



**CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTH PERIOD ENDED APRIL 30, 2008**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the nine month period ended April 30, 2008.**

**NOTICE TO READER**

The interim balance sheet as at April 30, 2008 and the interim statements of operations and deficit and the interim statements of cash flows for the nine month period then ended are the responsibility of the Company's management.

These financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company. The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these consolidated financial statements in accordance with Canadian generally accepted accounting principles.

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**DESERT GOLD VENTURES INC.****CONSOLIDATED FINANCIAL STATEMENTS**

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**NINE MONTH PERIODS ENDED APRIL 30, 2008  
AND 2007****Page**

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**DESERT GOLD VENTURES INC.  
CONSOLIDATED BALANCE SHEETS  
AS AT APRIL 30, 2008 AND JULY 31, 2007**

	<b>April 30 2008 (Unaudited)</b>	<b>July 31 2007 (Audited)</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 1,688,250	\$ 86,705
Term deposits	-	545,523
Goods and services tax recoverable	2,094	464
Prepaid expenses and deposits	423,592	37,283
	<u>2,113,936</u>	<u>669,975</u>
Equipment (Note 3)	9,100	3,352
Resource property interests (Note 4)	2,769,805	2,436,352
	<u>\$ 4,892,841</u>	<u>\$ 3,109,679</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 413	\$ 33,214
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 5)	6,283,149	4,365,110
Contributed surplus (Note 6)	2,292,248	2,077,699
Deficit	(3,682,969)	(3,366,344)
	<u>4,892,428</u>	<u>3,076,465</u>
	<u>\$ 4,892,841</u>	<u>\$ 3,109,679</u>

**NATURE OF OPERATIONS AND BASIS OF PRESENTATION (Note 1)  
SUBSEQUENT EVENTS (Note 10)**

Approved on Behalf of the Board:

***"Eugene Beukman"***

Director – Eugene Beukman

***"Gordon Keevil"***

Director – Gordon Keevil

**DESERT GOLD VENTURES INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

	Three Months Ended Apr 30 2008	Three Months Ended Apr 30 2007	Nine Months Ended Apr 30 2008	Nine Months Ended Apr 30 2007
<b>ADMINISTRATIVE EXPENSES</b>				
Advertising and promotion	\$ -	\$ -	\$ 3,844	\$ -
Amortization	904	359	2,838	1,077
Audit and accounting	7,500	7,500	27,825	26,985
Consulting services:				
- Fee	-	-	1,000	2,467
- Stock-based compensation ( <b>Note 6</b> )	45,426	36,401	214,549	103,045
Legal	-	-	592	2,640
Management fees	5,500	3,000	14,000	9,000
Office facilities and administrative services	9,059	5,644	25,672	16,906
Shareholder information and printing	-	-	533	-
Transfer agent, filing and stock exchange fees	9,049	5,411	15,458	19,495
Travel	-	-	1,551	2,042
Website development	8,329	-	14,829	-
	<u>85,767</u>	<u>58,315</u>	<u>322,691</u>	<u>183,657</u>
<b>LOSS BEFORE OTHER ITEMS</b>	(85,767)	(58,315)	(322,691)	(183,657)
<b>OTHER INCOME (LOSS)</b>				
Interest income	4,029	7,544	12,186	17,139
Foreign exchange	(1,914)	(932)	(4,998)	(932)
Loss on disposal of equipment	-	-	(1,122)	-
	<u>2,115</u>	<u>6,612</u>	<u>6,066</u>	<u>16,207</u>
<b>LOSS FOR THE PERIOD</b>	\$ (83,652)	\$ (51,703)	\$ (316,625)	\$ (167,449)
<b>DEFICIT, beginning of period</b>	<u>(3,599,317)</u>	<u>(3,245,887)</u>	<u>(3,366,344)</u>	<u>(3,130,141)</u>
<b>DEFICIT, end of period</b>	<u>(3,682,969)</u>	<u>\$ (3,297,590)</u>	<u>(3,682,969)</u>	<u>\$ (3,297,590)</u>
<b>BASIC AND DILUTED LOSS PER SHARE</b>	\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.01)
<b>WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>				
	<u>17,687,410</u>	<u>13,411,917</u>	<u>14,870,403</u>	<u>13,040,806</u>

**DESERT GOLD VENTURES INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

	Three Months Ended	Three Months Ended	Nine Months Ended	Nine Months Ended
	Apr 30 2008	Apr 30 2007	Apr 30 2008	Apr 30 2007
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (83,652)	\$ (51,703)	\$ (316,625)	\$ (167,449)
Adjustments for non-cash items:				
Amortization	904	359	2,838	1,077
Loss on disposal of equipment	-	-	1,122	-
Stock-based compensation	45,427	36,401	214,549	103,045
	(37,321)	(14,943)	(98,116)	(63,327)
Changes in non-cash working capital items:				
Goods and services tax recoverable	(1,560)	(2,395)	(1,630)	(2,616)
Accrued interest on term deposits	-	(178)	-	(9,553)
Prepaid expenses and deposits	(396,152)	(16,762)	(386,309)	(22,131)
Accounts payable and accrued liabilities	(8,384)	4,240	(32,801)	(42,570)
	(443,417)	(30,037)	(518,856)	(140,197)
<b>FINANCING ACTIVITIES</b>				
Issue of shares	1,852,500	-	1,860,000	899,640
	1,852,500	-	1,860,000	899,640
<b>INVESTING ACTIVITIES</b>				
Term deposits	-	(7,323)	545,523	(457,323)
Acquisition cost of equipment	-	-	(9,708)	-
Acquisition costs of resource properties	-	-	-	(10,897)
Deferred exploration costs	(108,378)	(162,555)	(275,414)	(407,320)
	(108,378)	(169,878)	260,401	(875,540)
<b>INCREASE (DECREASE) IN CASH</b>	1,300,705	(199,915)	1,601,545	(116,097)
<b>CASH AND CASH EQUIVALENTS</b> , beginning of period	387,545	254,438	86,705	170,620
<b>CASH AND CASH EQUIVALENTS</b> , end of period	\$ 1,688,250	\$ 54,523	\$ 1,688,250	\$ 54,523

**DESERT GOLD VENTURES INC.**  
**CONSOLIDATED SCHEDULE OF DEFERRED EXPLORATION COSTS**  
**AS AT APRIL 30, 2008 AND JULY 31, 2007**

	<b>April 30 2008</b>	<b>July 31 2007</b>
<b>EXPLORATION COSTS</b>		
Analysis	\$ 9,532	\$ 50,042
Consultants	8,733	16,229
Drilling	-	122,320
Equipment rental	636	1,530
Geologist	62,899	172,578
Geophysical survey	8,290	-
Labour	3,945	420
Maps	17,542	9,650
Office	8,870	17,244
Reclamation bond	493	10,414
Renewal and restaking fees	105,896	104,401
Supplies	30,138	2,566
Transportation	3,204	18,203
Travel and accommodation	15,236	36,654
Total expenditures incurred during the period	275,414	562,251
<b>BALANCE</b> , beginning of period	2,171,584	1,609,333
<b>BALANCE</b> , end of period	<b>\$ 2,446,998</b>	<b>\$ 2,171,584</b>

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

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**1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

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The interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) applicable to interim consolidated financial statements and should be read in conjunction with Desert Gold Ventures Inc.'s annual financial statements for the year ended July 31, 2007, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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**2. ACCOUNTING POLICIES**

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These financial statements have been prepared according to Canadian GAAP using the same basis of presentation and accounting policies as outlined in Note 2 to the annual financial statements for the year ended July 31, 2007, except as noted below.

**(i) Accounting standards newly adopted**

*Section 1506, Accounting Changes*

This Section establishes criteria for changes in accounting policies, accounting treatment and disclosure regarding changes in accounting policies, estimates and corrections of errors. In particular, this Section allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information. Furthermore, this Section requires disclosure of when an entity has not applied a new source of GAAP that has been issued but is not yet effective. Such disclosures are provided below. The adoption of this Section had no further effects on the financial statements for the period ended April 30, 2008.

*Section 3855, Financial Instruments – Recognition and Measurement*

This Section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other liabilities.

Financial assets and liabilities classified as held for trading are required to be measured at fair value, with gains and losses recognized in net earnings.

Financial assets classified as held to maturity, loans and receivables and financial liabilities (other than those held for trading) are required to be measured at amortized cost using the effective interest method of amortization.

Available for sale financial assets are required to be measured at fair value, with unrealized gains and losses recognized in other comprehensive income. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market should be measured at cost.

The Company classified its financial instruments as follows:

- Cash is classified as held for trading.
- Accounts receivable are classified as loans and receivables.
- Accounts payable and accrued liabilities and due to related party have been classified as other liabilities.

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

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**2. ACCOUNTING POLICIES (CONT'D)**

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The criteria for designating items as held for trading include financial assets that were acquired principally with the intention of generating a profit from price fluctuation. Available for sale assets are all financial assets not classified as either held for trading, accounts receivable, or held to maturity.

Where the Company has production royalties or net smelter royalties with property vendors, these are determined to be derivative instruments. The fair value of these derivative instruments is not reliably determinable until proven economically recoverable reserves have been identified.

*Section 1530, Comprehensive Income*

This Section establishes standards for reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net earnings.

The classification of the Company's financial instruments as at August 1, 2007 had no effect on the opening balances.

*Section 3865, Hedges*

This Section establishes standards for how hedge accounting may be applied. The Company currently does not have any hedges in place, and therefore this standard has no impact on its financial statements.

The CICA standards below were adopted prior to the mandatory effective date:

*Section 1535, Capital Disclosures*

This Section which specifies the disclosure of information that enables users of an entity's financial statements to evaluate its objectives, policies and processes for managing capital such as qualitative information about its objectives, policies and processes for managing capital, summary quantitative data about what the entity manages as capital, whether it has complied with any capital requirements and, if it has not complied, the consequences on non-compliance. The mandatory effective date is for annual and interim financial statements for years beginning on or after October 1, 2007. The Company elected to adopt this Section early and has included the additional capital disclosures in Note 7.

*Section 3862, Financial Instruments Disclosures*

*Section 3863, Financial Instruments Presentation*

These sections replace Section 3861, *Financial Instruments Disclosure and Presentation*, revising and enhancing disclosure requirements while carrying forward its presentation requirements. These new Sections will place increased emphasis on disclosure about the nature and extent of risk arising from financial instruments and how the entity manages those risks. The mandatory effective date is for annual and interim financial statements for years beginning on or after October 1, 2007. The Company elected to adopt this Section early and has included the additional financial instrument disclosures in Note 7.

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

**2. ACCOUNTING POLICIES (CONT'D)**

Section 3031, *Inventories*

This Section prescribes the accounting treatment for inventories. In particular, this Section provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. The mandatory effective date is for annual and interim financial statements for years beginning on or after January 1, 2008. The adoption of this Section does not have an impact on the financial statements.

**(ii) New accounting standards not yet adopted**

Section 1400, *General Standards of Financial Statement Presentation*

In June 2007, this Section was amended to include requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The mandatory effective date is for annual and interim financial statements for years beginning on or after January 1, 2008. This new requirement will be adopted by the Company effective August 1, 2008. The adoption of this Section will not have an impact on the financial statements.

Section 3064, *Goodwill and Intangible Assets*

In February 2008, the CICA issued this new section to replace Section 3062, *Goodwill and Other Intangible Assets* and establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. In addition, the CICA issued amendments to Section 1000, *Financial Statement Concepts* and AcG 11, *Enterprises in the Development Stage* and withdrew Section 3450, *Research and Development Costs*. EIC 27, *Revenues and Expenditures During the Pre-operating Period* is no longer applicable for entities that have adopted CICA 3064. The mandatory effective date is for annual and interim financial statements for years beginning on/after October 1, 2008. The Company will begin application of this section effective August 1, 2008. If adopted effective April 30, 2008, this Section would not have an impact on the financial statements.

*International Financial Reporting Standards*

In January 2006, the Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies will converge with International Financial Reporting Standards ("IFRS") effective January 1, 2011. The impact of the transition to IFRS on the Company's financial statements has not yet been determined.

**3. EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>April 30 2008</b>	<b>July 31 2007</b>
Computer equipment	\$ 10,727	\$ 4,463	\$ 6,264	\$ 3,352
Software	4,538	1,702	2,836	-
	<b>\$ 15,265</b>	<b>\$ 6,165</b>	<b>\$ 9,100</b>	<b>\$ 3,352</b>

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

**4. RESOURCE PROPERTY INTERESTS**

	Acquisition Costs and Option Payments	Deferred Exploration and Development Costs	April 30 2008 Total	July 31 2007 Total
a. Goldbanks	\$ 322,807	\$ 2,446,998	\$ 2,769,805	\$ 2,436,352

The Company's resource property interests are described in Note 4 to the annual financial statements for the year ended July 31, 2007. During the current period the Company:

- (a) Amended the Goldbanks property agreement. The date by which the \$3,000,000 US exploration expenditures are to be completed has been extended from December 31, 2007 to December 31, 2008. In consideration of the granting of the extension, the Company issued 100,000 common shares at a value of \$55,000. All other terms of the agreement remain unchanged.
- (b) Gave notice of its intention to continue the Option and issued 4,676 common shares for the share consideration payment.

**5. SHARE CAPITAL**

The authorized capital of the Company consists of:

Unlimited number of common shares without par value.

1,250,000 Preferred shares issuable in series with rights and restrictions to be determined by the directors prior to any issuances.

The Company's issued and outstanding capital stock is as follows:

	April 30 2008		July 31 2007	
	Number of Common Shares	Amount	Number of Common Shares	Amount
Balance, beginning of period	13,441,067	\$ 4,365,110	11,841,917	\$ 3,367,980
Issued for cash				
Conversion of warrants	6,200,000	1,860,000	-	-
Private placement	-	-	1,470,000	999,600
Cash issue costs	-	-	-	(99,960)
	6,200,000	1,860,000	1,470,000	899,640
Issued for property ( <b>Note 4</b> )	104,676	58,039	129,150	97,490
Balance, end of period	19,745,743	\$ 6,283,149	13,441,067	\$ 4,365,110

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

**5. SHARE CAPITAL (CONT'D)**

**Stock Options**

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 2,662,383. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the TSX Venture Exchange (the "Exchange") on the trading day immediately before the date of grant, less the discount permitted under the Exchange's policies. Stock options granted under the Plan vest over a period of 18 months from the date of grant and vesting of the options shall occur equally on a quarterly basis.

A summary of the status of the Company's outstanding stock options as at April 30, 2008 and July 31, 2007 and changes during the period then ended are as follows:

	<b>April 30 2008</b>	<b>July 31 2007</b>
	# Shares	# Shares
Outstanding, beginning of period	1,712,213	1,093,213
Granted	695,000	884,000
Expired	-	(125,000)
Cancelled	-	(140,000)
Outstanding, end of period	<u>2,407,713</u>	<u>1,712,213</u>

**Warrants**

A summary of the status of the Company's outstanding warrants as at April 30, 2008 and July 31, 2007 and changes during the period then ended are as follows:

	<b>April 30 2008</b>	<b>July 31 2007</b>
	# Shares	# Shares
Outstanding, at beginning of period	7,670,000	6,375,000
Issued	-	1,470,000
Exercised	(6,200,000)	-
Expired	-	(175,000)
Outstanding, at end of period	<u>1,470,000</u>	<u>7,670,000</u>

**6. CONTRIBUTED SURPLUS**

	<b>April 30 2008</b>	<b>July 31 2007</b>
Balance, beginning of period	\$ 2,077,699	\$ 1,945,428
Stock-based compensation	214,549	132,271
Balance, end of period	<u>\$ 2,292,248</u>	<u>\$ 2,077,699</u>

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

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**7. FINANCIAL INSTRUMENTS**

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**Capital risk management**

The Company manages its capital to ensure it will be able to continue as a going concern while maximizing the return to shareholders through equity sales. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The capital structure of the Company consists of shareholder's equity, comprising issued capital and deficit.

**Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial instrument are disclosed in note 2 to the financial statements.

**Categories of financial instruments**

	<u>April 30 2008</u>
<b>Financial assets</b>	
Held for trading (including cash)	\$ 1,688,250
Loans and receivables	2,094
<b>Financial liabilities</b>	
Financial liabilities measured at amortized cost	413

**Interest income**

	<u>April 30 2008</u>
Bank deposits	\$ 12,186

**Financial risk management**

The Company monitors and manages the financial risks relating to operations through analysis of exposures by degree and magnitude of risks. These risks include credit risk, market risk and liquidity risk.

***Credit risk***

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's trade receivables are an insignificant amount and exposure to credit risk is minimal.

***Market risk***

Market risk includes currency risk, interest rate risk and price risk. The Company's activities expose it primarily to the financial risks of changes in the price of gold and the US dollar. The Company does not currently hold any financial instruments that mitigate this risk. The Company is exposed to market risk in generating capital to continue its activities.

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

**7. FINANCIAL INSTRUMENTS (CONT'D)**

***Liquidity risk***

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. The Company is not financed by debt and exposure to liquidity risk is minimal.

**8. RELATED PARTY TRANSACTIONS & COMMITMENTS**

The following table summarizes services provided by directors and or companies with directors in common:

	<b>April 30 2008</b>	<b>April 30 2007</b>
Accounting and administration	\$ 25,000	\$ 25,000
Consulting	1,000	-
Management fees	14,000	9,000
Rent of office space	15,390	-
	<u>\$ 55,390</u>	<u>\$ 34,000</u>

These related party transactions have been recorded at their exchange amounts, being the amounts agreed to by the related parties.

**9. SEGMENTED INFORMATION**

The Company primarily operates in one reportable operating segment, being the acquisition, exploration and development of resource properties located in two geographical segments, Canada and United States. Geographic information is as follows:

	Total Assets	Equipment	Resource Properties	Other Assets
<b>April 30, 2008</b>				
Canada	\$ 1,713,102	\$ 9,100	\$ -	\$ 1,704,002
United States	<u>3,179,739</u>	<u>-</u>	<u>2,769,805</u>	<u>409,934</u>
	<u>\$ 4,892,841</u>	<u>\$ 9,100</u>	<u>\$ 2,769,805</u>	<u>\$ 2,113,936</u>
<b>July 31, 2007</b>				
Canada	\$ 658,027	\$ 3,352	\$ -	\$ 654,675
United States	<u>2,451,652</u>	<u>-</u>	<u>2,436,352</u>	<u>15,300</u>
	<u>\$ 3,109,679</u>	<u>\$ 3,352</u>	<u>\$ 2,436,352</u>	<u>\$ 669,975</u>

**DESERT GOLD VENTURES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**PERIODS ENDED APRIL 30, 2008 AND 2007**

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**10. SUBSEQUENT EVENTS**

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In May 2008, the Company granted incentive stock options to its newly appointed directors to purchase a total of 100,000 shares of the Company at a price of \$1.00 per share. The options granted to the directors expire on May 7, 2013 and are subject to a hold period that expires on September 8, 2008.



**DESERT GOLD**  
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**Form 51-102F1**  
**Management's Discussion and Analysis**  
***Containing Information up to and including June 4, 2008***

**General**

Management's discussion and analysis ("**MD&A**") has been prepared based on information available to Desert Gold Ventures Inc. ("**Desert Gold**" or the "**Company**") as of **June 4, 2008**. MD&A provides a detailed analysis of the company's business and compares its results with those of the previous year and should be read in conjunction with the Company's consolidated financial statements for the period ended April 30, 2008 and the audited consolidated financial statements for the year ended July 31, 2007. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("**Canadian GAAP**").

The Company is a development stage company focused on the exploration and development of resource properties. The Company is exploring its Goldbanks property in which the Company has an option to acquire a 50% interest.

The mineral exploration business is risky and most exploration projects will not become mines. The Company may offer an opportunity to a mining company to acquire an interest in a property in return for funding all or part of the exploration and development of the property. For the funding of property acquisitions and exploration that the Company conducts, the Company depends on the issue of shares from the treasury to investors. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management.

**Forward Looking Information**

Certain statements contained in the MD&A constitute forward looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward looking statements. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of the date the statements were made.

**Overall Performance**

During the nine month period ended April 30, 2008 (the "**Period**"), the Company spent \$275,414 in exploration on its Goldbanks property in Nevada. The breakdown of exploration costs is on page 5 of the financial statements for the period ended April 30, 2008. The expenditures were largely on geological studies and renewal and restaking fees.

The Company must incur \$5,000,000 US in exploration expenditures on the Goldbanks property by December 31, 2008 of which \$3,000,000 US was due to be completed by December 31, 2007. In December 2007, the Company negotiated an extension on the deadline to incur \$3 million US in exploration expenditures from December 31, 2007 to December 31, 2008 to keep this property in good standing. In consideration of the granting of the extension, the Company issued 100,000 common shares at a value of \$55,000. The Company has incurred \$2.26 million US to date.

## ***Exploration Update***

Desert Gold has an option agreement to acquire a 50% interest in the Goldbanks property located in Nevada, U.S.A.

### **Surface Exploration**

Several goals were defined and carried out during the 2006-2007 exploration program. The exploration criteria utilized to formulate the exploration drilling program which has commenced are outlined below.

- Complete 1:6000 (1"=500') mapping of the entire property.
- Complete a large soil geochemical sampling program covering the northern half of the property, all newly staked ground, and extending soil coverage in the KW-West and Northern Anomaly areas.
- Complete the rock geochemical sample coverage of the newly located ground.
- Compile all geologic and geochemical data and select drill targets in un-drilled areas of anomalous geochemistry and intense hydrothermal alteration.
- Prepare a detailed set of geologic sections for both the KW and Main Zone resource areas to identify areas of un-tested potential and attempt to determine the principal controls of gold mineralization, including the high-grade veins.
- Prepare a comprehensive drilling program to test the newly-defined and unexplored target areas and exploration of the principal ore controls and high-grade veins in the Main and KW Zones.
- Complete all permitting with the Bureau of Land Management and the State of Nevada.

### **Exploration Drilling Program**

The exploration drilling program is planned to commence in May, 2008 and will consist of both reverse circulation and diamond drilling. Drill site preparation and access roads will begin in May, 2008 and will be closely followed by both core and reverse circulation drilling. It is estimated that at least 30,000 feet of core and 30,000 feet of reverse circulation drilling will be complete before the end of 2008. Drill results will be compiled and analyzed on an ongoing basis and the program will be adjusted as needed.

### **Results of Operations**

#### ***2008 compared with 2007***

The Company reported net loss of \$316,625 (\$0.02 per share) for the nine month period ended April 30, 2008 as compared to net loss of \$167,449 (\$0.01 per share) in 2007. Significant changes between the 2008 and 2007 income and expense amounts that comprised net loss are discussed below.

Administrative expenses for the 2008 period totalled \$322,691 and were \$139,034 higher than the 2007 expenses of \$183,657. The Company's stock-based compensation expense for stock options vesting was \$214,549 for the 2008 period compared to \$103,045 in 2007. Other administrative costs fluctuated with the level of corporate activity.

## Summary of Quarterly Results

The selected quarterly information for the past eight fiscal quarters is outlined below:

(In thousands of dollars except amounts per share)	2008				2007			2006
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and term deposits	1,688	388	434	632	771	964	1,091	421
Working Capital	2,114	407	471	637	831	1,008	1,118	413
Total Assets	4,893	3,084	3,054	3,110	3,105	3,116	3,076	2,232
Shareholders' Equity	4,892	3,075	3,052	3,076	3,099	3,114	3,058	2,183
Administrative expenses	86	128	109	66	58	72	53	183
Impairment of Resource Property Interests	-	-	-	-	-	-	-	50
Net Income (Loss)	(84)	(125)	(108)	(69)	(52)	(63)	(53)	(231)
Net Earnings (Loss) per Share	(0.00)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.02)
Weighted Average Shares Outstanding (000's)	17,687	13,483	13,441	13,431	13,412	13,379	12,332	11,842
Closing Exchange Rate (Can\$/1 US\$)	1.0135	0.997	0.9547	1.0667	1.1169	1.1825	1.1212	1.1317

The major variances in cash, working capital, total assets and shareholders' equity are mainly attributable to equity placements and investment in exploration, as well as administrative expenses. The Company is a development stage company and does not generate operating revenue. The only source of revenue is the interest earned on cash deposits.

### Liquidity

Financing of operations is achieved primarily by issuing share capital. At April 30, 2008, the Company had \$1,688,250 in cash and working capital of \$2,113,523.

During the nine month period ended April 30, 2008 expenditures for operating activities were \$518,856 compared to \$140,197 in 2007. The increase in expenditure is due to deposits being paid to commence the drilling program on the Goldbanks property.

Desert Gold's investing activities revolve around developing its mineral properties. The Company spent \$275,414 in exploration costs during the period ended April 30, 2008 compared to \$407,320 in 2007. The expenditures were incurred on the Company's Goldbanks property in Nevada.

Financing activities generated a cash flow of \$1,860,000 during the period ended April 30, 2008 which resulted from the exercise of 6,200,000 warrants.

The Company will need additional financing to complete its exploration commitments.

### Capital Resources

The Company has no operations that generate cash flow and its long term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. The Company's primary capital assets are resource properties. The Company capitalizes all costs related to the resource properties until the project is put into commercial production, sold, abandoned, or when delays in the development process require a revaluation.

The Company has an option agreement for the Goldbanks property in Nevada. To maintain its interest in the property, the Company must meet exploration expenditures as per the option agreement. The Company must spend \$5 million US in exploration on the Goldbanks property by December 2008 to earn its interest. \$2.26 million US has been spent on exploration to date.

The Company depends on equity sales to finance its exploration programs and to cover administrative expenses.

At the date of writing, the Company has a total of 1,470,000 warrants outstanding with an \$0.84 exercise price and expire on October 17, 2008 which, if exercised, would increase the Company's available cash by approximately \$1.23 million.

### **Transactions with Related Parties**

Pursuant to a Management Agreement with the Company, management fees, accounting and administrative services totalling \$5,000 are paid monthly to Pender Street Corporate Consulting Ltd., a private company owned by Eugene Beukman (the President and a director of the Company). During the nine month period ended April 30, 2008, the Company paid \$39,000 (2007 - \$39,000) in fees and \$15,390 (2007 - \$nil) for rent.

In addition, the Company paid \$1,000 (2007 - \$nil) for consulting fees to Beukman & Associates Enterprises Limited (a private company owned by Eugene Beukman).

### **Proposed Transactions**

There are no transactions that will materially affect the performance of the Company.

### **Critical Accounting Estimates**

The Company's accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended July 31, 2007. Management considers the following policies to be the most critical in understanding the judgments and estimates that are involved in the preparation of its consolidated financial statements.

#### ***Use of Estimates***

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of 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 relate to the determination of impairment of assets, and useful lives for depreciation and amortization. Financial results as determined by actual events could differ from those estimates.

#### ***Accounting for Stock Options***

The fair value of stock options used to calculate compensation expense has been estimated using the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility of the Company's shares. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

### **Changes in Accounting Policies including Initial Adoption**

On August 1, 2007, the Company adopted several new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). These policies include:

- Section 1506, *Accounting Changes*
- Section 1530, *Comprehensive Income*
- Section 3855, *Financial Instruments – Recognition and Measurement*
- Section 3862, *Financial Instruments Disclosures*
- Section 3863, *Financial Instrument Presentation*
- Section 3865, *Hedges*
- Section 3031, *Inventories*

These policies are outlined in Note 2 in the financial statements for the period ended April 30, 2008.

The CICA, with its new policies on financial instruments, is looking to account for changes in asset values that typically have not been reflected in historical financial statements. Assets re-valued under these policies are typically liquid assets such as investments. There has been no change in accounting for long-term or capital assets.

The adoption of these standards does not impact the financial results of the Company. The additional disclosures required by these sections are included in the notes to the consolidated financial statements for the period ended April 30, 2008.

### **Transition to International Financial Reporting Standards**

On February 13, 2008, the Canadian Accounting Standards Board announced that publicly accountable entities will be required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will have to provide comparative IFRS information for the previous fiscal year. The Company will assess the impact of this transition to IFRS on the Company's financial statements and develop an implementation plan.

### **Share Data**

The authorized capital of the Company consists of an unlimited number of common shares and 1,250,000 Preferred Shares. As of the date of this report, there are 19,745,743 common shares and no Preferred Shares issued and outstanding. There are 47,266 common shares held in escrow.

Pursuant to the Company's Stock Option Plan, the Company may issue up to 2,662,383 incentive stock options to purchase common shares of the Company. Currently, 2,177,750 options to purchase common shares at \$1.00 per share are in reserve.

The following table sets out all the outstanding share purchase warrants in Desert Gold:

<b>Number of Desert Gold Warrants to Purchase Common Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,470,000	\$0.84	October 17, 2008

### **Risks and Uncertainties**

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

The property interests the Company has an option to earn an interest are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

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's functional currency is the Canadian dollar. All current exploration occurs within the United States. The Company is subject to foreign exchange risk relating to these transactions.

**Other**

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.desertgold.ca](http://www.desertgold.ca). You may also access the Company's disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).