ENDURANCE GOLD CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

DECEMBER 31, 2008

DAVIDSON & COMPANY LLP Chartered Accountants A Partnership of Incorporated Professionals

AUDITORS' REPORT

To the Shareholders of
Endurance Gold Corporation

We have audited the consolidated balance sheets of Endurance Gold Corporation as at December 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Accountants

March 27, 2009

NEXIA INTERNATIONAL
1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, BC, Canada, V7Y 1G6
Telephone (604) 687-0947 Fax (604) 687-6172

ENDURANCE GOLD CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2008	2007
ASSETS		
Current		
Cash	$ 89,211	$ 979,783
Marketable securities (Note 3)	34,478	197,000
Prepaid expenses and deposits	12,256	23,119
Receivables	4,687	46,212
	140,632	1,246,114
Equipment (Note 4)	6,274	9,923
Mineral properties (Note 5)	1,554,825	2,743,733
Reclamation bonds	21,500	16,500
	$ 1,723,231	$ 4,016,270
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 47,118	$ 129,846
Future income taxes (Note 11)	-	196,500
	47,118	326,346
Shareholders' equity		
Capital stock (Note 6)	4,052,779	4,051,779
Contributed surplus (Note 6)	305,187	294,957
Deficit	(2,681,853)	(656,812)
	1,676,113	3,689,924
	$ 1,723,231	$ 4,016,270

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

On behalf of the Board:

/s/ Duncan McIvor	Director	/s/ J. Christopher Mitchell	Director
Duncan McIvor		J. Christopher Mitchell	

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

ENDURANCE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31

	2008	2007
EXPENSES		
Amortization	$ 1,141	$ 1,245
Business development and property investigation	47,685	47,549
Corporate communications	81,560	41,711
Listing and transfer agent fees	14,225	14,140
Management fees	118,000	98,200
Office and administrative	58,898	49,041
Professional fees	35,400	37,347
Stock-based compensation	10,230	60,779
	(367,139)	(350,012)
OTHER ITEMS		
Interest income	17,166	45,196
Realized loss on sales of marketable securities	(3,070)	-
Unrealized loss on marketable securities (Note 3)	(136,332)	(25,000)
Write-off of mineral properties (Note 5)	(1,732,166)	(48,005)
	(1,854,402)	(27,809)
Loss before future income tax	(2,221,541)	(377,821)
Future income tax recovery (Note 11)	196,500	225,196
Net loss for the year	(2,025,041)	(152,625)
Deficit, beginning of year	(656,812)	(504,187)
Deficit, end of year	$ (2,681,853)	$ (656,812)
Basic and diluted loss per common share	$ (0.08)	$ (0.01)
Basic and diluted weighted average number of common shares outstanding	27,178,597	25,143,442

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

ENDURANCE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (2,025,041)	$ (152,625)
Add items not involving cash:		
Amortization	1,141	1,245
Stock-based compensation	10,230	60,779
Realized loss on sales of marketable securities	3,070	-
Unrealized loss on marketable securities	136,332	25,000
Write-off of mineral properties	1,732,166	48,005
Future income tax recovery	(196,500)	(225,196)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	10,863	(3,446)
Receivables	41,525	(29,260)
Proceeds from sales of marketable securities	32,120	-
Accounts payable and accrued liabilities	(18,724)	13,632
Net cash used in operating activities	(272,818)	(261,866)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	(612,754)	(855,386)
Purchase of equipment	-	(9,445)
Reclamation bond	(5,000)	(5,000)
Net cash used in investing activities	(617,754)	(869,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	-	2,009,748
Share issuance costs	-	(118,716)
Net cash provided by financing activities	-	1,891,032
Net increase (decrease) in cash during the year	(890,572)	759,335
Cash, beginning of year	979,783	220,448
Cash, end of year	$ 89,211	$ 979,783

Supplemental disclosures with respect to cash flows (Note 7)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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. Its principal business activities are the exploration and development of mineral properties. All of the Company's mineral properties are located in Canada.

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles 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 rather than through a process of forced liquidation. The Company has incurred losses of $2,681,853 since inception and further losses are anticipated in the development of its business plan. These circumstances lead to significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

	December 31, 2008	December 31, 2007
Deficit	$ (2,681,853)	$ (656,812)
Working Capital	93,514	1,116,268

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Endurance Resources Inc. ("ERI"). ERI was incorporated on October 20, 2008 in the State of Virginia, United States of America. All significant inter-company balances and transactions have been eliminated upon consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash and marketable securities as held-for-trading, receivables as loans and receivables, and reclamation bond as held-to-maturity. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

Foreign currency translation

The monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the balance sheet date and non-monetary items are translated at historical rates. Revenues and expenses are translated at rates which approximate those in effect on transaction dates. Exchange gains and losses arising on translation are included in the statement of operations.

The Company's foreign subsidiary is integrated with the Company and translated using the temporal method. Under this method, monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated at the average exchange rates for the period. Gains and losses arising on translation are included in the statement of operations.

Equipment and amortization

Equipment is carried at cost less accumulated amortization. Amortization is recorded on a declining balance basis at annual rates of 30% for computers, 20% for office furniture and equipment, and on a straight-line basis over three years for field equipment.

Mineral properties

Costs related to the acquisition, exploration and development of mineral properties are capitalized by property until the commencement of commercial production. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Property option agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset.

Stock-based compensation plan

The Company uses the fair value method of accounting for all stock-based compensation. The Company estimates the fair value at the date of grant using the Black-Scholes option pricing model. The expense is charged to stock-based compensation and the offset is credited to contributed surplus. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year.

For diluted per share computations, adjustments are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

The Company uses the asset and liability method of accounting for income taxes whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets are recognized to the extent that realization of those assets is more likely than not. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. As such, when flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statement of operations.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting policies adopted

Assessing Going Concern

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1400, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company has included the disclosure recommended by the new handbook section in Note 1 to these consolidated financial statements.

Capital Disclosures

Effective January 1, 2008, the Company implemented the new CICA Handbook Section 1535 "Capital disclosures". This section 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 non-compliance. The Company has included the disclosure recommended by the new handbook section in Note 10 to these consolidated financial statements.

Financial Instruments

Effective January 1, 2008, the Company implemented the new CICA Handbook Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation.* These two standards replace the current standard, "Financial Instruments – Disclosure and Presentation" (Section 3861), 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 those risks are managed. The Company has included the disclosure recommended by the new handbook section in Note 9 to these consolidated financial statements.

Recent Accounting Pronouncements

Goodwill and intangible assets

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. MARKETABLE SECURITIES

The Company received 100,000 shares with a value of $70,000 of Houston Lake Mining Inc. and 450,000 common shares with a value of $161,000 of Metals Creek Resources Corp. (formerly The Endurance Fund Corporation) as per the option agreements entered into in early 2007 in relation to the Dogpaw Property in Ontario (see Note 5). The Company recognized a loss of $136,332 (2007 - $25,000) as result of a change in fair value of the marketable securities.

As at December 31, 2008, the Company owns marketable securities as follows:

	December 31, 2008			December 31, 2007		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
Houston Lake Mining Inc. ("HLM.V")	50,000	$ 35,000	$ 14,250	100,000	$ 70,000	$ 45,000
Metals Creek Resources Corp. ("MEK.V")	449,500	160,810	20,228	400,000	152,000	152,000
		$ 195,810	$ 34,478		$ 222,000	$ 197,000

4. EQUIPMENT

	December 31, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computers	$ 3,525	$ 2,410	$ 1,115	$ 3,525	$ 1,932	$ 1,593
Office furniture and equipment	4,740	2,090	2,650	4,740	1,426	3,314
Field equipment	7,525	5,016	2,509	7,525	2,509	5,016
	$ 15,790	$ 9,516	$ 6,274	$ 15,790	$ 5,867	$ 9,923

Amortization expenses of field equipment are recorded as mineral property exploration costs.

5. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

	Balance December 31, 2006	2007 Expenditures	2007 Write-offs	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008
BRITISH COLUMBIA							
Nechako Gold (Amarc JV) Property							
Acquisition costs	$ 80,000	$ -	$ -	$ 80,000	$ -	$ -	$ 80,000
Exploration costs							
Drilling	64,876	-	-	64,876	-	-	64,876
Field expenses	47,800	-	-	47,800	-	-	47,800
Geochemistry	40,068	-	-	40,068	-	-	40,068
Geological and miscellaneous	73,125	1,000	-	74,125	270	-	74,395
Geophysics	52,437	-	-	52,437	-	-	52,437
Land and recording fees	16,104	-	-	16,104	-	-	16,104
Line cutting	51,744	-	-	51,744	-	-	51,744
	426,154	1,000	-	427,154	270	-	427,424
Nechako – EDG 100% Property							
Acquisition costs	873	-	-	873	-	(873)	-
Exploration costs							
Geological and miscellaneous	647	-	-	647	-	(647)	-
Land and recording fees	156	1,718	-	1,874	-	(1,874)	-
	1,676	1,718	-	3,394	-	(3,394)	-

5. MINERAL PROPERTIES (cont'd…)

	Balance December 31, 2006	2007 Expenditures	2007 Write-offs	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008
BRITISH COLUMBIA (cont'd)							
BQ Property							
Acquisition costs	$ 27,500	$ 24,000	$ -	$ 51,500	$ -	$ (51,500)	$ -
Exploration costs							
Drilling	193,661	-	-	193,661	83,176	(276,837)	-
Field expenses	59,271	19,874	-	79,145	13,006	(92,151)	-
Geochemistry	54,809	18,641	-	73,450	723	(74,173)	-
Geological and miscellaneous	114,860	38,075	-	152,935	15,843	(168,778)	-
Geophysics	52,641	191,574	-	244,215	-	(244,215)	-
Land and recording fees	13,395	-	-	13,395	8,830	(22,225)	-
Line cutting	32,748	43,197	-	75,945	-	(75,945)	-
	548,885	335,361	-	884,246	121,578	(1,005,824)	-
BQ – EDG 100% Property							
Acquisition costs	1,649	-	-	1,649	-	-	1,649
	1,649	-	-	1,649	-	-	1,649
Virginia Silver Property							
Acquisition costs	8,569	-	-	8,569	-	(8,569)	-
Exploration costs							
Drilling	61,823	-	-	61,823	-	(61,823)	-
Field expenses	8,870	-	-	8,870	-	(8,870)	-
Geochemistry	17,071	-	-	17,071	-	(17,071)	-
Geological and miscellaneous	20,400	5,603	-	26,003	13	(26,016)	-
Land and recording fees	-	3,742	-	3,742	-	(3,742)	-
Line cutting	13,072	-	-	13,072	-	(13,072)	-
Cost recovery	-	-	-	-	(25,000)	25,000	-
	129,805	9,345	-	139,150	(24,987)	(114,163)	-
Virginia Silver – EDG 100% (Annie) Property							
Acquisition costs	712	-	-	712	-	-	712
Exploration costs							
Geological and miscellaneous	2,305	-	-	2,305	-	-	2,305
Land and recording fees	475	-	-	475	-	-	475
	3,492	-	-	3,492	-	-	3,492
BRITISH COLUMBIA –TOTAL	**1,111,661**	**347,424**	**-**	**1,459,085**	**96,861**	**(1,123,381)**	**432,565**

5. MINERAL PROPERTIES (cont'd…)

	Balance December 31, 2006	2007 Expenditures	2007 Write-offs	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008
ONTARIO							
Dogpaw Property							
Acquisition costs	$ 214,000	$ -	$ -	$ 214,000	$ -	$ (214,000)	$ -
Exploration costs							
Airborne survey	71,600	-	-	71,600	-	(71,600)	-
Drilling	207,091	-	-	207,091	-	(207,091)	-
Field expenses	27,450	-	-	27,450	-	(27,450)	-
Geochemistry	15,804	-	-	15,804	-	(15,804)	-
Geological and miscellaneous	121,997	2,114	-	124,111	-	(124,111)	-
Geophysics	22,130	-	-	22,130	-	(22,130)	-
Land and recording fees	-	52	-	52	-	(52)	-
Line cutting	71,837	-	-	71,837	-	(71,837)	-
Cost recovery	-	(222,000)	-	(222,000)	(9,000)	231,000	-
	751,909	(219,834)	-	532,075	(9,000)	(523,075)	-
Pardo Property							
Acquisition costs	22,500	20,250	-	42,750	31,000	-	73,750
Exploration costs							
Drilling	13,729	151,761	-	165,490	146,914	-	312,404
Field expenses	33,637	81,993	-	115,630	70,445	-	186,075
Geochemistry	5,112	52,832	-	57,944	23,630	-	81,574
Geological and miscellaneous	54,814	110,392	-	165,206	102,930	-	268,136
Geophysics	5,005	45,892	-	50,897	72,288	-	123,185
Land and recording fees	13,591	-	-	13,591	-	-	13,591
Line cutting	14,307	25,581	-	39,888	-	-	39,888
Trenching	9,450	-	-	9,450	14,207	-	23,657
	172,145	488,701	-	660,846	461,414	-	1,122,260
Turner Property							
Acquisition costs	8,640	-	-	8,640	-	(8,640)	-
Exploration costs							
Field Expenses	17	4,740	-	4,757	178	(4,935)	-
Geochemistry	-	710	-	710	-	(710)	-
Geological and miscellaneous	2,027	19,131	-	21,158	885	(22,043)	-
Geophysics	-	7,163	-	7,163	-	(7,163)	-
Helicopters	-	1,974	-	1,974	-	(1,974)	-
Land and recording fees	-	16,625	-	16,625	-	(16,625)	-
Line cutting	-	13,759	-	13,759	-	(13,759)	-
	10,684	64,102	-	74,786	1,063	(75,849)	-

5. MINERAL PROPERTIES (cont'd…)

	Balance December 31, 2006	2007 Expenditures	2007 Write-offs	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008
ONTARIO (cont'd)							
Minnitaki Property							
Acquisition costs	$ 4,409	$ -	$ -	$ 4,409	$ -	$ (4,409)	$ -
Exploration costs							
Geological and miscellaneous	92	-	-	92	-	(92)	-
	4,501	-	-	4,501	-	(4,501)	-
Hutton Property							
Acquisition costs	-	1,485	-	1,485	-	(1,485)	-
Exploration costs							
Geological and miscellaneous	-	92	-	92	-	(92)	-
	-	1,577	-	1,577	-	(1,577)	-
Parkin Property							
Acquisition costs	-	3,604	-	3,604	-	(3,604)	-
Exploration costs							
Geological and miscellaneous	-	92	-	92	-	(92)	-
	-	3,696	-	3,696	-	(3,696)	-
Long Lac Property							
Acquisition costs	-	7,080	-	7,080	-	(7,080)	-
Exploration costs							
Geological and miscellaneous	-	87	-	87	-	(87)	-
Cost recovery	-	-	-	-	(7,080)	7,080	-
	-	7,167	-	7,167	(7,080)	(87)	-
ONTARIO –TOTAL	**939,239**	**345,409**	**-**	**1,284,648**	**446,397**	**(608,785)**	**1,122,260**
SASKATCHEWAN							
Simmie Property							
Acquisition costs	4,000	30,000	(34,000)	-	-	-	-
Exploration costs							
Field Expenses	1,340	-	(1,340)	-	-	-	-
Geological and miscellaneous	8,760	718	(9,478)	-	-	-	-
Land and recording fees	3,187	-	(3,187)	-	-	-	-
	17,287	30,718	(48,005)	-	-	-	-
SASKATCHEWAN –TOTAL	**17,287**	**30,718**	**(48,005)**	**-**	**-**	**-**	**-**
TOTAL MINERAL PROPERTIES	**$ 2,068,187**	**$ 723,551**	**$ (48,005)**	**$ 2,743,733**	**$ 543,258**	**$ (1,732,166)**	**$ 1,554,825**

5. MINERAL PROPERTIES (cont'd…)

Nechako Gold (Amarc JV) Property, British Columbia

The Nechako Gold Property is comprised of eleven mineral claims located within the Cariboo Mining District, west of Quesnel in British Columbia.

During 2004, the Company entered into an option and joint venture agreement with Amarc Resources Inc. ("Amarc"), whereby the Company could earn a 60% interest in the Nechako Gold Property by completing $250,000 in exploration expenditures and issuing 250,000 shares to Amarc over a three year period. The Company has issued 250,000 shares to Amarc and 70,000 shares to an underlying property vendor at an aggregate value of $80,000 and fulfilled all of its obligations, and a joint venture as to 60% (Endurance) and 40% (Amarc) was formed in December 2005. As a result of Amarc having elected not to participate in its pro-rata share of costs on the Nechako Gold Property since 2006, the property is now held 69% by Endurance and 31% by Amarc.

Nechako – Endurance 100% Property, British Columbia

The Nechako-Endurance 100% Property was comprised of one mineral claim located south of the Company's Nechako Gold Property as described above. The Company acquired a 100% interest in the Property by staking. During 2008, the Company dropped the claim and wrote off the carrying value of $3,394 in acquisition and exploration costs incurred on the property.

BQ Property, British Columbia

The Company entered into an option agreement dated August 25, 2005 with three vendors (the "Vendors"), whereby the Company had the option to earn a 100% interest in mineral claims in the BQ Property in the Omineca Mining Division of British Columbia. To earn its 100% interest in the property, the Company was required to pay the Vendors a total of $70,000 ($32,500 paid), issue a total of 250,000 shares (100,000 shares issued at a value of $19,000) and incur $120,000 (incurred) in exploration expenditures over a three-year period. The Vendors retained a 3% net smelter return royalty interest, one-half of which the Company could have purchased for $1,500,000. During 2008, the Company terminated the option agreement and wrote off the carrying value of $1,005,824 in acquisition and exploration costs incurred on the property.

BQ–Endurance 100% Property, British Columbia

The Company acquired a 100% interest in ten mineral claims in the Omineca Mining Division of British Columbia by staking.

Virginia Silver Property, British Columbia

The Company had an option to earn a 100% interest in the Virginia Silver Property, located in the Omineca Mining Division of northwestern British Columbia by issuing 100,000 warrants (issued with a value of $8,569) to the Optionor. Each warrant entitled the holder to purchase one common share of the Company at a price of $0.20 per share until October 23, 2008 (expired unexercised). In addition, at the discretion of the Optionor, the Company would have been required to either issue 250,000 common shares of the Company, or pay $250,000, on or before October 23, 2009 to complete its 100% earn-in. At December 31, 2008, the Company decided not to proceed with the option and wrote off the carrying value of $114,163 in acquisition and exploration costs incurred on the property.

Virginia Silver – Endurance 100% (Annie) Property, British Columbia

The Company acquired a 100% interest in seven mineral claims in the Omineca Mining Division of British Columbia by staking.

The Company entered into a letter agreement dated September 14, 2007 with Mega Silver Inc. (formerly Treat Systems Inc.) ("MEGA"), whereby MEGA could earn a 75% interest in the Virginia Silver and surrounding Annie claims (collectively the "Virginia Silver Property"), comprising 10 claims located in the Smithers region of northwestern British Columbia. To earn its interest, MEGA would have had to make $350,000 ($25,000 received) in cash payments and incur an aggregate of $3 million in expenditures (or make commensurate cash payments) on or before August 7, 2009. MEGA gave notice to the Company to terminate the option in November 2008.

5. MINERAL PROPERTIES (cont'd…)

Dogpaw Property, Ontario

The Dogpaw Property is located in north-western Ontario. The 18 claims were 100% owned by the Company and were acquired by the issuance of 2,000,000 common shares valued at $214,000.

The Company entered into an option agreement dated January 22, 2007 with Houston Lake Mining Inc. ("HLM"), whereby HLM could earn a 100% interest in four claims forming part of the Dogpaw ground, subject to a 2.5% NSR royalty interest that was retained by the Company, in return for a work commitment of $56,000 (incurred) and 100,000 shares of HLM (received with a value of $70,000). HLM fulfilled all of its obligations and earned a 100% interest in the four claims in 2007. The Company retains a 2.5% NSR of which three-fifths of the retained royalty interest may be repurchased by HLM at any time for $500,000 for each one-fifth of such interest.

The Company entered into an option agreement dated April 16, 2007 with Metals Creek Resources Corp. (formerly The Endurance Fund Corporation) ("MEK"), whereby MEK had the right to acquire a 70% interest in the remaining 14 claims comprising the Dogpaw property, in return for a work commitment of $200,000 (incurred) and payment of 400,000 common shares of MEK (received with a value of $152,000) by June 30, 2007. MEK can earn a further 5% ("Second Option") by issuing 50,000 common shares (received with a value of $9,000) and spending additional $250,000 exploration expenditures. MEK has completed the required $200,000 exploration expenditure and earned its 70% interest in the Property in 2007. The Property is now held 70% by MEK and 30% by Endurance. Upon MEK having exercised the Second Option, the parties will form a joint venture for further development of the Property with MEK having a 75% interest and Endurance having a 25% interest. At December 31, 2008, the Company decided not to participate in further exploration work on the property and wrote off the carrying value of $523,075 in acquisition and exploration costs incurred on the property. The Company does not currently intend to participate in future exploration work, if any, and its interest will be diluted.

Pardo Property, Ontario

The Company entered into an option agreement dated September 16, 2005 with three vendors (one of whom is the President of the Company), whereby the Company has the option to earn a 100% interest in the Pardo property located northeast of Sudbury, Ontario. To earn its interest, the Company must make $100,000 ($60,000 paid or accrued) in cash payments and issue 200,000 common shares (100,000 shares issued at a value of $13,750) over a four-year period. The vendors have retained a 3% net smelter return royalty interest, one-half of which may be purchased by the Company for $1,500,000.

Turner Property, Ontario

The Company acquired a 100% interest in seventeen mineral claims in the Sudbury Mining Division of east-central Ontario by staking. At December 31, 2008, the Company decided not to proceed with further exploration work on the property and wrote off the carrying value of $75,849 in acquisition and exploration costs incurred on the property.

Minnitaki Property, Ontario

The Company acquired a 100% interest in three mineral claims in the Minnitaki Lake region of northwestern Ontario by staking. The Company dropped the claims in 2008 and wrote off the carrying value of $4,501 in acquisition and exploration costs incurred on the property.

Hutton Property, Ontario

The Company acquired by staking a 100% interest in a mineral claim in the Sudbury Mining Division of east-central Ontario. At December 31, 2008, the Company decided not to proceed with further exploration work on the property and wrote off the carrying value of $1,577 in acquisition and exploration costs incurred on the property.

Parkin Property, Ontario

The Company acquired by staking a 100% interest in five mineral claims in the Sudbury Mining Division of east-central Ontario. At December 31, 2008, the Company decided not to proceed with further exploration work on the property and wrote off the carrying value of $3,696 in acquisition and exploration costs incurred on the property.

5. MINERAL PROPERTIES (cont'd…)

Long Lac Property, Ontario

The Company acquired by staking a 100% interest in five mineral claims in the Thunder Bay Mining Division of northwestern Ontario.

The Company entered into a purchase agreement dated April 9, 2008 with Kodiak Exploration Limited ("Kodiak"), whereby Kodiak could purchase a 100% interest in the Long Lac Property in Ontario, subject to a 3% NSR royalty interest retained by the Company, for a purchase price of $7,080 (received). At any time, Kodiak may purchase up to two-thirds of the Company's retained royalty interest for $750,000 for each one-third of such interest. The Company wrote off the carrying value of $87 in exploration costs incurred on the property in 2008.

Simmie Property, Saskatchewan

The Company terminated an option agreement, which was entered into on January 30, 2006, as amended September 21, 2006, to acquire an option to earn a 100% interest in the Simmie Gold Project, located southwest of Swift Current, Saskatchewan, by issuing 200,000 shares (60,000 shares issued at a value of $14,000) and incurring $150,000 in exploration expenditures over three years. At December 31, 2007, the Company wrote off the carrying value of $48,005 in acquisition and exploration costs incurred on the property.

6. CAPITAL STOCK

(a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Issued and outstanding:

	Number of Shares	Amount	Contributed Surplus
Balance at December 31, 2006	**17,995,086**	**$ 2,525,976**	**$ 185,285**
Issued for:			
Mineral properties acquisition	130,000	24,250	-
Stock-based compensation	-	-	60,779
Brokered & non-brokered private placement	8,737,600	2,009,648	-
Agent's commission	309,500	71,185	-
Agent's options compensation	-	(48,919)	48,919
Agent's options exercised	400	126	(26)
Share issuance costs	-	(189,901)	-
Flow-through share renunciation	-	(340,586)	-
Balance at December 31, 2007	**27,172,586**	**4,051,779**	**294,957**
Issued for:			
Mineral properties acquisition	40,000	1,000	-
Stock-based compensation	-	-	10,230
Balance at December 31, 2008	**27,212,586**	**$ 4,052,779**	**$ 305,187**

There are no (2007 – 2,156,200) outstanding shares subject to escrow at December 31, 2008. Under the escrow agreement, 15% of the original 7,187,334 shares held in escrow were released every six months from August 4, 2005.

6. CAPITAL STOCK (cont'd…)

Share issuance

During the fiscal year ended December 31, 2008, the Company:

i) Issued 40,000 common shares pursuant to the Pardo property agreement with a value of $1,000, of which 13,334 common shares with a value of $334 were issued to the President of the Company.

During the fiscal year ended December 31, 2007, the Company:

i) Issued 130,000 common shares pursuant to mineral property agreements with a total value of $24,250 as follows:

	Common Shares	Value
Simmie Property, Saskatchewan	40,000	$ 10,000
BQ Property, British Columbia	60,000	9,000
Pardo Property, Ontario	30,000*	5,250
	130,000	$ 24,250

*10,000 common shares with a value of $1,750 were issued to the President of the Company.

ii) Issued 400 common shares at $0.25 per share for proceeds of $100 from the exercise of Agent's options. Accordingly, $26 was transferred from contributed surplus to capital stock.

iii) Completed a non-brokered private placement financing on March 23, 2007, receiving gross proceeds in the aggregate amount of $524,998 by issuing 2,282,600 units ("Units") at a price of $0.23 per Unit. Each Unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share of the Company for a period of up to eighteen months from closing at a price of $0.40.

iv) Completed a brokered private placement financing on March 19, 2007, receiving gross proceeds in the aggregate amount of $1,484,650 by issuing 4,340,000 flow-through shares ("FT shares") at a price of $0.23 per FT share and 2,115,000 non-flow through units ("Units") at a price of $0.23 per Unit. Each Unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share of the Company for a period of up to eighteen months at a price of $0.40. The Company has paid to the Agent a commission of seven percent of the gross proceeds of the brokered placement, paid as to $32,177 in cash and 309,500 units ("Commission Units"), each Commission Unit having the same terms and conditions as the Units. In addition, the Agent was issued 642,000 agent's options (the "Agent's Options"). Each Agent's Option entitles the Agent to acquire one common share of the Company for a period of 18 months from closing at a price of $0.40 per share.

(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 TSX Venture Exchange. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant. The options vest immediately on the date of the grant or otherwise at the discretion of the Board.

6. CAPITAL STOCK (cont'd…)

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

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2006	1,225,000	$	0.25
Options granted	450,000		0.19
Balance, December 31, 2007	1,675,000		0.23
Options granted	150,000		0.12
Options expired	(1,050,000)		0.25
Balance, December 31, 2008	775,000	$	0.18
Number of options currently exercisable	775,000	$	0.18

The following incentive stock options were outstanding and exercisable at December 31, 2008:

Number Outstanding	Exercise Price $	Expiry Date
100,000	0.20	February 2, 2009 (subsequently expired)
75,000	0.26	April 25, 2009
150,000	0.23	March 26, 2010
150,000	0.12	April 1, 2010
50,000	0.23	May 10, 2010
250,000	0.15	October 11, 2012
775,000		

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

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2006	4,375,000	$	0.43
Warrants granted	4,707,100		0.40
Warrants expired	(3,275,000)		0.45
Balance, December 31, 2007	5,807,100		0.40
Warrants expired	(5,807,100)		0.40
Balance, December 31, 2008	-	$	-

There are no (2007 – 642,000) Agent's compensation options outstanding at December 31, 2008. The Agent's compensation options were issued to the Agent in connection with the Company's brokered private placement completed in March 2007, each of which entitles the Agent to purchase one common share of the Company at a price of $0.40 per share until September 20, 2008. The Agent's options were valued at $48,919 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 4.02%, an expected life of 1.5 years, annualized volatility of 108.84% and a dividend rate of 0%).

6. CAPITAL STOCK (cont'd…)

(d) Stock-based compensation

The fair value of options reported as compensation expense during the period has been estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	2008	**2007**
Description		
Expected dividend yield	0.0%	0.0%
Risk free interest rate	2.77%	4.18%
Expected stock price volatility	103.16%	119.41%
Expected life of options	2 years	3 years
Weighted average fair value	$0.066	$0.13

Based on the foregoing, stock-based compensation expense of $10,230 (2007 - $60,779) was recorded for options that vested during the year. The off-setting credit was recorded in Contributed Surplus.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the year for income taxes	$ -	$ -
Cash paid during the year for interest	$ -	$ -

Supplementary disclosure of non-cash investing and financing activities:

	2008	**2007**
Shares issued for mineral properties	$ 1,000	$ 24,250
Shares received for mineral properties optioned to third parties	9,000	222,000
Stock-based compensation	10,230	60,779
Agent's compensation options	-	48,919
Agent's common share units	-	71,185
Amortization costs of field equipment in mineral properties	2,508	2,509

Incurred mineral property expenditures of $16,092 through accounts payable (2007 - $80,096).

8. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is $10,000 (2007 - $22,279) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended December 31, 2008, the Company entered into the following related party transactions:

a) Paid or accrued to companies controlled by an officer and a director of the Company an aggregate of $48,500 (2007 - $72,000) for geological fees included in general exploration and mineral property expenses and $118,000 (2007 - $98,200) for management fees.

b) Paid a company controlled by a Company director an aggregate of $2,850 (2007 - $nil) for consulting fees.

c) Paid a company with a common director an aggregate of $26,619 (2007 - $23,352) for rent.

d) Issued 13,334 common shares with a value of $334 (2007 – 10,000 common shares with a value of $1,750) and accrued an amount of $10,000 (2007 - $5,000 paid) to the President of the Company under an option agreement on the Pardo Property (see Note 5).

e) During the year ended December 31, 2007, certain directors and an officer of the Company subscribed for a total of 1,948,034 non-brokered private placement units of the Company at a price of $0.23 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant was exercisable at $0.40 into one common share until September 2008.

The amounts charged to the Company for the transactions provided have been determined by negotiations amongst the parties and, in certain cases, are covered by signed agreements. 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

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 meets its contractual obligations. The Company’s credit risk is limited to the carrying amount on the balance sheet and arises from the Company’s cash, marketable securities, receivables and reclamation bonds.

The Company’s cash, marketable securities, and reclamation bonds are held through a Canadian chartered bank and brokerage firm, which are high-credit quality financial institutions. The Company’s receivables primarily consist of goods and services tax due from Federal 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 December 31, 2008, the Company had a cash balance of $89,211 to settle current liabilities of $47,118. 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.

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

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 institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States of America by using the US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying value of cash, marketable securities, receivables, reclamation bonds, 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's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company includes shareholders' equity and working capital in the definition of capital.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company and its subsidiary are not exposed to any externally imposed capital requirements.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2008		2007
Loss before income taxes	$	(2,221,541)	$	(377,821)
Expected income tax (recovery)	$	(688,678)	$	(128,913)
Items not deductible for tax purposes		552,261		64,310
(Recognized) unrecognized benefit of non-capital losses		(60,083)		(160,593)
Total income taxes (recovery)	$	(196,500)	$	(225,196)

11. INCOME TAXES (cont'd…)

The significant components of the Company's future tax assets (liabilities) are as follows:

		2008		2007
Future tax assets (liabilities):				
Financing costs	$	46,000	$	75,700
Loss carry forwards		255,000		146,200
Marketable securities		21,000		6,700
Mineral properties		39,500		(426,700)
Equipment		2,500		1,600
Future tax assets (liabilities)		364,000		(196,500)
Less: Valuation allowance		(364,000)		-
Net future tax assets (liabilities)	$	-	$	(196,500)

The Company has available for deduction against future taxable income non-capital losses of approximately $981,000. These losses, if not utilized, will expire through to 2028. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of non-capital losses have been offset by a valuation allowance due to the uncertainty of their realization.

Flow-through Expenditures

Under the Canadian *Income Tax Act* a company may issue securities referred to as flow-through shares, whereby the investors may claim the tax deductions arising from the qualifying expenditure (Canadian Exploration Expense) of the proceeds by the company. When resource expenditures are renounced to the investors and the company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), thereby reducing share capital. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

During the current year, the Company issued nil (2007 - 4,340,000) common shares on a flow-through basis for gross proceeds of $Nil (2007 - $998,200). The Company recognized a future income tax liability of $Nil (2007 - $196,500) and a charge of $Nil (2007 - $340,586) to capital stock and a recovery of $196,500 (2007 - $225,196) of future income tax.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment in Canada, being the exploration and development of mineral properties.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2008:

(a) The Company announced a non-brokered private placement of 8,000,000 Units at a price of $0.05 per Unit for gross proceeds of $400,000 with four directors, an officer and a consultant of the Company. Each Unit consists of one common share and one share purchase warrant, each such warrant entitling the holder to acquire one common share of the Company for a period of up to twelve months from closing at a price of $0.10 per share. The financing is subject to regulatory approval.

13. SUBSEQUENT EVENTS (cont'd…)

(b) The Company, through its 100% owned U.S. subsidiary, Endurance Resources Inc., signed an Property Option Agreement with The Carter Land Company, whereby in consideration of US$24,000 (US$12,000 paid and US$12,000 due on or before August 17, 2009), the Company has the option to enter into a Lease Agreement on certain coal properties in Sandy River Magisterial District of McDowell County, West Virginia, on or before February 17, 2010. In connection with the option agreement, the Company agreed to issue 400,000 common shares as a finder's fee, payable in two tranches, 200,000 shares upon acceptance of the transaction by the TSX Venture Exchange, and the remaining 200,000 shares upon execution of the Lease Agreement. The transaction is subject to regulatory approval.

(c) The Company granted 1,700,000 incentive stock options to directors, an officer and a consultant of the Company, exercisable at $0.10 a share expiring February 24, 2014.

(d) The Company, through its 100% owned U.S. subsidiary, Endurance Resources Inc., acquired by staking a 100% interest in 45 claims in the Rattlesnake Hills, Natrona County, Wyoming, USA.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2008

This Management's Discussion and Analysis ("MD&A") has been prepared as of March 31, 2009 (the "Report Date"), and contains information up to and including the Report Date. It reviews the activities of Endurance Gold Corporation ("Endurance", or the "Company"). It should be read in conjunction with the audited consolidated financial statements of Endurance for the year ended December 31, 2008, together with the related notes thereto. The accompanying audited consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. All monetary amounts are in Canadian dollars. Additional information relating to the Company is available for viewing on the Company's profile on SEDAR at www.sedar.com.

Overview

Endurance (formerly 6172342 Canada Ltd.) was incorporated under the provisions of the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. Endurance is a company focused on the exploration and development of precious metal properties in North America. The Company's common shares have been listed and traded on the TSX Venture Exchange under the symbol "EDG" since August 4, 2005.

The Company's properties are in the exploration stage and the Company has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the mineral properties and upon future profitable production or proceeds from the disposition thereof.

The Company formed a 100% owned U.S. subsidiary, Endurance Resources Inc., on October 28, 2008 to acquire and evaluate several exploration project opportunities in the United States.

Carter Coal Property Acquisition, West Virginia

In February 2009, the Company, through its 100% owned U.S. subsidiary, Endurance Resources Inc., executed a one year Option to Lease Agreement to explore for and potentially develop and mine metallurgical coal on the Carter Land Company's 2,600 acre privately owned property, located three miles south of the town of Iaeger, in southern West Virginia, USA. Consideration totaling US$24,000, of which US$12,000 has been paid, is due in two six month installments. The Option provides the Company a one year period in which to explore for and potentially define resources on the large property, at which point it may execute a five year mining lease, automatically renewable for an additional five years, in which to commence mining commercially viable coal deposits. Terms of the lease are an annual Advance Royalty Payment of US$24,000, credited against a royalty payable to the Lessor, of five percent (5%) of the average gross selling price per net ton of coal mined from underground and eight percent (8%) on coal mined from open pit operations. A Finder's Fee is payable to individuals who identified the project and assisted in securing the Option to Lease Agreement. The fee is payable in two tranches, 200,000 shares upon acceptance by the TSX Venture Exchange of the transaction, and the remaining 200,000 shares upon execution of the Lease Agreement. The transaction was approved by the TSX Venture on March 31, 2009.

The property covers a portion of the historic Flat Top-Pocahontas Coal Field, which has seen in excess of 3.5 Billion tons of coal production dating back to the 1880's, and is one of the highest quality metallurgical coal fields in the world. Because of the long mining history in the region, coal bed deposit setting and stratigraphy are well documented. Based on historic mining operations on the property itself, and in the immediate area, as well as gas well drill logs and West Virginia Geological Survey mapping data, the potential for five coal seams are believed to exist on the property, encompassed within a vertical stratigraphic sedimentary package of approximately 1,000 feet. That succession ranges from approximately 1,800 feet ASL, and approximately 200 feet below height of land, to 800 feet above sea-level ("ASL"), and approximately 200 feet below local river drainage. The vast majority of these beds would be accessible by adit entry at their respective outcropping elevations. All coal seams are essentially flat lying. The beds include:

<u>The Douglas Coal Seam</u>

The Douglas Coal Seam (also known as the "Red Ash" Seam) outcrops on the property at an elevation of between 1,600 and 1,800 feet ASL. Based on West Virginia Geologic Survey records, the seam has seen underground production from over 21 mines on the property, largely during the 1960's but as recently as the late 1990's. Total historic production tonnage is unknown, as are remaining resources. Those figures will be quantified as part of a major property compilation in progress, and through diamond drilling by the Company. Mining records are incomplete but suggest the seam is approximately 2.5 feet thick. Raw coal quality data published for the seam (Keystone Coal Industry Manual, McGraw Hill, 1980) indicates a mean BTU value of 14,450, a Sulphur Content of 1.0%, an Ash Content of 6.5%, and Volatility Matter of 26.1%. These parameters define the coal as a "Mid-Vol", high BTU coal amenable to coking.

The Iaeger Coal Seam

The Iaeger Coal Seam, based on known county stratigraphy and limited intercepts in gas well logs, occurs approximately 300 feet below the Douglas Seam. There has been no production from the Iaeger seam on the property, but this seam has been a major contributor to past production in McDowell County, and state-wide has been a prominent coal seam with an original reserve base in excess of 1.6 billion tons. Published data for the seam in McDowell County suggest thicknesses in the 2 to 4 foot range. Raw coal quality data (from Keystone) indicates a mean BTU value of 15,120, a Sulphur Content of 0.7%, an Ash Content of 3.8%, and Volatility Matter of 24.3%. Again, these parameters define the coal as "Mid-Vol", low sulphur, high BTU coal, amenable to coking.

The Sewell Coal Seam

The Sewell Coal Seam, based on known county stratigraphy, occurs approximately 350 feet below the Iaeger Seam. There is no past production from this seam on the property, or known outcropping occurrences, such that its presence and delineation will require mapping and drilling to quantify. State-wide the seam has an original reserve base of 6.3 billion tons, and has been one of the major producing seams in West Virginia. Published state-wide data for the seam suggests a variable thickness of between 0 and 10 feet. Raw coal quality data (from Keystone) indicates a mean BTU value 14,700, a Sulphur Content of 0.6%, an Ash Content of 6.2%, and Volatility Matter of 20.8%. These parameters define the Sewell Seam as "Low-Vol", low sulphur, high BTU coal amenable to coking.

The Beckley Coal Seam

The Beckley Seam, based on known county stratigraphy, occurs approximately 260 feet below the Sewell Seam. There is no past production from this seam on the property, or known outcropping occurrences, such that its presence and delineation will require mapping and drilling to quantify. State-wide the seam has an original reserve base of 2.02 billion tons, and has been a significant contributor to production in West Virginia. State-wide published data for the seam suggest a variable thickness of between 0 to 10 feet. Raw coal quality data (from Keystone) indicates a mean BTU value 14,110, a Sulphur Content of 0.7%, an Ash Content of 9.6%, and Volatility Matter of 17.7%. These parameters define the Beckley Seam as "Low-Vol", low sulphur, high BTU Coal amenable to coking.

The Fire Creek Coal Seam

The Fire Creek Seam, based on known county stratigraphy, occurs approximately 112 feet below the Beckley Seam. There is no past production from this seam on the property, or known outcropping occurrences as the seam is below drainage, and as such its presence and delineation will require drilling to quantify. State-wide the seam has an original reserve base of 2.52 billion tons, and has been a significant contributor to production in West Virginia. State-wide published data for the seam suggest a variable thickness of between 0 and 5 feet. Raw coal quality data (from Keystone) indicates a mean BTU value 14,600, a Sulphur Content of 0.8%, an Ash Content of 6.8%, and Volatility Matter of 18.4%. These parameters define the Fire Creek Seam as "Low-Vol", low sulphur, high BTU Coal amenable to coking.

Apart from the five seams discussed above, detailed stratigraphic mapping and previous mine-production in McDowell County suggest the potential for additional lesser seams within this 1,000 foot stratigraphic assemblage.

Local infrastructure is exceptional. The Dry Fork River forms the eastern boundary of the property, along which runs a paved highway, a regional rail line, and grid power lines. The small communities of Union City and Avondale are located along the highway on this eastern property boundary. Both communities and the larger town of Iaeger are historic coal mining centres and coal mining continues as the largest local employer in the area. Importantly, only 1.5 miles north of the town of Iaeger and 4.5 miles north of the property, Alpha Natural Resources, America's largest producer of metallurgical coal, has a large coal preparation plant and rail load-out facility at Litwar, West Virginia.

Endurance has initiated the permitting process in advance of a planned 5 to 6 hole, 5,000 to 6,000 foot diamond drilling program on the property. That program will determine the presence, areal extent and thickness of the targeted five seams, test the potential for other intermediary seams within the stratigraphic section, and provide detailed coal quality data. The drilling data will also provide initial rock quality data for the hanging and foot walls to the coal seams and assist in preliminary engineering assessments of mineability.

Pending permitting progress, the drilling program is expected to commence in May 2009.

Rattlesnake Hills Property Acquisition, Wyoming

In February 2009, the Company, through its 100% owned U.S. subsidiary Endurance Resources Inc., acquired by staking a 100% interest in five properties totaling 45 claims and 930 acres in the Rattlesnake Hills area of Wyoming. The properties are located in close proximity to the recently announced gold discovery by Evolving Gold Corporation on the North Stock Target of its Discovery Project. At that location, announced drill results include intercepts of 2.92 grams per tonne gold ("gpt Au") over 146.3 metres (Hole RSC-003), 2.74 gpt Au over 131.1 metres (Hole RSC-007), and 0.90 gpt Au over a composite interval of 359.6 metres (Hole RSC-012). The Endurance properties cover areas mapped as being underlain by Tertiary alkalic intrusions, emplaced into PreCambrian aged metavolcanics. The geological environment is identical to that hosting the Evolving Gold discoveries. The Company plans to complete a first pass reconnaissance scale evaluation of the properties in the second quarter of 2009.

Financing Activities

In February 2009, the Company announced a non-brokered private placement of 8,000,000 Units at a price of $0.05 per Unit with four directors, an officer and a consultant of the Company. Each Unit comprises of one common share and one share purchase warrant, each such warrant entitling the holder to acquire one common share of the Company for a period of up to twelve months from closing at a price of $0.10 per share. The proceeds will be used to advance the Carter Metallurgical Coal Project and for general working capital. The financing closed on March 31, 2009.

Exploration Activities

The Company incurred approximately $550,000 ($900,000 in 2007) in exploration expenditures in 2008. The Company's exploration efforts during 2008 were primarily focused on the Pardo Project in Ontario and the BQ Project in British Columbia. The following summarizes the significant events and transactions in the mineral projects during the period.

Pardo Project, Ontario

The Pardo Project is located 65 kilometres northeast of Sudbury, in east-central Ontario. The Company is earning a 100% interest in the property, subject to a 3% NSR, by making cash payments totaling $100,000 and issuing 200,000 shares by November 16, 2009. As of the date of this report, the Company has made or accrued cash payments totaling $60,000 and issued 100,000 shares at a value of $13,750 to three vendors (Duncan McIvor, the President and CEO of the Company, is a minority underlying vendor of the Pardo Property).

During the period May 27 through July 7, 2008, the Company completed a 41 hole, 973.3 metre diamond drilling program on the Pardo Property. The Pardo Property covers a large area of flat lying, Proterozoic age, pyritic quartz pebble dominant conglomerates, which rest unconformably on Archean age metasediments. The best intercepts of gold mineralization encountered to date (3.5 gpt Au across 13 metres in surface channel sampling, and 1.67 gpt Au over 8.4 metres in vertical drill holes) is spatially associated with both pyrite mineralization and the unconformity. The property is comprised of 2,864 hectares, of which only a small portion had been drill tested prior to this program.

The drilling program was designed to test a series of north-south trending, strong Induced Polarization ("IP") chargeability anomalies over an area measuring 2 kilometres by 2 kilometres, in an effort to understand the potential size of the target horizon, as well as gain an enhanced understanding of the property scale stratigraphy.

Results from this year's program were summarized in the Second Quarter Management's Discussion and Analysis and in News Release 08-10, dated August 11, 2008. Important data generated by this year's drilling include;

- Thirty-three of the forty-one holes drilled on the property intersected the targeted basal conglomerate horizon. Thicknesses ranged from 0.87 metres to 32.64 metres. Pyrite content ranged from <0.5% to in excess of 15%.

- Drilling in several locations intersected an upper conglomerate horizon, separated from the basal sequence by a relatively thick, pyritic quartzite layer.

- Nineteen of the forty-one holes returned "significantly anomalous" gold values, defined as values in excess of 0.50 gpt Au.

- Thirty-six of forty-one holes returned "anomalous" gold values, defined as values in excess of 0.10 gpt Au.

A complete hole by hole summary of the location, depth, geology, and all analytical results are posted on our website at **www.endurancegold.com**, as is a 1:2500 scale map illustrating hole locations plotted on an IP chargeability plan map.

During 2009, the Company plans to complete on-going petrographic, petrologic and stratigraphic studies, to better understand gold distribution within the large sedimentary basin. The National Science Research Council has also agreed to fund a study by Laurentian University on these aspects and the genesis of gold mineralization on the Pardo property. A limited program of bulk sampling will also take place, in order to correlate grades for large sample with those returned from individual drill holes. That work will lay the framework for a geostatistical correlation of drill hole assays to contained gold, and assist in all future drill program planning.

The Company has been in discussions with several groups regarding the possible joint venture of the project, but to date has not concluded any such arrangement.

BQ Project, British Columbia

The BQ Project is located 25 kilometres northwest of Smithers, in northwestern British Columbia. Endurance was earning a 100% interest in the property, subject to a 3% NSR, by making cash payments totaling $70,000 (of which $32,500 has been paid) and issuing 250,000 shares (of which 100,000 have been issued) by September 27, 2008.

During the second quarter, the Company completed a four hole, 627.9 metre diamond drilling program on the property, which covers a large Eocene aged felsic intrusive, emplaced into a sequence of older epiclastic and volcanoclastic sediments. The results of that program failed to identify significant mineralization.

As a result of a combination of factors, including the inability to negotiate an extension of payments to the underlying vendors, on-going uncertainty regarding First Nations interests, and the generally negative investment climate, the Company terminated its option in the third quarter and wrote off the carrying value of $1,005,824 in acquisition and exploration costs incurred on the BQ Property. The Company retains a 100% interest in ten claims totaling 4,123 hectares that were not subject to the option agreement. No exploration work is envisioned on those claims through 2009.

Nechako Project, British Columbia

No work was completed on the Nechako Project during the reporting period. The project is currently the subject of a joint venture between the Company (69%) and Amarc Resources Ltd. (31%). Subsequent to year end the Company made a cash payment of $8,122 in lieu to the British Columbia government to maintain certain Nechako claims in good standing through July 4, 2009. The Company, on receipt of sufficient funding, plans to complete a small diamond drilling program in late 2009.

Turner Project, Ontario

The Turner Project currently comprised of one, 100% owned claim totaling 256 hectares, is located 40 kilometres north-northwest of the Pardo Project, in east-central Ontario. Subsequent to year end, the Company allowed 14 claims totaling 2,800 hectares to lapse, having completed insufficient assessment work to hold the large property. That decision was based on modest exploration results returned during 2007.

No work was completed on the property during the reporting period, and none is envisioned through the balance of 2009. At December 31, 2008, the Company wrote off the carrying value of $75,849 in acquisition and exploration costs incurred on the property.

Dogpaw Project (Metals Creek Exploration Option), Ontario

Metals Creek Exploration is in the process of earning an additional 5% interest (to 75%) in the property, through completion of an additional $250,000 in exploration expenditures prior to February 28, 2009. Results of that work will be reported as received.

Virginia Silver Property, British Columbia

Mega Silver Inc. formerly had an option to earn a 75% interest in the Virginia Silver and surrounding Annie claims (collectively the "Virginia Silver Property"), comprising 10 claims totaling 3,041 hectares. The property is located in the Smithers region of northwestern British Columbia. To earn its interest, Mega Silver was required to make $350,000 ($25,000 received) in cash payments to the Company and incur an aggregate of $3,000,000 in expenditures (or make commensurate cash payments to the Company) on or before August 7, 2009. During the reporting period, Mega Silver completed a program of ground induced polarization surveys, followed by a six hole diamond drilling program on the property, at a cost of $253,813. The results of the drilling were largely negative, and Mega Silver terminated its option on November 4, 2008.

Subsequent to year end, the Company terminated its option agreement on the three Virginia Silver claims with an underlying vendor on March 11, 2009. The Company retains a 100% interest in the seven adjoining Annie claims, totaling 2,966 hectares.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2008, 2007 and 2006 is summarized in the table below.

	2008 $	2007 $	2006 $
Total revenues	Nil	Nil	Nil
Net income (loss) for the year	(2,025,041)	(152,625)	79,133
Basic and diluted gain (loss) per share	(0.08)	(0.01)	0.00
Total assets	1,723,231	4,016,270	2,340,992
Long-term Income Tax Liability	Nil	196,500	81,110
Cash dividends declared per share	Nil	Nil	Nil

Results of Operations

The Company's net loss for the year ended December 31, 2008 was $2,025,041 or $0.08 per common share, compared to a net loss of $152,625 or $0.01 per common share in 2007.

The net loss in 2008 is inclusive of a write-off of $1,732,166 (2007 - $48,005) in mineral property costs, a realized loss on sales of marketable securities of $3,070 (2007 - $nil), an unrealized loss on marketable securities of $136,332 (2007 - $25,000), and interest income of $17,166 (2007 - $45,196). The net loss in 2008 is also inclusive of a non-cash future income tax recovery of $196,500 (2007 - $225,196) that relates to the prior year's renouncement of flow-through expenditures to investors (see notes 6 and 11 to the audited consolidated financial statements). The renouncement had no effect on cash.

Excluding these write-offs and the non-recurring tax items, the net loss in the 2008 fiscal year would have been $367,139 (2007 - $350,012), an increase of $17,127. The variance was mainly attributable to:

- Corporate communications expenses totaled $81,560 (2007 - $41,711), an increase of $39,849. The increase in the corporate communication expense was mainly due to the Company retaining an investor relations firm, RenMark Financial Communications Inc., to handle its investor relations activities from February to July 2008. The investor relations firm was paid a total amount of $42,000 (2007 - $nil) during the current year.
- Stock-based compensation expense (a non-cash charge) of $10,230 (2007 - $60,779), incurred as a result of the vesting of 150,000 (2007 – 450,000) stock options granted in the current year.
- Management fees totaled $118,000 (2007 - $98,200), an increase of $19,800. In the current year, an additional $48,500 (2007 - $72,000) in management fees was capitalized to mineral properties.
- Office and administrative expenses totaled $58,898 (2007 - $49,041), which amount included rent expenses of $26,619 (2007 - $23,352), insurance expenses of $20,016 (2007 - $18,504) and Part XII.6 tax expenses on unspent flow through funds of $1,612 (2007 - $nil).

Most other operating expenses in the current year were at levels similar to the comparable period in 2007.

Fourth Quarter Comparison

For the three months ended December 31, 2008, the Company incurred a net loss of $635,673, or $0.02 per common share, compared to a net income of $94,536 or $0.00 per common share for the same quarter in 2007.

The net loss in the fourth quarter in 2008 is inclusive of a write-off of $717,388 (2007 - $2,000) in mineral property costs, a realized loss on sales of marketable securities of $120 (2007 - $nil), an unrealized loss on marketable securities of $30,332 (2007 - $25,000), interest income of $539 (2007 - $9,736). The net loss in the fourth quarter in 2008 is also inclusive of a non-cash future income tax recovery of $196,500 (2007 - $225,196), which is a future tax adjustment that relates to the prior year's renouncement of flow-through expenditures to investors (see notes 6 and 11 to the audited financial statements). There is no effect on cash.

Excluding these write-offs and the non-recurring tax items, the Company would have incurred a net loss of $84,872 for the three months ended December 31, 2008 as compared to $113,396 in the same quarter in 2007. The decrease was mainly attributable to:

- Stock-based compensation expense (a non-cash charge) of $nil (2007 - $30,925), incurred as a result of the vesting of nil (2007 – 250,000) stock options granted during the current quarter.
- Corporate communications expense decreased by $11,051 to $340 (2007 - $11,391) due to decreased investor relations activities during the current quarter.
- Business development and property investigation expenses increased by $18,240 to $26,026 (2007 - $7,786), due to increased activities during the current quarter.
- Management fees totaled $17,500 (2007 - $26,000), a decrease of $8,500. During the current quarter an additional $7,500 (2007 - $14,000) in management fees were capitalized to mineral properties. The decrease in the expenses during the current quarter was mainly due to the President of the Company waiving his November and December compensation, totaling $20,000.

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter for the three months ending on December 31, 2008 are summarized in the table below.

Quarter Ended: / Year:	Dec. 31 2008	Sept. 30 2008	June 30 2008	Mar. 31 2008	Dec. 31 2007	Sept. 30 2007	June 30 2007	Mar. 31 2007
Net sales or total revenue ($000s)	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Income (loss) from continuing operations:								
(i) in total (000s)	$(636)	$(1,141)	$(164)	$(84)	$95	$(68)	$(64)	$(115)
(ii) per share[1]	$(0.02)	$(0.04)	$(0.01)	$(0.00)	$0.00	$(0.00)	$(0.00)	$(0.01)
Net income or loss:								
(i) in total (000s)	$(636)	$(1,141)	$(164)	$(84)	$95	$(68)	$(64)	$(115)
(ii) per share[1]	$(0.02)	$(0.04)	$(0.01)	$(0.00)	$0.00	$(0.00)	$(0.00)	$(0.01)

(1) Basic and diluted losses per share are the same, as the effect of potential issuances of shares under stock option agreements would be anti-dilutive.

- The net loss reported in Q4 of 2008 includes a write-down of $717,388 in mineral property costs, an unrealized loss on marketable securities of $30,332, and a future income tax recovery of $196,500 due to an adjustment related to the renouncement of $998,200 flow-through expenditures to investors in prior year.
- The net loss reported in Q3 of 2008 includes a write-down of $1,010,191 in mineral property costs and an unrealized loss on marketable securities of $68,000.
- The net loss reported in Q2 of 2008 includes a write-down of $87 in mineral property costs, an unrealized loss on marketable securities of $66,900 and a stock-based compensation expense of $10,230 incurred as a result of the vesting of 150,000 stock options granted.
- The net loss reported in Q1 of 2008 includes a write-down of $4,501 in mineral property costs and an unrealized gain on marketable securities of $28,900.
- The net income in Q4 of 2007 includes a potential future tax effect and an adjustment of $225,196 related to the renouncement of $998,200 of flow-through expenditures to investors in December 2007, and a stock-based compensation expense of $30,925 as a result of the vesting of 250,000 stock options granted.
- The net income in Q3 of 2007 includes a write-down of $46,005 in mineral property costs.
- The net loss reported in Q2 of 2007 includes a stock-based compensation expense of $6,520 incurred as a result of vesting of 50,000 stock options granted.
- The net loss reported in Q1 of 2007 includes a stock-based compensation expense of $23,334 incurred as a result of the vesting of 150,000 stock options granted.

The operating results of junior exploration companies typically demonstrate wide variations from period to period. These variances arise from fluctuations in such costs as stock-based compensation, exploration costs expensed or written down, professional fees, listing and transfer agent fees, corporation communications and office expenses. Management of the Company believe that meaningful information about our operations cannot be derived from an analysis of quarterly fluctuations unless the reader examines in more detail the information presented in the quarterly and annual financial statements. See "Results of Operations".

Liquidity and Capital Resources

The mineral properties of the Company are in the exploration stage and, as a result, the Company has no operations that generate cash flow. The Company finances its activities primarily by the sale of its equity securities or from the sale of an interest in its properties in whole or in part.

The Company does not use debt financing to fund its property acquisitions and exploration activities and has no current plans to use debt financing.

The Company has no stand-by credit facilities, or any off-balance sheet arrangements and it does not use hedges or other financial derivatives.

Cash and Financial Conditions

The Company's cash position was $89,211 at December 31, 2008 ($979,783 at December 31, 2007), a decrease of $890,572. The Company had working capital of $93,514 at December 31, 2008, as compared to $1,116,268 at December 31, 2007.

The Company's current working capital position may not provide it with sufficient liquidity to meet its current and future exploration activities. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the equity markets. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its properties.

Investing Activities

During the year ended December 31, 2008, the Company's cash flow used for investing activities was $612,754 (2007 - $855,386) in mineral properties, all of which represented acquisition and exploration costs that were capitalized, $nil (2007 - $9,445) in equipment purchases, and $5,000 (2007 - $5,000) for reclamation bonds.

Financing Activities

There was no financing activity during 2008.

During 2007, the Company completed two financings and received gross proceeds of $2,009,648 by issuing 4,340,000 flow-through shares ("FT shares") at a price of $0.23 per FT share and a total of 4,397,600 non-flow through units ("Units") at a price of $0.23 per Unit. Each Unit consists of one common share and one share purchase warrant entitling the holder to purchase one common share of the Company for a period of up to eighteen months at a price of $0.40 per share. The Company also received $100 from the exercise of agents' options.

Outstanding share data as at the Report Date:

Subsequent to year end, the Company granted 1,700,000 incentive stock options to directors, officers and consultants of the Company under the Company's stock option plan. The options are exercisable at $0.10 per share for a period of five years from the date of grant and are subject to the policies of the TSX Venture Exchange.

On the Report Date, the Company had 35,412,586 common shares outstanding or 45,787,586 shares on a fully diluted basis as follows:

	No. of Shares	Exercise Price	Expiry Date
Employees Stock Options	2,375,000	$0.10 - $0.26	April 25, 2009 to February 24, 2014
Warrants	8,000,000	$0.10	March 31, 2010

Transactions with related parties

Included in accounts payable and accrued liabilities is $10,000 (2007 - $22,279) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended December 31, 2008, the Company entered into the following related party transactions:

(a) Paid or accrued to companies controlled by an officer and a director of the Company an aggregate of $48,500 (2007 - $72,000) for geological fees included in general exploration and mineral property expenses and $118,000 (2007 - $98,200) for management fees.

(b) Paid a company controlled by a Company director an aggregate of $2,850 (2007 - $nil) for consulting fees.

(c) Paid a company with a common director an aggregate of $26,619 (2007 - $23,352) for rent.

(d) Issued 13,334 common shares with a value of $334 (2007 – 10,000 common shares with a value of $1,750) and accrued an amount of $10,000 (2007 - $5,000 paid) to the President of the Company under an option agreement on the Pardo Property (see Note 5 to the audited consolidated financial statements for the year ended December 31, 2008).

(e) During the year ended December 31, 2007, certain directors and an officer of the Company subscribed for a total of 1,948,034 non-brokered private placement units of the Company at a price of $0.23 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant was exercisable at $0.40 into one common share until September 2008.

The amounts charged to the Company for the transactions provided have been determined by negotiations amongst the parties and, in certain cases, are covered by signed agreements. 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.

New accounting policies adopted

Assessing Going Concern

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1400, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. The Company has included the disclosure recommended by the new handbook section in Note 1 to the audited consolidated financial statements for the year ended December 31, 2008.

Capital Disclosures

Effective January 1, 2008, the Company implemented the new CICA Handbook Section 1535 "Capital disclosures". This section 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 non-compliance. The Company has included the disclosure recommended by the new handbook section in Note 10 to the audited consolidated financial statements for the year ended December 31, 2008.

Financial Instruments

Effective January 1, 2008, the Company implemented the new CICA Handbook Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation.* These two standards replace the current standard, "Financial Instruments – Disclosure and Presentation" (Section 3861), 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 those risks are managed. The Company has included the disclosure recommended by the new handbook section in Note 10 to the audited consolidated financial statements for the year ended December 31, 2008.

Recent Accounting Pronouncements

Goodwill and intangible assets

The Canadian Accounting Standards Board ("AcSB") issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Financial Instruments and Risk

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 meets its contractual obligations. The Company's credit risk is limited to the carrying amount on the balance sheet and arises from the Company's cash, marketable securities, receivables and reclamation bonds.

The Company's cash, marketable securities, and reclamation bonds are held through a Canadian chartered bank and brokerage firm, which are high-credit quality financial institutions. The Company's receivables primarily consist of goods and services tax due from Federal 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 December 31, 2008, the Company had a cash balance of $89,211 to settle current liabilities of $47,118. 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 institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States of America by using the US dollar currency from its Canadian dollar bank accounts. Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

Sensitivity analysis

The carrying value of cash, marketable securities, receivables, reclamation bonds, 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.

Risk Factors Relating to the Company's Business

As a company active in the mineral resource exploration and development industry, the Company is exposed to a number of risks.

Exploration Stage Operations

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. The Company has implemented comprehensive safety and environmental measures designed to comply with government regulations and ensure safe, reliable and efficient operations in all phases of its operations. The Company maintains liability and property insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

All of the Company's properties are still in the exploration stage. Mineral exploration and exploitation involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines.

Mineral exploration in various jurisdictions may involve consultation with First Nations groups. The Company endeavours to consult with such groups on a good faith basis, however, there are no guarantees the consultation process will result in decisions acceptable to all parties. The risk of unforeseen aboriginal title claims and disputes could affect the Company's existing operations as well as development projects and future acquisitions.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that commercial quantities of ore will be discovered. Even if commercial quantities of ore are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company.

There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with other companies with greater technical and financing resources than itself with respect to acquire properties of merit, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Changeover Plan to International Financial Reporting Standards ("IFRS")

In February 2008, the AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating the impact of adopting IFRS at the changeover date. The International Accounting Standard Board (IASB) will also continue to issue new accounting standards during the conversion period, and as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable at the conversion date are known.

For the Company, the changeover to IFRS will be required for interim and annual financial statements beginning on January 1, 2011. As a result, the Company will begin to develop a plan to convert its Consolidated Financial Statements to IFRS. The Company will provide training to key employees and will be monitoring the impact of the transition on its business practices, systems and internal controls over financial reporting.

Outlook

The Company completed a non-brokered private placement in March 2009 raising gross proceeds of $400,000. The funds will be used to advance the Carter Coal Property, where a drilling effort is expected to commence in May/June 2009, on receipt of all applicable permits. A portion of the funds will also be used to complete a first pass reconnaissance exploration program on the Rattlesnake Hills properties in Natrona County, Wyoming, and for general working capital.

The Company will need to raise additional funds in the short term, both to significantly advance its property portfolio, and to meet all 2009 estimated G & A expenditures. Additional funding would also allow the on-going review of potential new acquisitions, in a climate where numerous exceptional opportunities exist. The Company is working to secure those funds, both from conventional equity financing sources, and from private investors and major mining corporations. Failure to raise such funds on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its properties.

Forward-Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; inability to fund the Company's share of costs incurred under joint venture agreements to which it is a party, and reduction or elimination of its joint venture interest as a result; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring of its properties, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as the marketability of mineral products produced from the Company's properties, government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production; the availability of experienced contractors and professional staff to perform work in a competitive environment and the resulting adverse impact on costs and performance and other risks and uncertainties, including those described in each management's discussion and analysis of financial condition and results of operations. In addition, forward-looking information is based on various assumptions including, without limitation, assumptions associated with exploration results and costs and the availability of materials and skilled labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.