

**2013 FIRST QUARTER REPORT**  
**MARCH 31, 2013**  
(Expressed in Canadian dollars)

Unaudited Condensed Interim Consolidated Financial Statements

- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Loss
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Condensed Interim Consolidated Financial Statements

NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements for the three months ended March 31, 2013 of **Endurance Gold Corporation** (“the Company”) have been prepared by the Company’s management and have not been reviewed by the Company’s independent auditor.

**ENDURANCE GOLD CORPORATION**  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
*(Expressed in Canadian dollars)*  
*(Unaudited, Prepared by Management)*  
AS AT

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 337,272	\$ 553,433
Marketable securities (Note 4)	12,800	19,200
Prepaid expenses and deposits	11,607	16,641
Receivables	11,593	10,872
<b>Total current assets</b>	<u>373,272</u>	<u>600,146</u>
<b>Non-current</b>		
Exploration and evaluation assets (Note 5)	2,780,763	2,445,446
<b>Total assets</b>	<u>\$ 3,154,035</u>	<u>\$ 3,045,592</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 50,320	\$ 115,823
Advance from optionee (Note 13)	10,864	24,310
<b>Total liabilities</b>	<u>61,184</u>	<u>140,133</u>
<b>EQUITY</b>		
Share capital (Note 6)	7,119,365	6,869,365
Reserves (Note 6)	844,531	844,531
Deficit	(4,871,045)	(4,808,437)
<b>Total liabilities and equity</b>	<u>\$ 3,154,035</u>	<u>\$ 3,045,592</u>

**Nature and continuance of operations** (Note 1)

**Commitments** (Note 12)

**Approved and authorized on behalf of the Board of Directors on May 28, 2013:**

/s/ Robert T. Boyd  
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Director  
Robert T. Boyd

/s/ J. Christopher Mitchell  
\_\_\_\_\_  
Director  
J. Christopher Mitchell

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

**ENDURANCE GOLD CORPORATION**

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the three-month periods ended March 31

*(Expressed in Canadian dollars)**(Unaudited, Prepared by Management)*

	2013	2012
<b>Expenses</b>		
Business development and property investigation	\$ 11,898	\$ 13,484
Corporate communications	5,289	13,961
Listing and transfer agent fees	9,419	9,384
Management fees	15,000	21,300
Office and administrative	15,223	16,146
Professional fees	263	4,615
Loss before other items	(57,092)	(78,890)
<b>Other items</b>		
Interest income	884	744
Unrealized gain (loss) on marketable securities (Note 4)	(6,400)	8,000
	(5,516)	8,744
Loss for the period before income taxes	(62,608)	(70,146)
Deferred tax recovery	-	135,000
<b>Comprehensive income (loss) for the period</b>	\$ (62,608)	\$ 64,854
<b>Basic and diluted loss per common share</b>	\$ 0.00	\$ 0.00
<b>Basic and diluted weighted average number of common shares outstanding</b>	62,167,030	53,722,586

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

**ENDURANCE GOLD CORPORATION**

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31,

*(Expressed in Canadian dollars)**(Unaudited, Prepared by Management)*

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
<b>Balance at December 31, 2011</b>	<b>53,722,586</b>	<b>\$ 6,627,989</b>	<b>\$ 536,451</b>	<b>\$ (4,464,397)</b>	<b>\$ 2,700,043</b>
Deferred income taxes on exploration expenditures renounced	-	(135,000)	-	-	(135,000)
Comprehensive gain for the period	-	-	-	64,854	64,854
<b>Balance at March 31, 2012</b>	<b>53,722,586</b>	<b>\$ 6,492,989</b>	<b>\$ 536,451</b>	<b>\$ (4,399,543)</b>	<b>\$ 2,629,897</b>

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
<b>Balance at December 31, 2012</b>	<b>58,722,586</b>	<b>\$ 6,869,365</b>	<b>\$ 844,531</b>	<b>\$ (4,808,437)</b>	<b>\$ 2,905,459</b>
Shares issued for:					
Exploration and evaluation assets	5,000,000	250,000	-	-	250,000
Comprehensive loss for the period	-	-	-	(62,608)	(62,608)
<b>Balance at March 31, 2013</b>	<b>63,722,586</b>	<b>\$ 7,119,365</b>	<b>\$ 844,531</b>	<b>\$ (4,871,045)</b>	<b>\$ 3,092,851</b>

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

**ENDURANCE GOLD CORPORATION****CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three-month periods ended March 31,

*(Expressed in Canadian dollars)**(Unaudited, Prepared by Management)*

	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ (62,608)	\$ 64,854
Add adjustments:		
Unrealized (gain) loss on marketable securities	6,400	(8,000)
Deferred tax recovery	-	(135,000)
Interest income	(884)	(774)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	5,034	2,849
Receivables	(721)	47,972
Accounts payable and accrued liabilities	(17,818)	(16,656)
Advance from optionee	(13,446)	-
Net cash used in operating activities	<u>(84,043)</u>	<u>(44,755)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(146,755)	(73,885)
Exploration and evaluation asset recovery	13,753	50,000
Interest received	884	774
Net cash used in investing activities	<u>(132,118)</u>	<u>(23,111)</u>
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>(216,161)</b>	<b>(67,866)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>553,433</b>	<b>369,747</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 337,272</b>	<b>\$ 301,881</b>

**Supplemental disclosures with respect to cash flows (Note 7)**

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

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

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#### 1. NATURE AND CONTINUANCE OF OPERATIONS

Endurance Gold Corporation (the "Company") was incorporated under the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. The head office and principal address of the Company is 1700-750 West Pender Street, Vancouver, British Columbia, Canada V6C 2T8. The Company's registered address and records office is 1040-999 West Hastings Street, Vancouver, British Columbia, Canada, V6C 2W2.

The Company is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable. The mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

These condensed interim consolidated financial statements ("Condensed Interim FS") include the financial statements of the Company and its wholly-owned subsidiary. These Condensed Interim FS have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these Condensed Interim FS do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. See note 2(b).

#### 2. BASIS OF PREPARATION

##### a) Statement of Compliance

These Condensed Interim FS have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting*.

These Condensed Interim FS were authorized for issue by the Audit Committee and Board of Directors on May 28, 2013 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2012.

The policies applied in these Condensed Interim FS are consistent with the policies disclosed in Notes 2 and 3 of the Company's audited consolidated financial statements for the year ended December 31, 2012, with the exception of the following new accounting standards and amendments which the Company adopted and are effective for the Company's interim and annual financial statements commencing January 1, 2013:

- IFRS 10 Consolidated financial statements, replaces the guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 requires consolidation of an investee only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Detailed guidance is provided on applying the definition of control. The accounting requirements for consolidation have remained largely consistent with IAS 27. The Company assessed its consolidation conclusions and determined the adoption of IFRS 10 did not have an impact on its financial statements.

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

*(Unaudited, Prepared by Management)*

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#### 2. BASIS OF PREPARATION (cont'd...)

##### a) Statement of Compliance (cont'd...)

- IFRS 11 Joint Arrangements, supersedes IAS 31, Interests in Joint Ventures, and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set out in IAS 28, Investments in Associates and Joint Ventures (amended in 2011). The Company determined the adoption of the IFRS 11 did not have an impact on its consolidated statements of financial position and the consolidated statement of comprehensive loss.
- IFRS 12 Disclosure of Interests in Other Entities, contains the disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. Interests are widely defined as contractual and non-contractual involvement that exposes an entity to variability of returns from the performance of the other entity. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity's interests in other entities, and the effects of those interests on the entity's financial position, financial performance and cash flows. The Company determined the adoption of the IFRS 12 did not have an impact on its financial position or disclosures.
- IFRS 13 Fair Value Measurement, is effective for annual periods beginning on or after January 1, 2013. IFRS 13 provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Company determined the adoption of IFRS 13 did not have an impact on its financial position or disclosures.
- Amendment to IAS 1 Presentation of Financial Statements, was issued in June 2011 and is effective for annual periods beginning on or after July 1, 2012. The amendment requires that an entity present separately the items of other comprehensive income that may be reclassified to earnings in the future from those that would never be reclassified to earnings. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of the new standard did not have significant impacts to the Company's consolidated statement of comprehensive loss.
- IAS 27 Separate Financial Statements, has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate financial statements. The adoption of the new standard did not have an impact to the Company's financial position or disclosures.



## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

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#### 2. BASIS OF PREPARATION (cont'd...)

##### b) Going Concern of Operations

The Company has not generated revenue from operations. The Company incurred a net loss of \$62,608 during the three months ended March 31, 2013 and, as of that date the Company's deficit was \$4,871,045. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company may not have sufficient funds to continue for the next 12 months, and will have to raise additional funds to continue operations and to meet with its 2013 exploration programs, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

#### 3. FUTURE ACCOUNTING POLICY CHANGES ISSUED BUT NOT YET IN EFFECT

The following new standards and interpretations are not yet effective and have not been applied in preparing these Condensed Interim FS. The Company is currently evaluating the potential impacts of these new standards.

- IFRS 9, *Financial Instruments* (effective January 1, 2015) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.

#### 4. MARKETABLE SECURITIES

Marketable securities consist of equity securities over which the Company does not have control or significant influence. Marketable securities are designated as fair value through profit or loss. Unrealized gains and losses due to period end revaluation to fair value are included in profit or loss for the period. At March 31, 2013, the Company owned 320,000 (320,000 at December 31, 2012) common shares.

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	March 31, 2013	December 31, 2012
Marketable securities – fair value	\$ 12,800	\$ 19,200
Marketable securities - cost	\$ 114,496	\$ 114,496

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## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

#### 5. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2013, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Bandito, Yukon CANADA	Fuego, Yukon CANADA	Pardo, Ontario, CANADA	Other Properties, CANADA	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Rattlesnake- Natrona, Wyoming, USA	Vana, Alaska, USA	TOTAL
<b>Acquisition 12/31/12</b>	<b>\$ 155,856</b>	<b>\$ 6,420</b>	<b>\$ (81,250)</b>	<b>\$ -</b>	<b>\$ 16,828</b>	<b>\$ (29,066)</b>	<b>\$ 31,272</b>	<b>\$ 8,688</b>	<b>\$ 108,748</b>
Additions	307,062	-	-	-	-	-	-	-	307,062
<b>Acquisition 3/31/13</b>	<b>462,918</b>	<b>6,420</b>	<b>(81,250)</b>	<b>-</b>	<b>16,828</b>	<b>(29,066)</b>	<b>31,272</b>	<b>8,688</b>	<b>415,810</b>
<b>Deferred Exploration 12/31/12</b>	<b>780,490</b>	<b>18,273</b>	<b>1,086,947</b>	<b>52,400</b>	<b>20,030</b>	<b>73,454</b>	<b>292,591</b>	<b>12,513</b>	<b>2,336,698</b>
Additions:									
Field expenses	-	-	-	-	-	5,046	-	-	5,046
Geological and miscellaneous	974	-	-	-	14,971	4,800	12,895	-	33,640
Land and recording fees	-	-	-	-	-	2,657	665	-	3,322
Recovery of expenses	-	-	-	-	-	(13,753)	-	-	(13,753)
	974	-	-	-	14,971	(1,250)	13,560	-	28,255
<b>Deferred Exploration 3/31/13</b>	<b>781,464</b>	<b>18,273</b>	<b>1,086,947</b>	<b>52,400</b>	<b>35,001</b>	<b>72,204</b>	<b>306,151</b>	<b>12,513</b>	<b>2,364,953</b>
<b>Total Exploration and evaluation assets 3/31/13</b>	<b>\$ 1,244,382</b>	<b>\$ 24,693</b>	<b>\$ 1,005,697</b>	<b>\$ 52,400</b>	<b>\$ 51,829</b>	<b>\$ 43,138</b>	<b>\$ 337,423</b>	<b>\$ 21,201</b>	<b>\$ 2,780,763</b>

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

#### 5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

As at December 31, 2012, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Bandito, Yukon CANADA	Fuego, Yukon CANADA	Pardo, Ontario, CANADA	Other Properties, CANADA	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Rattlesnake- Natrona, Wyoming, USA	Vana, Alaska, USA	TOTAL
<b>Acquisition 12/31/11</b>	<b>\$ 99,206</b>	<b>\$ 6,420</b>	<b>\$ (31,250)</b>	<b>\$ -</b>	<b>\$ 4,110</b>	<b>\$ 5,664</b>	<b>\$ 35,799</b>	<b>\$ 8,688</b>	<b>\$ 128,637</b>
Additions	56,650	-	-	-	12,718	-	-	-	69,368
Option payments	-	-	(50,000)	-	-	(34,730)	-	-	(84,730)
	56,650	-	(50,000)	-	12,718	(34,730)	-	-	(15,362)
<b>Written-off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,527)</b>	<b>-</b>	<b>(4,527)</b>
<b>Acquisition 12/31/12</b>	<b>155,856</b>	<b>6,420</b>	<b>(81,250)</b>	<b>-</b>	<b>16,828</b>	<b>(29,066)</b>	<b>31,272</b>	<b>8,688</b>	<b>108,748</b>
<b>Deferred Exploration 12/31/11</b>	<b>676,207</b>	<b>16,580</b>	<b>1,077,858</b>	<b>50,000</b>	<b>2,739</b>	<b>88,078</b>	<b>286,873</b>	<b>7,168</b>	<b>2,205,503</b>
Additions:									
Field expenses	11,069	-	-	1,500	-	43,911	-	-	56,480
Geochemistry	3,145	-	-	-	669	13,468	-	-	17,282
Geological and miscellaneous	80,109	643	9,089	900	16,622	65,624	2,850	450	176,287
Helicopters	7,460	-	-	-	-	16,465	-	-	23,925
Land and recording fees	2,500	1,050	-	-	-	6,770	8,923	4,895	24,138
Recovery of expenses	-	-	-	-	-	(160,862)	-	-	(160,862)
	104,283	1,693	9,089	2,400	17,291	(14,624)	11,773	5,345	137,250
<b>Written-off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,055)</b>	<b>-</b>	<b>(6,055)</b>
<b>Deferred Exploration 12/31/12</b>	<b>780,490</b>	<b>18,273</b>	<b>1,086,947</b>	<b>52,400</b>	<b>20,030</b>	<b>73,454</b>	<b>292,591</b>	<b>12,513</b>	<b>2,336,698</b>
<b>Total Exploration and evaluation assets 12/31/12</b>	<b>\$ 936,346</b>	<b>\$ 24,693</b>	<b>\$ 1,005,697</b>	<b>\$ 52,400</b>	<b>\$ 36,858</b>	<b>\$ 44,388</b>	<b>\$ 323,863</b>	<b>\$ 21,201</b>	<b>\$ 2,445,446</b>

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

*(Unaudited, Prepared by Management)*

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#### 5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

##### **Bandito Property, Yukon, CANADA**

In August 2010, the Company entered into an option agreement (the "Option Agreement") with True North Gems Inc. ("True North"), whereby the Company could earn up to a 75% interest in the Bandito Property located in the Watson Lake District, Yukon Territory. Under the terms of the Option Agreement, the Company could earn an initial 51% joint venture interest in the Bandito Property by completing a total of \$125,000 in cash payments by December 31, 2012 and also completing \$1,000,000 in exploration expenditures by December 31, 2013. Once the Company earns its 51% interest, it has a further option that would allow it to acquire an additional 24% interest (total of 75%) by issuing True North 200,000 shares and by completing an additional \$1,000,000 in exploration expenditures prior to December 31, 2015.

In January 2013, the Company made the final cash option payment of \$50,000 to True North under the terms of the Option Agreement and subsequently entered into a purchase and sale agreement (the "Acquisition Agreement") with True North, which replaced the Option Agreement. Under the terms of the Acquisition Agreement, the Company acquired a 100% interest in the Bandito Property by paying True North an additional \$50,000 (paid) cash payment and issuing five million common shares (issued at a value of \$250,000) of the Company. True North retained a 1% net smelter returns royalty ("NSR"), one-half of which may be purchased by the Company for \$1,000,000. A further cash bonus payment of \$500,000 will be payable to True North in two tranches, with the initial \$150,000 payable upon completion and filing of a bankable feasibility study, and the balance of \$350,000 to be paid after project financing has been obtained to place the Bandito Property into commercial production.

The President and CEO of the Company also serves on the board of directors of True North and abstained from voting on approval of both the Option and Acquisition Agreements.

##### **Fuego Property, Yukon, CANADA**

In March 2011, the Company acquired by staking a 100% interest in certain mineral claims located in the Watson Lake district, Yukon Territory.

##### **Pardo Joint Venture ("JV") Property, Ontario, CANADA**

The Company acquired a 100% interest in the Pardo Property located northeast of Sudbury, Ontario, from three vendors by making payments of \$100,000 in cash and issuing 200,000 common shares valued at \$18,750. The vendors have retained a 3% NSR, one-half of which may be purchased by the Company for \$1,500,000.

In 2012, Ginguro Exploration Inc. ("Ginguro"), a public company listed on the TSX Venture Exchange (the "Exchange"), earned its 55% interest in the Pardo Property by completing \$1,000,000 in exploration expenditures and making cash payments totaling \$200,000 to the Company. As a result, a joint venture ("JV") as to 45% (the Company) and 55% (Ginguro) was formed.

## **ENDURANCE GOLD CORPORATION**

### **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three month period ended March 31, 2013

*(Unaudited, Prepared by Management)*

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#### **5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

##### **Elephant Mountain Gold Property, Alaska, USA**

In December 2011, the Company entered into a letter agreement (the "Letter Agreement") with a private vendor ("Vendor"), whereby the Company can earn a 100% interest in the Elephant Mountain property located in the Manley Hot Springs placer gold mining district in Alaska. Under the terms of the Letter Agreement, the Company is required to complete exploration expenditures of US\$200,000 by December 2013, issue to the vendor 400,000 common shares of the Company by December 2016, and make cash payments totaling US\$200,000 (US\$12,000 paid) in stages until December 2017. The option is subject to a 2% NSR interest, one-half of which can be purchased by the Company at any time for US\$750,000. The parties are currently finalizing a formal option agreement to replace the Letter Agreement.

##### **McCord Gold Property, Alaska, USA**

In 2010, the Company acquired by staking a 100% interest in certain Alaska State mineral claims located in the Fairbanks District in Alaska, USA. Further mineral claims were staked in 2012 and during the current quarter.

In May 2012, the Company entered into an option agreement (the "Agreement") with Liberty Gold Corp. ("Liberty"). Under the terms of the Agreement, Liberty can earn a 60% interest in the McCord Gold Property by incurring US\$600,000 in exploration expenditures and making US\$85,000 (US\$35,000 received) in cash payments to the Company over three years. See note 13.

##### **Rattlesnake - Natrona Gold Property, Wyoming, USA**

In 2009, the Company acquired by staking a 100% interest in certain federal mining claims in the Rattlesnake Hills, Natrona County, and subsequent to March 31, 2013, the Company was granted a lease tract on mineral lands owned by the State of Wyoming.

Also subsequent to March 31, 2013, the Company entered into a letter agreement with a private vendor, whereby the Company can earn a 100% interest in certain federal mining claims and Wyoming state leases located in the Natrona County, Wyoming, USA. These new mineral claims immediately adjoin the Company's 100% owned claims. Under the terms of the letter agreement, the Company can earn a 100% interest in the property by completing a total of US\$300,000 in exploration expenditures in the district, making US\$100,000 (\$10,000 paid) in cash payments, and delivering 1.2 million Endurance common shares prior to December 31, 2016. The vendor retains a 1% NSR on both the vendor and the Company's federal lode mining claims. One-half of the NSR can be purchased by the Company for US\$500,000 at any time.

##### **Vana Property, Alaska, USA**

In 2010, the Company acquired by staking a 100% interest in certain Alaska State mineral claims located in the Fairbanks District in Alaska, USA.

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

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#### 5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

##### Other Properties, CANADA

###### *Nechako Gold JV Property, British Columbia, CANADA*

The Nechako Gold JV Property is comprised of a single mineral claim located within the Cariboo Mining Division, west of Quesnel in British Columbia. The JV property is currently owned 76% by the Company and 24% by Amarc Resources Ltd.

###### *Flint Lake (Dogpaw) JV Gold Property, Ontario, CANADA*

Metals Creek Resources Corp. ("MEK") earned its 75% interest in the Flint Lake (Dogpaw) property by incurring exploration expenses of \$450,000 and issuing 450,000 common shares of MEK with a value of \$161,000. As a result, a joint venture as to 25% (the Company) and 75% (MEK) was formed in January 2010.

In addition, the Company retains a 2.5% NSR interest on several other claims near the Flint Lake (Dogpaw) JV Property.

#### 6. SHARE CAPITAL

- (a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.
- (b) Issued and outstanding:

##### Share issuances

During the three month period ended March 31, 2013, the Company issued 5,000,000 common shares, with a value of \$250,000, as consideration towards the acquisition of the Bandito Property. See note 5.

No shares were issued during the same period in 2012.

- (c) Stock Options, Warrants and Agent's Compensation Options Outstanding

The Company has an incentive stock option plan that conforms to the requirements of the Exchange. Under the Company's Stock Option Plan, the Company may grant stock options for the purchase of up to 10% of its issued common shares. The board of directors may grant such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than \$0.10 per share or the Discounted Market Price.

**ENDURANCE GOLD CORPORATION**

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

*(Unaudited, Prepared by Management)***6. SHARE CAPITAL (cont'd...)**

## (c) Stock Options, Warrants and Agent's Compensation Options Outstanding (cont'd...)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
<b>Outstanding at December 31, 2011</b>	<b>3,500,000</b>	<b>\$ 0.11</b>
Options granted	1,100,000	0.10
Options expired	(250,000)	0.15
<b>Outstanding at December 31, 2012</b>	<b>4,350,000</b>	<b>0.11</b>
<b>Outstanding at March 31, 2013</b>	<b>4,350,000</b>	<b>\$ 0.11</b>
Number of options currently exercisable	4,350,000	\$ 0.11

The following stock options were outstanding and exercisable at March 31, 2013:

Number Outstanding	Exercise Price \$	Expiry Date
1,700,000	0.10	February 24, 2014
750,000	0.10	March 31, 2015
500,000	0.10	April 9, 2015
300,000	0.21	April 28, 2016
1,100,000	0.10	August 22, 2017
<b>4,350,000</b>		

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Outstanding at December 31, 2011</b>	<b>875,000</b>	<b>\$ 0.30</b>
Warrants granted	5,000,000	0.10
Warrants expired	(875,000)	0.30
<b>Outstanding at December 31, 2012</b>	<b>5,000,000</b>	<b>0.10</b>
<b>Outstanding at March 31, 2013</b>	<b>5,000,000</b>	<b>\$ 0.10</b>

The following warrants to acquire common shares were outstanding at March 31, 2013:

Number Outstanding	Exercise Price \$	Expiry Date
5,000,000	0.10	May 24, 2017

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

#### 6. SHARE CAPITAL (cont'd...)

##### (d) Share-based compensation

There were no share-based compensation expenses reported during the three-month periods ended March 31, 2013 and 2012.

##### (e) Reserves

The following is a summary of changes in Reserves from December 31, 2012 to March 31, 2013:

	March 31, 2013	December 31, 2012
Warrants / Agent's compensation Options	\$ 270,064	\$ 270,064
Stock options	\$ 574,467	\$ 574,467
<b>Total Reserves</b>	<b>\$ 844,531</b>	<b>\$ 844,531</b>

#### 7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	March 31, 2013	December 31, 2012
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	\$ -	\$ -

Supplementary disclosure of non-cash investing and financing activities during the three month period ended March 31:

	2013	2012
Exploration and evaluation assets expenditures in accounts payable and accrued liabilities	\$ 20,718	\$ 16,675
Shares issued for Exploration and evaluation assets (note 6)	\$250,000	\$ -

#### 8. RELATED PARTY TRANSACTIONS

##### *Key Management Personnel*

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.



## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

#### 8. RELATED PARTY TRANSACTIONS (cont'd...)

Compensation paid or payable to key management personnel for services rendered are as follows:

	3 month period ended March 31, 2013	3 month period ended March 31, 2012
Fees	\$ 45,338	\$ 66,525
TOTAL	\$ 45,338	\$ 66,525

Included in accounts payable and accrued liabilities at March 31, 2013 is \$11,359 (2012 - \$24,163) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

The amounts charged to the Company for the transactions provided have been determined by negotiations amongst the parties. These transactions were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties.

#### 9. FINANCIAL INSTRUMENTS AND RISK

##### *Fair value*

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2013, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, receivables, and accounts payable and accrued liabilities. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as follows:

March 31, 2013

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 337,272	\$ -	\$ -	\$ 337,272
Marketable securities	12,800	-	-	12,800
Total	\$ 350,072	\$ -	\$ -	\$ 350,072

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

#### 9. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

##### *Fair value* (cont'd...)

December 31, 2012

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 553,433	\$ -	\$ -	\$ 553,433
Marketable securities	<u>19,200</u>	<u>-</u>	<u>-</u>	<u>19,200</u>
Total	\$ 572,633	\$ -	-	\$ 572,633

##### *Risk Management*

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

##### *Credit risk*

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and cash equivalents, marketable securities, and receivables.

The Company's cash and cash equivalents are held through a Canadian chartered bank, which is a high-credit quality financial institution. The Company's receivables primarily consist of recoverable sales tax due from the Government of Canada.

##### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2013, the Company had a cash balance of \$337,272 to settle current liabilities of \$61,184. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

##### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

##### (a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

*(Unaudited, Prepared by Management)*

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#### 9. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

##### (b) Foreign currency rate risk

While the Company is domiciled in Canada and its capital is raised in Canadian dollars, a portion of its business is conducted in the United States of America. As such, it is subject to risk due to fluctuations in the exchange rate between the Canadian and US dollars. At March 31, 2013, the Company has cash, accounts payable and an advance from an optionee denominated in US dollars of US\$68,734, \$11,944 and \$10,693 respectively. Each 1% change in the Canadian dollar versus the U.S. dollar will result in a gain/loss of approximately \$468.

Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

The carrying value of cash and cash equivalents, marketable securities, receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

#### 10. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, and common shares as capital. The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the on-going business objectives including, but not limited to pursuing the exploration of its exploration and evaluation assets, funding of future growth opportunities, and pursuit of new acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, adjusting capital spending or disposing of assets. In addition, management of the Company's capital structure is facilitated through its financial and operational forecasting processes. The forecast of the Company's future cash flows is based on estimates of commodity prices, forecast capital and operating expenditures, and other investing and financing activities. The forecast is regularly updated based on new commodity prices and other changes, which the Company views as critical in the current environment.

The Company's working capital as at March 31, 2013 was \$312,088 (December 31, 2012 - \$460,013). The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

## ENDURANCE GOLD CORPORATION

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2013

(Unaudited, Prepared by Management)

#### 11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada and the United States.

Geographic information is as follows:

	March 31, 2013	December 31, 2012
Exploration and evaluation assets in:		
- Canada	\$ 2,327,172	\$ 2,019,136
- United States	453,591	426,310
TOTAL	\$ 2,780,763	\$ 2,445,446

#### 12. COMMITMENTS

The Company entered into a new office lease agreement commencing March 1, 2011 and ending February 28, 2015. Minimum annual lease payments are as follows:

2013	\$ 43,858
2014	44,996
2015	<u>7,657</u>
	<u>\$ 96,511</u>

#### 13. ADVANCE FROM OPTIONEE

The Company is managing an exploration program on behalf of an optionee, Liberty Gold Corp. ("Liberty"). According to the terms of an option agreement dated as of April 20, 2012 between the Company and Liberty, the Company recovered US\$8,000 in exploration expenditures incurred before the 2012 exploration program occurred, and also received additional cash advances of US\$195,800 (including a US\$20,000 option payment) from Liberty.

Since the commencement of the 2012 exploration program, the Company has incurred a further amount of US\$165,107 from Liberty, leaving an unexpended balance of US\$10,693 (C\$10,864) in the advance account at March 31, 2013.