. However, diluted loss per share is not presented where the effects of various conversions and exercise of options and warrants would be anti-dilutive.

SKYGOLD VENTURES LTD.

Notes to Financial Statements

For the Three Months Ended March 31, 2008 and 2007

(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

(i) Flow-Through Shares

The Company may, from time to time, issue flow-through common shares to finance its resource exploration activities. Canadian income tax law permits the Company to renounce to the flow-through shareholder the income tax attributes of resource exploration costs financed by such shares. The effect of such renouncement is to reduce future income tax deductions, which is considered to be a share issue cost that is recorded as a reduction to capital stock and a corresponding increase in future income tax liability.

When flow-through expenditures are renounced, a portion of the future income tax assets that were not previously recognized, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations.

(j) 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include balances of receivables and accrued liabilities, the determination of environmental obligations, impairment of mineral properties, rates for amortization of property and equipment, the assumptions used in the determination of the fair value of stock-based compensation and the accrual for future income tax liability. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(k) Financial Instruments

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3855, "financial instruments – recognition and measurement", which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. The Company classifies its debt and investments into held-to-maturity, held-for-trading or available-for-sale categories. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet based on the contractual maturity date and are stated at amortized cost.

Investments that are bought and held principally for the purpose of selling them in the near term are classified as held-for-trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings.

SKYGOLD VENTURES LTD.

Notes to Financial Statements

For the Three Months Ended March 31, 2008 and 2007

(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial Instruments (Continued)

Debt and investments not classified as held-to-maturity or as trading are classified as available-for-sale and carried at fair value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in shareholders' equity.

The adoption of this section had no impact on the Company's financial statements.

(l) Comprehensive Income

The Company adopted CICA Handbook Section 1530, "comprehensive income", which establishes standards for presentation and disclosure of comprehensive income. Comprehensive income is the overall change in net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. The historical make up of net income has not changed. Other comprehensive income includes gains or losses, which generally accepted accounting principles requires to be recognized in a period but excluded from net income for that period.

The adoption of this section had no impact on the Company's financial statements.

(m) Changes in Accounting Policies

On January 1, 2008, the Company adopted the following provisions of the CICA Handbook. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

- (i) Section 3862 – Financial Instruments – Disclosures, which replaces Section 3861, provides expanded disclosure requirements that provide additional detail by financial asset and liability categories.
- (ii) Section 3863 – Financial Instruments – Presentation, to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows.
- (iii) Section 1535 – Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed (see note 9). Under this standard, the Company is required to disclose the following:
 - qualitative information about its objectives, policies and procedures for managing capital;
 - summary quantitative data about what it manages as capital;
 - whether during the period it complied with any externally imposed capital requirement to which it is subject; and
 - when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.
- (iv) Section 1400 – General Standards of Financial Statement Presentation, to include requirements for management to assess and disclose an entity's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the Company is not considered a going-concern.

SKYGOLD VENTURES LTD.

Notes to Financial Statements

For the Three Months Ended March 31, 2008 and 2007

(Unaudited – Prepared by Management)

3. FINANCIAL INSTRUMENTS

(a) **Fair Value**

The carrying values of cash, term deposits, due from joint venturer, receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

(b) **Foreign Exchange Risk**

The Company undertakes certain transactions in foreign currencies and as such is subject to risk due to fluctuations in exchange rates. The Company does not use derivative instruments or hedges to reduce the exposure to foreign exchange risk.

(c) **Credit Risk**

The Company's financial assets that are exposed to credit risk consist primarily of cash, term deposits, receivables and due from joint venturer. Cash, term deposits and the interest portion of receivables are placed with major financial institutions rated in the two highest grades by nationally recognized rating agencies. Credit risk from due from joint venturer is minimized by security held over property.

(d) **Financial Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, term deposits, amount due from joint venturer, receivables, and accounts payable and accrued liabilities.

(e) **Financial Instrument Risk Exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

(f) **Market Risk**

The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rates and fluctuations.

(g) **Liquidity Risk**

The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and term deposits, which are available on demand.

4. TERM DEPOSITS

The Company has term deposits with book values totaling \$3,010,003 (December 31, 2007 - \$2,559,449) and accrued interest of \$2,181 (December 31, 2007 - \$5,622), accrued at an interest rate of 3.409% (December 31, 2007 - 4.25%) and included in accounts receivable. The term deposits matured April 25, 2008 (December 31, 2007 - February 28, 2008).

SKYGOLD VENTURES LTD.**Notes to Financial Statements****For the Three Months Ended March 31, 2008 and 2007****(Unaudited – Prepared by Management)****5. MINERAL PROPERTIES**

Acquisition and exploration expenditures incurred on mineral properties are as follows:

	Spanish Mountain	SHG	Total
Balance, December 31, 2006	\$ 5,581,322	\$ 1,904,314	\$ 7,485,636
Additions during the year			
Acquisition costs	59,232	0	59,232
Deferred exploration costs			
Drilling	2,575,003	0	2,575,003
Geological consulting	692,015	367,870	1,059,885
Assaying	738,341	0	738,341
Travel and accommodation	219,197	16,229	235,426
Camp and field supplies	503,176	3,720	506,896
Equipment rental	75,755	0	75,755
Permitting fees	103,559	0	103,559
Land tenure	39,382	19,002	58,384
Road access	10,518	0	10,518
Field supplies	109,644	0	109,644
	5,066,590	406,821	5,473,411
Total additions during the year	5,125,822	406,821	5,532,643
METC* receivable	(539,582)	(76,673)	(616,255)
	4,586,240	330,148	4,916,388
Balance, December 31, 2007	10,167,562	2,234,462	12,402,024
Additions during the period			
Acquisition costs	75,999	0	75,999
Deferred exploration costs			
Drilling	1,949,657	0	1,949,657
Geological consulting	287,148	107,497	394,645
Geophysical consulting	23,890	0	23,890
Assaying	314,075	6,316	320,391
Travel and accommodation	36,418	0	36,418
Camp and field supplies	179,112	0	179,112
Equipment rental	29,371	0	29,371
Permitting fees	45,559	0	45,559
Land tenure	4,661	13,402	18,063
Road access	23,097	0	23,097
Field supplies	88,541	0	88,541
	2,981,529	127,215	3,108,744
Total additions during the period	3,057,528	127,215	3,184,743
Balance, March 31, 2008 (unaudited)	\$ 13,225,090	\$ 2,361,677	\$ 15,586,767

*Mining Exploration Tax Credit

SKYGOLD VENTURES LTD.
Notes to Financial Statements
For the Three Months Ended March 31, 2008 and 2007
(Unaudited – Prepared by Management)

5. MINERAL PROPERTIES (Continued)

(a) Spanish Mountain, Cariboo Mining Division, British Columbia

Pursuant to a Joint Operation Agreement (the "Agreement") signed between Wildrose Resources Ltd. ("Wildrose") and the Company dated March 29, 2005, the Company exercised its option and earned a 70% interest in the Spanish Mountain property. Wildrose retained a 30% interest in the property. Each party is responsible for all expenses and liabilities of the mining operations in proportion to their interest (note 14).

Pursuant to the Agreement, a management committee was established to make all decisions with respect to mining operations. Pursuant to the creation of the management committee, the Company was named as the operator for as long as it holds a greater than 50% interest in the property. The Company is obligated to make the following payments to the original vendors of the Agreement:

- (i) Cash payments
 - \$24,000 on January 20, 2007 (paid);
 - \$15,000 on July 20, 2007 (paid); and
 - \$55,000 on January 20, 2008 (paid).
- (ii) Share or cash issuances
 - \$21,000 on each of January 20, 2006 (issued), 2007 (issued) and 2008 (issued), which may be satisfied in either cash or shares; and
 - \$35,700 each year from January 20, 2009 to January 20, 2012, which may be satisfied in either cash or shares.

The amount due from joint venturer of \$2,351,971 (December 31, 2007 - \$1,070,059) is the portion of mineral property expenditures incurred by the Company on behalf of Wildrose.

(b) SHG, Cariboo Mining Division, British Columbia

On July 26, 2006, the Company purchased five mineral properties to the northwest of the Spanish Mountain property in central British Columbia.

The purchase and sale agreement gives the Company a 100% interest in these claims for consideration as follows:

- (i) A cash payment of \$300,000 (paid);
- (ii) Issuance of 525,000 units of the Company (issued). Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at \$1.60 per share on or before October 4, 2007 and at \$2 per share on or before October 4, 2008. The shares were valued at \$1.60 per share while the warrants were valued at \$280,980 using the Black-Scholes option pricing model;
- (iii) The vendor retains a 2% net smelter return, 1% of which may be purchased by the Company for \$1,000,000; and
- (iv) The Company must fund \$2,000,000 in exploration expenditures by December 31, 2008, of which \$1,016,884 has been incurred to March 31, 2008.

SKYGOLD VENTURES LTD.
Notes to Financial Statements
For the Three Months Ended March 31, 2008 and 2007
(Unaudited – Prepared by Management)

5. MINERAL PROPERTIES (Continued)

(c) Title to Mineral Property Interests

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

(d) Realization of Assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off, if the properties are abandoned or the claims allowed to lapse.

(e) Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

SKYGOLD VENTURES LTD.**Notes to Financial Statements****For the Three Months Ended March 31, 2008 and 2007****(Unaudited – Prepared by Management)****6. PROPERTY AND EQUIPMENT**

				March 31, 2008		
				Cost	Accumulated Amortization (unaudited)	Net
Land	\$	127,655	\$	0	\$	127,655
Building		777,291		22,477		754,814
Computer equipment		89,138		17,733		71,404
Vehicles		40,846		6,880		33,966
Office equipment		21,798		6,192		15,606
Leasehold improvements		9,814		491		9,324
	\$	1,066,542	\$	53,773	\$	1,012,769

				December 31, 2007		
				Cost	Accumulated Amortization	Net
Land	\$	85,284	\$	0	\$	85,284
Building		749,636		14,993		734,643
Computer equipment		63,388		12,988		50,400
Vehicles		30,346		4,552		25,794
Office equipment		20,828		5,396		15,432
	\$	949,482	\$	37,929	\$	911,553

7. CAPITAL STOCK**(a) Authorized**

- (i) Unlimited number of common voting shares without nominal or par value
- (ii) Unlimited number of first preferred shares
- (iii) Unlimited number of second preferred shares

The first and second preferred shares may be issued in one or more series and the directors are authorized to fix the number in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series.

SKYGOLD VENTURES LTD.**Notes to Financial Statements****For the Three Months Ended March 31, 2008 and 2007****(Unaudited – Prepared by Management)****7. CAPITAL STOCK (Continued)****(b) Issued**

	Number of Common Shares	Amount
Balance, December 31, 2006	45,945,258	\$ 19,792,014
Issued for cash		
Private placements, net of issue costs	2,392,745	2,861,808
Exercise of warrants	1,108,771	581,011
Issued for other consideration		
Mineral property interests	12,805	20,232
Income tax effect of flow-through share renouncement	0	(2,078,400)
	3,514,321	1,384,651
Balance, December 31, 2007	49,459,579	21,176,665
Issued for other consideration		
Mineral property interests	18,103	20,999
Income tax effect of flow-through share renouncement	0	(946,462)
Balance, March 31, 2008 (unaudited)	49,477,682	\$ 20,251,202

(c) Private Placements

- (i) On January 15, 2008, pursuant to the Agreement for the Spanish Mountain property (note 5(a)(ii)) the Company issued 18,103 common shares.
- (ii) On December 28, 2007, the Company completed a private placement and issued 2,348,540 units for gross proceeds of \$3,053,102. Each unit consisted of one flow-through common share and one-half of one non-flow-through common share purchase warrant. Each full warrant entitles the holder to acquire an additional non-flow-through common share at \$1.75 per share on or before December 28, 2008. As part of the finder's fee arrangement, 44,205 additional units were issued to the agents. Each unit consisted of one non-flow-through common share and one-half of one non-flow-through common share purchase warrant, each unit having the same terms and conditions as the units described above. In addition, 168,400 finder's warrants were issued, each being exercisable to acquire one common share of the Company at an exercise price of \$1.35 per share until December 28, 2008. The warrants attached to agent's units and finder's warrants were valued at \$53,371. Cash share issue costs in the amount of \$137,923 were incurred by the Company in connection with the private placement.
- (iii) On January 23, 2007, pursuant to the Agreement for the Spanish Mountain property (note 5(a)(ii)) the Company issued 12,805 common shares.

SKYGOLD VENTURES LTD.**Notes to Financial Statements****For the Three Months Ended March 31, 2008 and 2007****(Unaudited – Prepared by Management)****7. CAPITAL STOCK (Continued)****(d) Renounced Exploration Expenditures**

In February 2008, the Company renounced \$3,053,102 (2007 - \$6,091,443) of exploration expenditures under its flow-through share program, resulting in a future tax liability of \$946,462 (2007 - \$2,078,400), which was deducted from capital stock. The Company subsequently reduced the future income tax liability by recognizing previously unrecorded future income tax assets equal to the amount of the future income tax liability (note 8).

(e) Stock Options

As per the Company's stock option plan adopted during fiscal 2007, options to purchase common shares have been granted to directors, at exercise prices determined by reference to market values on the date of the grant. All options granted during the period vested 25% at the date of grant and 25% every six months thereafter, with all options being fully vested at 18 months from the date of grant. Details of the status of the Company's share purchase options as at March 31, 2008 are as follows:

	2008 (unaudited)	
	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of period	3,600,000	\$ 1.22
Granted	300,000	\$ 1.25
Exercised	0	\$ 0.00
Outstanding, end of period	3,900,000	\$ 1.23

A summary of the status of the Company's stock options as at March 31, 2008 is as follows:

	2008 (unaudited)		
Expiry Date	Exercise Price	Number of Options	Number of Options Vested
December 23, 2009	\$ 0.10	200,000	200,000
July 22, 2010	\$ 0.42	850,000	850,000
June 2, 2011	\$ 1.60	2,050,000	2,050,000
November 1, 2011	\$ 1.50	500,000	500,000
December 11, 2012	\$ 1.25	300,000	75,000
		3,900,000	3,675,000

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7. CAPITAL STOCK (Continued)

(f) Share Purchase Warrants

As at March 31, 2008, the Company has share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding, December 31, 2007	Issued	Exercised	Expired	Outstanding, March 31, 2008 (unaudited)
\$ 2.00	October 4, 2008	525,000	0	0	0	525,000
\$ 1.75	December 28, 2008	1,174,270	0	0	0	1,174,270
\$ 1.35	December 28, 2008	168,400	0	0	0	168,400
\$ 1.75	December 28, 2008	22,103	0	0	0	22,103
		1,889,773	0	0	0	1,889,773

(g) Stock-Based Compensation

The fair value of stock options granted to a director in 2007 that vested during 2008, in the amount of \$33,979 (2007 - \$nil), has been recorded as an expense during the period and included in contributed surplus.

The fair value of stock options used to calculate compensation is estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.74%
Expected dividend yield	0
Expected stock price volatility	112.82%
Expected life in years	5

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

(h) Contributed Surplus

	March 31, 2008 (unaudited)	December 31, 2007
Balance, beginning of period	\$ 2,894,954	\$ 2,762,299
Stock-based compensation	33,979	79,284
Issuance of warrants as share issue costs	0	53,371
Balance, end of period	\$ 2,928,933	\$ 2,894,954

SKYGOLD VENTURES LTD.**Notes to Financial Statements****For the Three Months Ended March 31, 2008 and 2007****(Unaudited – Prepared by Management)****8. INCOME TAXES**

The reconciliation of income tax provision computed at effective statutory rates to the reported income tax provision is as follows:

	March 31, 2008	March 31, 2007
	(unaudited)	(unaudited)
Income tax benefit computed at Canadian statutory rates	\$ (180,170)	\$ (38,320)
Temporary differences not recognized in the period	(4,759)	443
Stock-based compensation	10,533	0
Unrecognized tax losses	174,396	37,877
Future income tax arising from flow-through share renouncement	(946,462)	(2,078,400)
Future income tax arising from temporary differences	817,588	30,000
Future income tax expense (recovery)	\$ (128,874)	\$ (2,048,400)

Future income tax liabilities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The applicable tax rate to be expected is 31% (2007 - 31%). Significant components of the Company's future tax liabilities are as follows:

	March 31, 2008	December 31, 2007
	(unaudited)	
Future income tax assets and liabilities		
Temporary differences in assets	\$ (3,283,415)	\$ (2,304,783)
Net tax losses carried forward	995,305	834,261
Future income tax liability	\$ (2,288,110)	\$ (1,470,522)

The Company's future income tax liability arises primarily from the renunciation of mineral exploration costs on flow-through shares issued to investors. Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. A future income tax liability arises from the renunciation of mineral exploration costs to investors of flow-through shares.

Funds raised through the issuance of flow-through shares are required to be expended on qualified Canadian mineral exploration expenditures, as defined pursuant to Canadian income tax legislation. The flow-through gross proceeds less the qualified expenditures made to date represent the funds received from flow-through share issuances which have not been spent and which are allotted for such expenditures. As at March 31, 2008, the amount of the remaining flow-through proceeds has been expended. As at December 31, 2007, the amount of flow-through proceeds remaining to be expended was \$3,053,102.

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Notes to Financial Statements

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9. MANAGEMENT OF CAPITAL

The Company manages its cash, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going-concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

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. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

10. RELATED PARTY TRANSACTIONS

- (a) The Company paid or accrued \$81,266 (2007 - \$34,500) for contract wages and administrative and management services, \$4,294,728 (2007 - \$404,540) for exploration costs, \$12,698 (2007 - \$10,006) for rental of premises, \$39,508 (2007 - \$nil) for property costs and equipment, and \$104,574 (2007 - \$24,449) for the reimbursement of general and administrative expenses to a company in which a director is a principal. As at March 31, 2008, \$2,375,837 was owed to that company and included in accounts payable.
- (b) The Company paid \$7,762 (2007 - \$8,877) to a director for consulting fees.

11. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration, and all of its assets are located in Canada.

12. CONTINGENCY

As at March 31, 2008, the Company was involved in litigation with a former consultant who was terminated in early 2005. The plaintiff's claim includes damages regarding breach of the consulting agreement, repayment of expenses, the right to exercise or damages in lieu of options granted during his tenure as a consultant, legal costs and interest on all amounts due. A trial date in October 2008 has been set at this time. The merit and amount of the plaintiff's claim are unknown at this time. As the outcome of this matter cannot be determined at this time, the results will be recorded when known and, accordingly, could impact future results of operations and cash flows.

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13. COMMITMENTS

- (a) The Company has commitments with respect to its leased vehicles. The minimum lease payments required under such leases are payable as follows:

2008	\$	50,181
2009		29,158
	\$	79,339

- (b) During 2007, the Company and others entered into a lease agreement for the rental of office premises for a six-year period, expiring March 31, 2013. The cost of the entire premises is shared primarily between the Company and four other companies related by a common director. The Company's proportionate share of minimum annual rental payments under this arrangement is payable as follows:

2008	\$	23,642
2009		23,642
2010		25,858
2011		26,597
2012		26,597
Thereafter		6,649
	\$	132,985

14. SUBSEQUENT EVENTS

- (a) In March 2008, the Company entered into an Arrangement Agreement with Wildrose whereby the Company will acquire all of the issued and outstanding shares of Wildrose in exchange for common shares of the Company. This transaction is subject to regulatory and shareholder approval. Pursuant to the Arrangement, Wildrose shareholders will receive 0.82 of a common share of the Company for each common share they hold of Wildrose. Based on the currently outstanding shares, an aggregate of approximately 19,145,833 common shares of the Company will be issued in exchange for all issued and outstanding Wildrose common shares. Outstanding warrants and stock options of Wildrose will be assumed by the Company on the basis that each warrant and option of Wildrose will entitle the holder to acquire upon exercise, in lieu of shares of Wildrose, 0.82 of a common share of the Company that the holder would have been entitled to acquire prior to the completion of the Arrangement.
- (b) In June 2008, the Company intends to file a short form prospectus in order to qualify for a public offering of common shares for gross proceeds of up to \$10,000,000 at a price per share to be determined.

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15. FUTURE ACCOUNTING PRONOUNCEMENT

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("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 generally accepted accounting principles 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 generally accepted accounting principles. 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 December 31, 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.