POLAR STAR MINING CORPORATION

(Formerly Genetic Diagnostics Technologies Corp.)
(A Development Stage Enterprise)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2008
(UNAUDITED)

Responsibility for Financial Statements

The accompanying interim consolidated financial statements of Polar Star Mining Corporation ("Polar Star" or the "Company") have been prepared by and are the responsibility of management. The interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgments based on information currently available.

The board of directors carries out its responsibility for the consolidated financial statements principally through its audit committee. This committee meets with management and the Company's independent auditors to review the Company's reported financial performance and to discuss audit and financial reporting matters. The interim consolidated financial statements were reviewed by the audit committee and approved by the board of directors.

The interim consolidated financial statements have not been reviewed by the Company's auditors.

POLAR STAR MINING CORPORATION
(Formerly Genetic Diagnostics Technologies Corp.)
(A Development Stage Enterprise)

Consolidated Balance Sheets

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS		
Current		
Cash and cash equivalents	$ 2,973,894	$ 4,019,546
Accounts receivable	56,777	112,786
Prepaid expenses	238,498	72,848
Share subscriptions receivable	-	-
	3,269,169	4,205,180
Mineral properties and deferred exploration expenditures (Note 3)	2,598,855	1,996,172
Equipment	14,765	13,152
	$ 5,882,789	$ 6,214,504
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 276,729	$ 329,011
SHAREHOLDERS' EQUITY		
Capital stock (Note 4)	7,304,981	7,239,981
Capital stock to be issued	-	-
Contributed surplus	1,070,501	1,065,029
Deficit	(2,769,422)	(2,419,517)
	5,606,060	5,885,493
	$ 5,882,789	$ 6,214,504

Going concern (Note 1)

Contractual Obligations (Note 8)

On behalf of the Board:

"Stephen G. Roman"
Director

"T. Douglas Willock"
Director

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

POLAR STAR MINING CORPORATION
(Formerly Genetic Diagnostics Technologies Corp.)
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Consolidated Statements of Operations and Deficit
(Unaudited)

For the three months ended March 31,	2008	2007	Cumulative from inception on August 14, 2003 to March 31, 2008
REVENUE			
Interest income	$ 34,654	$ 11,688	$ 134,173
EXPENSES			
Audit fees	10,000	3,500	44,500
Accounting fees	1,406	2,998	31,645
Consulting fees	12,000	6,890	106,652
Legal fees	28,266	11,146	142,546
Listing fees	13,167	-	43,712
Management fees	71,000	69,060	429,880
Office and administration	102,175	10,233	258,877
Investor relations	79,292	-	155,503
Printing	106	640	9,065
Rent	7,847	3,180	31,311
Travel	50,879	21,457	172,684
Amortization	416	150	1,586
Exchange loss	2,533	-	24,843
Stock-based compensation	5,472	5,124	835,760
Write-down of exploration properties (Note 3)	-	-	185,000
	384,559	134,378	2,473,564
NET LOSS FOR THE PERIOD	(349,905)	(122,690)	(2,339,391)
Deficit, beginning of period	(2,419,517)	(131,406)	-
Recapitalization adjustment (Note 2)	-	-	(430,031)
Deficit, end of period	$ (2,769,422)	$ (254,096)	$ (2,769,422)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	
Weighted average number of shares outstanding	29,940,236	17,628,333	

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

POLAR STAR MINING CORPORATION
(Formerly Genetic Diagnostics Technologies Corp.)
(A Development Stage Enterprise)

Consolidated Statements of Cash Flows
(Unaudited)

For the three months ended March 31,	**2008**	**2007**	**Cumulative from inception on August 14, 2003 to March 31, 2008**
OPERATING ACTIVITIES			
Net loss for the period	$ (349,905)	$ (122,690)	$ (2,339,391)
Add items not affecting cash:			
Amortization	416	150	1,586
Stock-based compensation	5,472	5,124	835,760
Write-down of exploration properties (Note 3)	-	-	185,000
	(344,017)	(117,416)	(1,317,045)
Net changes in non-cash working capital balances:			
Accounts receivable	56,009	-	(56,777)
Prepaid expenses	(165,650)	-	(238,498)
Accounts payable and accrued liabilities	(52,282)	(59,436)	276,729
	(505,940)	(176,852)	(1,335,591)
FINANCING ACTIVITIES			
Shares issued for cash	-	297,500	3,503,000
Share issue costs	-	-	(166,719)
Net cash received from Reverse Takeover Transaction ("RTO") (Note 2)	-	-	4,112,441
RTO costs	-	-	(430,031)
	-	297,500	7,018,691
INVESTING ACTIVITIES			
Purchase of equipment	(2,029)	(4,023)	(16,351)
Mineral properties and deferred exploration expenditures	(537,683)	(150,000)	(2,692,855)
	(539,712)	(154,023)	(2,709,206)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,045,652)	(33,375)	2,973,894
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,019,546	1,381,902	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,973,894	$ 1,348,527	$ 2,973,894
Supplemental Cash Flow Information:			
Shares issued for bonus payment (Note 4)	$ 65,000	$ -	$ 65,000
Shares issued for option payment	-	-	26,000

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

POLAR STAR MINING CORPORATION
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(A Development Stage Enterprise)

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2008
(Unaudited)

Polar Star Mining Corporation ("Polar Star") is a corporation continued under the Canada Business Corporations Act ("CBCA") and is a development stage enterprise which is actively participating in the acquisition, exploration and development of mineral claims in Canada and Chile. These interim consolidated financial statements reflect the results of operations for the three month periods ended March 31, 2008 and 2007 and for the period since inception on August 14, 2003 to March 31, 2008, and the assets, liabilities and shareholders' equity as at March 31, 2008 and December 31, 2007.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Business of the Company

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties is dependant upon the discovery of economically recoverable reserves, the ability of the Company to raise financing, the achievement of profitable operations or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Some of the Company's mining assets are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations.

Going Concern

These unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise equity financing and the attainment of profitable operations. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

Accounting Policies

The unaudited consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

The interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual audited consolidated financial statements for the year ended December 31, 2007 and the new accounting standards described below. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in note 10 to these interim consolidated financial statements.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in note 11 to these interim consolidated financial statements.

2. REVERSE TAKEOVER TRANSACTION

The Company is the resulting entity of the recapitalization transaction of Genetic Diagnostics Technologies Corp. ("GDD") by Polar Mining Corporation ("Polar") completed on August 1, 2007. The transaction has been accounted for as a reverse takeover ("RTO") that does not constitute a business combination. The application of reverse takeover accounting resulted in the following:

a) These consolidated financial statements are issued under the name Polar Star Mining Corporation but are presented as a continuation of the business of Polar.
b) As Polar is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements of the continuing entity at their historical value.
c) The comparative figures reported are those of Polar, the continuing entity.
d) The number and class of outstanding shares reported are those of GDD, adjusted for the acquisition while the dollar amounts relating to share capital, contributed surplus and deficit are those of Polar.

Pursuant to the terms of the RTO all the outstanding securities of Polar and GDD were exchanged for securities of the Corporation on a 1:1 basis and a 3.36:1 basis, respectively.

In connection with the RTO, the following transactions were completed:

a) Polar completed a $1,000,000 equity financing (the "Polar Private Placement") pursuant to which 1,333,333 units of Polar ("Polar Units") were issued at a price of $0.75 per Polar Unit, each Polar Unit comprised of one common share of Polar ("Polar Share") and one-half of one Polar Share purchase warrant ("Polar Private Placement Warrant"), each whole Polar Private Placement Warrant entitling the holder to acquire one Polar Share at a price of $1.00 per share for a period of 18 months from the date of issue. In addition, 52,000 broker warrants ("Polar Private Placement Broker Warrants") were issued, each broker warrant entitling the holder to acquire one Polar Unit at a price of $0.75 per Polar Unit for a period of 18 months from the date of issue.

b) GDD completed a $1,000,000 equity financing (the "GDD Private Placement") pursuant to which 4,545,455 units of GDD ("GDD Units") were issued at a price of $0.22 per GDD Unit, each GDD Unit compromised of one common share of GDD ("GDD Share") and one-half of one GDD Share purchase warrant ("GDD Private Placement Warrant"), each whole GDD Private Placement Warrant entitling the holder to acquire one GDD Share at a price of $0.30 per share for a period of 18 months from the date of issue. In addition, 193,818 agent's options ("GDD Private Placement Agent's Options") were issued, each agent's option entitling the holder to acquire one GDD Unit at a price of $0.22 per GDD Unit for a period of 18 months from the date of issue.

c) GDD amended its stock option plan to amend the number of GDD Shares reserved for issuance thereunder to a number which is equal to 10% of the number of issued and outstanding GDD Shares (i.e. a rolling 10% plan).

d) Polar was continued under the CBCA.

e) Polar and GDD amalgamated pursuant to the provisions of the CBCA to continue as Polar Star Mining Corporation and changed its stock symbol to "POS", effective opening of trading on the TSX Venture Exchange on August 15, 2007.

   Accordingly, the outstanding 17,628,333 Polar Shares were exchanged for 17,628,333 Polar Star Shares and the outstanding 40,942,826 GDD Shares were exchanged for 12,185,365 Polar Star Shares, totaling 29,813,698 Polar Star Shares. Additionally, the following securities of each Polar and GDD were exchanged for the following securities of Polar Star: (i) the 1,647,500 existing share purchase warrants of Polar were exchanged for 1,647,500 Polar Star Share purchase warrants, each such warrant entitling the holder to acquire one Polar Star Share at a price of $0.65 per share until June 30, 2008; (ii) the 666,667 Polar Private Placement Warrants were exchanged for 666,667 Polar Star Share purchase warrants ("Polar Star Private Placement Warrants"), each such warrant entitling the holder to acquire one Polar Star Share at a price of $1.00 per share for a period of 18 months from the date of issue; (iii) the existing 234,000 Polar broker warrants were exchanged for 234,000 Polar Star broker warrants, each such broker warrant entitling the holder to acquire one Polar Star Share at a price of $0.65 per share until December 31, 2008; (iv) the 52,000 Polar Private Placement Broker Warrants were exchanged for 52,000 Polar Star broker warrants, each such broker warrant entitling the holder to acquire one unit of Polar Star ("Polar Star Unit") at a price of $0.75 per unit for a period of 18 months from the date of issue, each such unit comprised of one Polar Star Share and one-half of one Polar Star Private Placement Warrant; (v) the 400,000 outstanding stock options of Polar were exchanged for 400,000 stock options of Polar Star, each such stock option entitling the holder to acquire one Polar Star Share at a price of $0.25 per share for 200,000 stock options and at a price of $0.50 per share for the balance, until assorted expiry dates; (vi) the 2,272,728 GDD Private Placement Warrants were exchanged for 676,407 Polar Star Private Placement Warrants; (vii) the 198,818 GDD Private Placement Agent's Options were exchanged for 57,684 Polar Star agent's options, each such agent's option entitling the holder to acquire one Polar Star Unit at a price of $0.75 per unit for a period of 18 months from the date of issue; and (viii) the 150,000 outstanding stock options of GDD were exchanged for 44,643 stock options of Polar Star, each such stock option entitling the holder to acquire one Polar Star Share at a price of $0.84 per share, until assorted expiry dates. In addition, 2,360,000 new stock options of Polar Star were granted to certain officers, directors, consultants and employees of the Company, each such stock option entitling the holder to acquire one Polar Star Share at a price of $0.75 per share until five years from the date of issuance, in accordance with its terms.

The costs incurred to complete the RTO, were charged to retained earnings. The preliminary allocation of the purchase price is as follows:

Cash	$ 4,112,141
Transaction costs (Notes 9(b) and (c))	430,031
Total consideration	$ 4,542,172

GDD's deficit, share capital and contributed surplus have been eliminated upon consolidation.

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	Canada	**Chile**		
Year ended December 31, 2007	Todd Creek	Sonia-Puma	Other Chile Properties	**Total**
Property acquisition costs				
Balance, December 31, 2006	$ 60,000	$ 110,000	$ -	$ 170,000
Option payments	36,000	-	-	36,000
Claims maintenance	-	100,000	-	100,000
Write-down to fair value	-	(135,000)	-	(135,000)
Total acquisition costs	$ 96,000	$ 75,000	$ -	$ 171,000
Deferred exploration costs				
Balance, December 31, 2006	$ 302,363	$ -	$ -	$ 302,363
Project management	148,621	50,000	-	198,621
Drilling	448,364	-	-	448,364
Assaying	47,528	-	-	47,528
Geophysics, geology and mapping	49,992	-	395,238	445,230
Line cutting	21,926	-	-	21,926
Camp	137,059	-	-	137,059
Travel	7,761	-	41,001	48,762
Filing and assesments	25,150	-	153,441	178,591
Miscellaneous	4,709	-	42,019	46,728
Write-down to fair value	-	(50,000)	-	(50,000)
Total deferred exploration costs	$ 1,193,473	$ -	$ 631,699	$ 1,825,172
Balance, December 31, 2007	$ 1,289,473	$ 75,000	$ 631,699	$ 1,996,172

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (CONTINUED)

	Canada	Chile		
Three months ended March 31, 2008	Todd Creek	Sonia-Puma	Other Chile Properties	**Total**
Property acquisition costs				
Balance, December 31, 2007	$ 96,000	$ 75,000	$ -	$ 171,000
Option payments	-	-	53,375	53,375
Sale of interest in property	-	(75,000)	-	(75,000)
Total acquisition costs	$ 96,000	$ -	$ 53,375	$ 149,375
Deferred exploration costs				
Balance, December 31, 2007	$ 1,193,473	$ -	$ 631,699	$ 1,825,172
Drilling	-	-	132,127	132,127
Geophysics, geology and mapping	-	-	248,936	248,936
Travel	-	-	37,919	37,919
Filing and assesments	-	-	181,246	181,246
Miscellaneous	-	-	24,080	24,080
Total deferred exploration costs	$ 1,193,473	$ -	$ 1,256,007	$ 2,449,480
Balance, March 31, 2008	$ 1,289,473	$ -	$ 1,309,382	$ 2,598,855

a) Todd Creek, British Columbia Property:

The Todd Creek Project lies 35 km northeast of the Stewart Gold camp in British Columbia and consists of 30 mineral claims covering an area of 12,222 hectares. The Todd Creek mineral claims are held by Geofine Exploration Consultants Ltd. ("Geofine"). Goldeye Explorations Ltd. ("Goldeye") has entered into an agreement with Geofine pursuant to which Goldeye can earn a 100% working interest by making staged payments of cash and shares to Geofine and incurring certain exploration expenditures on the property prior to October 31, 2011.

On attaining a 100% working interest, Goldeye shall pay a royalty to Geofine of 2.5% of the net smelter return ("NSR") derived from operations on the property. Commencing on or before December 15, 2012 and for each anniversary of that date until an NSR is derived from operations on the property, Goldeye will provide a payment to Geofine of $25,000. Such payments will be considered as non-refundable advances on any NSR that Geofine shall be entitled to. Goldeye has the exclusive option to purchase the NSR for $750,000 for each 0.5% of royalty interest held on the property.

The Company has entered into an option agreement with Goldeye to earn 50% of Goldeye's interest in the Todd Creek Property in exchange for cash and work commitments of $927,500 and 140,000 common shares of the Company prior to October 31, 2011. After the Company has earned its interest, Polar and Goldeye will each pay 50% of the costs of further exploration. If either party fails to pay their share of costs, their interest will be diluted. Further, the Company can earn an additional 10% (to hold a 60% interest) in the Todd Creek Property in exchange for an additional $1,000,000 in exploration expenditures prior to October 31, 2013. As of December 31, 2007, the Company has funded work commitments of $1,193,473, made cash payments of $82,500 to Goldeye and issued 15,000 common shares to Goldeye under this agreement.

Effective April 3, 2008, Polar Star and Goldeye entered into an agreement granting to Intuitive Exploration Inc. ("NTX"), a private company incorporated in British Columbia, an exclusive right and option to earn up to a 70% ownership interest in the Todd Creek Property (note 13).

b) Chilean Properties

Polar Star has registered claims, on its own behalf, totaling approximately 141,000 hectares in Chile, outside of the Sonia and Puma properties. Included in these properties is Los Azules, east of Copiapó. In January 2008, the Company began its first Chilean drill program to test a large breccia at Los Azules for copper and uranium mineralization. Also included in the portfolio of properties is the Yoanca project, where drilling is expected to commence in the second quarter of 2008.

On November 19, 2007, the Company entered into an option agreement to acquire 5 concessions totaling 790 hectares in the Los Azules area, Tierra Amarillo District, Region III, Chile by making staged payments totaling US$1,750,000 prior to November 19, 2011. As at December 31, 2007 the Company has made cash payments totaling US$50,000 under this agreement.

On March 19, 2008, the Company entered into an agreement to sell its earn-in option on the Sonia and Puma properties to Goldeye for $75,000. The Company charged $185,000 to the Statement of Loss in 2007 as a write-down of the fair value of the Sonia and Puma properties to the recoverable value.

4. CAPITAL STOCK

a) Authorized:
An unlimited number of common shares.

b) Issued:

	Number	Amount
Polar Star Mining Corporation		
(formerly Genetic Diagnostics Technologies Corp.)		
As at June 30 and December 31, 2006	36,397,371	$ 13,931,762
Issue of Units for cash (note 2 (b))	4,545,455	946,759
Allocated to warrants (note 2 (b))	-	(54,439)
Allocated to broker warrants (note 2(b))	-	(9,469)
Allocated to broker unit warrants (note 2(b))	-	(2,500)
Elimination of share capital in GDD on RTO	-	(14,812,113)
Amalgamation of GDD shares on RTO (note 2(e))	(28,757,461)	-
Issued on RTO (note 2(e))	17,628,333	3,215,508
Purchase of GDD common shares (note 2)	-	4,112,441
Allocated to warrants (note 2(e))	-	(116,430)
Allocated to broker warrants (note 2(e))	-	(20,517)
Issue of Units for cash (i)	50,000	37,500
Allocated to warrants (i)	-	(2,021)
Issue of shares for option payment (ii)	15,000	13,500
Balance, December 31, 2007	29,878,698	$ 7,239,981
Issue of shares under share bonus plan (iii)	100,000	65,000
Balance, March 31, 2008	29,978,698	$ 7,304,981

(i) On August 29, 2007, the Company announced that it had closed a non-brokered private placement of 50,000 Units at a price of $0.75 per unit for gross proceeds of $37,500. Each Unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $1.00 and expires February 2, 2009.

(ii) On November 9, 2007, the Company issued 15,000 shares to Goldeye as part of the Todd Creek option agreement (note 3 (a)).

(iii) On February 4, 2008, the Company issued 100,000 shares to the Company's General Manager of operations in Chile, under the 1,000,000 share bonus plan (Note 8 (a)).

5. STOCK OPTIONS

The Company has established a stock option plan for directors, officers, employees, consultants and other service providers. The total number of shares which may be reserved for issuance under the stock option plan may not exceed 10% of the issued and outstanding shares.

Stock option transactions were as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2006	400,000	$ 0.375
Replacement options issued on RTO (note 2(e))	44,643	0.840
Options issued	2,460,000	0.750
Options expired	(44,643)	0.840
Balance, December 31, 2007	2,860,000	$ 0.698
Options issued	50,000	1.000
Balance, March 31, 2008	2,910,000	$ 0.703

As at March 31, 2008, the following stock options were outstanding:

Grant Date	Expiry Date	Number of Options	Exercise Price	Weighted Average Remaining Life (Years)	Number of Options Exercisable
August 25, 2006	August 25, 2011	200,000	$ 0.25	3.40	200,000
November 24, 2006	November 24, 2011	200,000	0.50	3.65	200,000
August 1, 2007	August 1, 2012	2,360,000	0.75	4.34	2,360,000
August 13, 2007	August 13, 2012	100,000	0.75	4.37	50,000
February 5, 2008	February 5, 2013	50,000	1.00	4.83	-
Balance, March 31, 2008		2,910,000			2,810,000

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

	2008	2007
Risk free interest rate	3.34%	4.58%
Expected dividend yield	NIL	NIL
Expected stock price volatility	40%	40%
Option life	5 years	5 years
Fair market value per option	$ 0.39	$ 0.29

The fair value of the stock options are recognized as stock-based compensation in the statement of operations over the vesting period of the stock options.

6. WARRANTS

Warrant transactions were as follows:

	Number of Warrants	Allocated value	Weighted Average Exercise Price
Balance, December 31, 2006	1,334,000	$ 70,842	$ 0.65
Issued on private placement	262,500	13,319	0.65
Issued on private placement	285,000	11,612	0.65
Balance, prior to RTO	1,881,500	95,773	0.65
Issued on RTO (note 2(e))	1,507,607	136,947	0.98
Unit warrants issued (note 4(b)(i))	25,000	2,021	1.00
Balance, December 31, 2007 and March 31, 2008	3,414,107	$ 234,741	$ 0.80

As at March 31, 2008, the following warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price	Weighted Average Remaining Life (Years)
June 30, 2008	1,100,000	$ 0.65	0.25
December 31, 2008	234,000	0.65	0.75
June 30, 2008	262,500	0.65	0.25
June 30, 2008	285,000	0.65	0.25
February 2, 2009	109,684	0.75	0.83
February 2, 2009	1,397,923	1.00	0.83
February 2, 2009	25,000	1.00	0.83
Balance, March 31, 2008	3,414,107	$ 0.800	0.546

The fair market values of the warrants are estimated using the Black-Scholes pricing model with the following assumptions:

	2008	2007
Risk free interest rate	N/A	4.28% - 4.58%
Expected dividend yield	N/A	NIL
Expected stock price volatility	N/A	40%
Warrant life	N/A	1.4 - 1.5 years
Fair market value per warrant	N/A	$ 0.08

7. INCOME TAXES

As tax deductible expenditures exceed taxable revenue in the periods, taxable income is nil. It cannot be reasonably determined at this time that it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from current and future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted at such future date that it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

8. CONTRACTUAL OBLIGATIONS

a) In February 2007, the Company signed a letter of agreement awarding in the future, up to 1,000,000 common shares of the Company to management and consultants in Chile subject to the achievement of certain performance measures. On February 4, 2008, the Company issued 100,000 common shares under this share bonus plan for services rendered in 2007. The value of these shares has been recorded as a deferred exploration expenditure.

b) In June 2007, the Company entered into management consulting agreements with its President and Chief Executive Officer, its Executive Chairman and its Chief Financial Officer. Pursuant to the agreements, monthly consulting fees of $15,000, $5,000, and $5,000 will be paid, respectively. These individuals will also be eligible to receive annual bonuses as determined by the Board of Directors and may be granted new options of the Company. The term of each consulting agreement is 2 years.

c) In September 2007, the Company signed a one year lease for the rental of office space in La Serena, Chile at a monthly rent of 500,000 pesos (approximately $975). In November 2007, the Company signed a lease for the rental of an apartment in Copiapó, Chile. Monthly rent is 300,000 pesos (approximately $585).

d) In November 2007, the Company entered into a two year lease for the rental of office space in St. Michael, Barbados. Monthly rent is US$900.

e) The Company rents office space in Toronto, Canada at a monthly rent of $2,616. The office space is rented from a company with a director in common to Polar Star (Note 9 (d)). The agreement between the two companies may be terminated by Polar Star, by giving 6 months prior written notice of its intent to do so. On January 9, 2008, the Company provided notice, as per the agreement, terminating the sub-lease effective July 9, 2008.

9. RELATED PARTY TRANSACTIONS

a) For the three months ended March 31, 2008, the following amounts were accrued or paid to related parties or companies controlled by the related party for services provided to the Company:

President and CEO and director	$ 45,000
Executive Chairman and director	15,000
Chief Financial Officer and director	11,000
Director	15,000
	$ 86,000

For the three months ended March 31, 2007, the Company paid service fees to related parties totaling $55,320.

b) Included in transaction costs to complete the RTO is a one-time fee of $110,000 paid to a director of the Company for consulting services relating to the RTO.

c) Included in transaction costs to complete the RTO are fees of $4,495 paid to the law firm of which one of the directors of the Company is a partner.

d) The Company rents office space from a company with a director in common to Polar Star. For the three months ended March 31, 2008, Polar Star reimbursed the related company for a share of the rent, salary and other expenses. Included in payables is $30,233 (December 31, 2007 – $67,548) related to these amounts which are due on demand (Note 8 (e)).

These transactions were conducted in the normal course of business and are measured at the exchange amount, which is the amount established and agreed upon by the related parties.

10. CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to (a) safeguard the Company's ability to explore and develop mineral properties to which it has an interest, and (b) provide a sound capital structure for raising capital at a reasonable cost for the funding of ongoing exploration, development and new growth initiatives. The Board of Directors does not establish quantitative capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has interests are in the exploration and development stage. The Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS

Risk Management

The Company has exposure to the following risks associated with its financial instruments.

Currency Risk

The Company operates internationally and is exposed to foreign exchange risk as certain expenditures are denominated in non-Canadian dollar currencies. The exposure is predominantly to the Chilean Peso (CHP) and the U.S. Dollar (USD). CHP and USD denominated balances generate foreign exchange gains and losses that are reported on the Statement of Operations. A strengthening or weakening of $0.01 in the Canadian Dollar against the U.S. Dollar and/or the Chilean Peso would not have a material impact on net loss. At March 31, 2008, 1 Canadian Dollar was equal to 0.9729 U.S. Dollars and 423.37 Chilean Pesos.

Balances in non-Canadian dollar currencies are as follows:

	U.S. Dollars	Chilean Pesos
Cash and cash equivalents	$ 114,876	31,306,941
Accounts receivable	-	7,659,610
Accounts payable and accrued liabilities	5,442	73,230,732
	$ 120,318	112,197,284

Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company currently invests its excess cash in short-term bankers' acceptances issued by Canadian banking institutions. The Company manages its interest rate risk on these investments by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash and cash equivalents do not have a significant impact on the Company's results of operations due to the short term maturity of the investments. The effect of a one basis point increase or decrease on the short-term investments to net loss is not material.

Credit Risk

The Company's credit risk is primarily attributable to bankers' acceptances and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of bankers' acceptances that have been invested with a Canadian banking institution with short-term maturities. Management believes the risk of loss is remote. Accounts receivable consist of goods and services tax due from the Federal Government of Canada and advances to employees. Management believes that the credit risk associated with accounts receivable is remote.

Liquidity Risk

The Company manages its liquidity risk by preparing and monitoring forecasts of cash expenditures to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's accounts payable and accrued liabilities generally have maturities of less than 90 days. At March 31, 2008, the Company had cash and cash equivalents of $2,973,894 to settle current liabilities of $276,729.

12. SEGMENTED INFORMATION

The Company's only segment is the acquisition, exploration and development of mineral resource properties. Details of these operations by geographic area are as follows:

Loss for the three months ended March 31	**2008**	**2007**
Canada	$ 302,291	$ 115,823
Chile	8,210	-
Barbados	39,404	6,867
	$ 349,905	$ 122,690

Location of assets	**March 31, 2008**	**December 31, 2007**
Canada	$ 4,353,520	$ 5,606,946
Chile	1,411,618	577,858
Barbados	117,651	29,700
	$ 5,882,789	$ 6,214,504

13. SUBSEQUENT EVENTS

Todd Creek

Effective April 3, 2008, Polar Star and Goldeye entered into an agreement granting to Intuitive Exploration Inc. ("NTX"), a private company incorporated in British Columbia, an exclusive right and option to earn up to a 70% ownership interest in the Todd Creek Property. The Agreement is between Polar Star and Goldeye (the "Optionees"), NTX and Geofine Exploration Consultants Ltd. ("Geofine").

NTX may acquire the following ownership interests in the Property by incurring the exploration expenditures by the dates shown in the table:

Due October 31,	Exploration Expenditures
2008	$ 2,000,000
2009	$ 1,500,000
2010	$ 1,500,000

Upon incurring exploration expenditures of $2,500,000, NTX will acquire a 51% interest in the property, with the Optionees retaining a 49% interest. By incurring further expenditures of $1,500,000 and $1,000,000, NTX will earn cumulative interests of 60% and 70% respectively (the corresponding interests of the Optionees will be 40% and 30%). In addition, NTX agreed to make cash payments up to an aggregate of $180,000 and to deliver up to 170,000 shares of NTX to Geofine.

The parties also acknowledged that the expenditure requirement of $1.5 million made under the original agreement between Geofine and Goldeye dated December 6, 2005 has been fulfilled. The Optionees retain a right of first refusal if NTX wishes to sell, assign or transfer any of its interest in the Agreement.

Warrants

On April 10, 2008, the Company announced the early exercise of 1,000,000 warrants priced at $0.65 per warrant with a June 2008 expiry date and 325,000 warrants priced at $1.00 with a February 2009 expiry date for total proceeds of $975,000.

Chépica Copper-Gold Mine

On April 24, 2008, the Company announced the signing of an agreement whereby Polar Star will acquire an 85% ownership interest in the Chépica Copper-Gold Mine, Mill and 1,440 hectares of associated mining properties for cash payments totalling approximately US$5.1 million, pending successful due diligence. Polar Star has the option to make such payments over a twelve month period.