ENDURANCE GOLD CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
For the year ended December 31, 2012

This Management's Discussion and Analysis ("MD&A") has been prepared as of April 3, 2013 (the "Report Date"), and contains information up to and including the Report Date. This MD&A reviews the operating results and financial position of Endurance Gold Corporation and its U.S. subsidiary ("Endurance", or the "Company") for fiscal year 2012 as compared with fiscal year 2011. It should be read in conjunction with the audited consolidated financial statements ("Consolidated FS") of Endurance for the year ended December 31, 2012, together with the related notes thereto. The accompanying audited Consolidated FS are prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are in Canadian dollars. Additional information relating to the Company is available for viewing on the Company's website at www.endurancegold.com or 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 mineral properties in North America. The Company's current commodity focus is on gold, rare earth minerals, nickel and copper. The Company's common shares have been listed and traded on the TSX Venture Exchange (the "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 exploration and evaluation assets 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 exploration and evaluation assets and upon future profitable production or proceeds from the disposition thereof.

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

Exploration Activities

The Company incurred $367,480 in acquisition and exploration expenditures, which amount was partially offset by option payments of $84,730 and recovered exploration expenditures of $160,862 received from optionees during the current year. The costs were primarily related to the Company's expenditures on the Bandito Property in the Yukon, and the McCord Gold Property in Alaska.

Considerable effort has been directed at the evaluation of new acquisition opportunities for the Company with evaluation primarily focused on the Americas.

Dollar amounts stated in this document are expressed in Canadian currency unless otherwise indicated.

Bandito Property, Yukon, Canada (100% interest)

The Bandito Property is currently 257 claims covering approximately 5,400 hectares. In August 2010, the Company entered into an option agreement ("Option Agreement") with True North Gems Inc. ("TGX"), whereby the Company can earn up to a 75% interest in the Bandito Property located in the Watson Lake District, Yukon Territory. Under the terms of the Option Agreement, Endurance could earn an initial 51% interest in the Bandito Property by making a total of $125,000 in cash payments by December 31, 2012 and also completing $1,000,000 in exploration expenditures by December 31, 2013. Once Endurance earns its initial 51% interest, it has a further option that would allow it to acquire an additional 24% interest (total of 75%) by issuing TGX 200,000 shares and by incurring an additional $1,000,000 in exploration expenditures prior to December 31, 2015.

Subsequent to December 31, 2012, the Company made the final cash option payment of $50,000 to True North under the terms of the Option Agreement, and entered into a Purchase and Sale Agreement (the "Acquisition Agreement") with True North which replaced the Option Agreement. Under the terms of the Acquisition Agreement, the Company acquired a 100% interest in the Bandito Property by paying True North a $50,000 cash payment and five million common shares of the Company. True North retained a 1% net smelter returns royalty ("**NSR**"), one-half of which may be purchased by the Company for $1,000,000. A further cash bonus payment of $500,000 will be payable to True North in two tranches, with the initial $150,000 payable upon completion and filing of a bankable feasibility study, and the balance of $350,000 to be paid after project financing has been obtained to place the Bandito Property into commercial production.

The Bandito Property is underlain by Proterozoic-aged argillite, quartzite and andesite-jasper breccia which have been intruded by Proterozoic-aged (650 Ma) reddish coloured nepheline syenite (**Red Syenite**) with pegmatitic, fine grained and coarse grained phases. An approximate nine-square kilometre area of the Red Syenite and host rocks has been altered through potassium and sodium metasomatism and the introduction of iron oxides, primarily hematite.

Alteration occurs both within the Red Syenite, which is fluorite enriched, iron oxide and sericite altered, and in the adjoining Proterozoic-aged sediments in which the host rocks have been intruded by fine grain porphyritic Red Syenite dykes with associated extensive hornfels and variably altered to potassium feldspar, albite, carbonates, arfvedsonite, riebeckite, aegirine, specular hematite, hematite, chlorite, magnetite, sphene, zircon, monazite, xenotime, pyrochlore, fluorite, ferrocolumbite, and apatite **(Fenite)**.

Rare Earth Rock Sampling Highlights - The most significant prospects discovered in 2012 were identified during follow-up to extensive rare earth element (**REE**) and niobium soil anomalies hosted in Red Syenite that were recognized in 2011. Highlights of 2012 bedrock grab and float samples include:

- highly metasomatized Red Syenite - 3.491% TREO+Y with 76.7% HREO ratio, 0.887% Nb_2O_5, 43.2% ZrO_2.
- highly metasomatized Red Syenite – 1.978% TREO+Y with 74.9% HREO ratio, 0.958% Nb_2O_5, 43.6% ZrO_2.
- Bedrock - hematite altered Red Syenite – 0.698% TREO+Y with 46% HREO ratio.

TREO+Y means total REE oxides plus yttrium oxide
HREO ratio refers to the percentage of the heavy rare earth oxides (from europium to lutetium plus yttrium) as a percentage of total rare earth oxides.

The most significant rare earth element prospects sampled in 2011 include two trenches on the South Fenite Trend which returned the following REE results:

South Fenite trenches		
northern	2.30% TREO+Y	Over 6 metres
	Including 3.32% TREO+Y	Over 4 metres
southern	1.38% TREO+Y	Over 8 metres
	Including 2.08% TREO+Y	Over 5 metres

The South Fenite trench (northern) averages 10.8% HREO ratio and 10.8% neodymium oxide (Nd_2O_3) ratio.

Niobium – Tantalum Rock Sampling Highlights - In addition to these encouraging REE discoveries reconnaissance scale prospecting and sampling has identified other significant niobium-tantalum prospects, including:

- A grab sample with 1.3% Nb_2O_5, and 0.094% Ta_2O_5 associated with pyrochlore and specular hematite alteration in Red Syenite.
- Rock samples in Red Syenite up to 0.958% Nb_2O_5 (grab), 0.323% Nb_2O_5 (grab), 0.316% Nb_2O_5 (grab), 0.312% Nb_2O_5 (grab), and 0.243% Nb_2O_5 (grab) plus 0.22% Nb_2O_5 over 3.0 metres.
- In the North Fenite, South Fenite and Copper Pass Fenite (2.9 kilometres strike) about thirty (30) samples returned values greater than 1,000 parts per million ("ppm") niobium (>0.143% Nb_2O_5) including values up to 0.429% Nb_2O_5 over 1.0 metre and 0.21% Nb_2O_5 over 6 metres.

The elevated rare earth and niobium values in rock samples fall within at least a two (2) square kilometre area underlain by the metasomatized Red Syenite. The area is largely tree covered with poor outcrop exposures and underlain by the extensive soil anomalies. Highlights of results from soil sampling include the recognition of:

- An approximate 1.4 kilometre long by up to 600 metre wide syenite-hosted niobium-tantalum (Nb -Ta) soil anomaly (90th percentile exceeds 146 ppm Nb).
- An approximate 1.8 kilometre long by up to 400 metre wide syenite-hosted REE soil anomaly (90th percentile exceeds 496 ppm TREE+Y).

Nickel – Copper Rock Sampling Highlights - The Nickel Discovery Zone has returned assays up to 11.35% nickel. Representative samples were collected by the Company from six prospect pits over a thirteen (13) metre width at the Nickel Discovery Zone. These pits average 0.8% nickel. The pits are distributed evenly across 13 metres of a quartz-sericite-pyrite stock work alteration zone ("**QSP Alteration**"). This QSP Alteration covers a mapped area of 600 x 200 metres and is in part coincident with but has different characteristics from the nine square kilometre area with sodium metasomatism related to the REE-Nb system.

In addition to the Nickel Discovery Zone, six other copper and copper-nickel showings have been identified and sampled, extending the area of known nickel and copper prospects to 580 metres by 200 metres within the QSP Alteration, also called the Gossan Target.

A program of additional soil sampling, trenching and drilling is justified to advance this rare earth-niobium-zircon target to the discovery stage. During the year the Company was granted a multi-year Class 3 Land Use Permit by the Yukon Government that will allow for a multi-year trenching and drilling program.

Elephant Mountain Gold Property, Alaska, USA (Option to earn 100% interest)

The Elephant Mountain Property is located in the Rampart and the Manley Hot Springs placer gold mining district near Eureka, Alaska. The property can be accessed by road from Eureka, a placer mining area, located about 76 miles (123 kilometres) west of Fairbanks.

Under the terms of the letter agreement announced in January 2012, Endurance can earn a 100% interest in the Elephant Mountain Property by completing a total of US$200,000 in exploration expenditures, US$200,000 (US$12,000 paid) in cash payments and delivering 400,000 Endurance common shares by December 31, 2017. The initial 25,000 share payment and an additional cash payment of $13,000 are payable to the vendor on finalization of a formal option agreement which is currently in negotiation. The option is subject to a 2% net smelter royalty ("NSR"), and Endurance can purchase half of the NSR at any time for US$750,000.

Between 1989 and 1992, the Elephant Mountain Property was explored for gold by Placer Dome, Inc. ("PDI"). PDI identified a gold-arsenic soil geochemical anomaly over the intrusive that extends for at least 6,000 feet and up to 1,500 feet wide, with peak values in soil samples up to 1,540 parts per billion ("ppb") gold ("Au"). During that time, PDI completed extensive trenching and ten (10) drill holes. The best of the PDI drill holes returned an average grade of 0.015 ounce per ton Au (0.514 grams per tonne "gpt" Au) over a width of 326 feet (99.4 metres). In the drill holes, gold mineralization is associated with arsenopyrite and native gold related to quartz veinlet stock-work, in silicified and sericite altered intrusive. The intrusive host is a Cretaceous-aged diorite to granite pluton that intrudes quartzite, siltstone and shale. Subsequent to the PDI exploration program, North Star Exploration Inc. completed additional soil sampling and drilled two holes in the intrusive and also encountered anomalous gold in silicified granite.

The Elephant Mountain area is, in part, drained by Eureka and Pioneer Creeks. Alluvial gold was first discovered in Eureka Creek in 1898 and both Eureka and Pioneer Creeks and their small tributaries are two of the most significant alluvial gold bearing creeks in the Eureka-Hot Springs gold district.

The Elephant Mountain prospect is interpreted to be a reduced intrusion-related gold system (RIRG) similar to the Fort Knox Mine, Ryan Lode, and True North deposits located in the nearby Fairbanks Gold Mining District in Alaska, as well as the Brewery Creek and Dublin Gulch deposits in the Yukon. All of these RIRG deposits are related to late Cretaceous-aged intrusive events within the Tintina Gold Province of Alaska and the Yukon, and are associated with historic placer gold mining.

The placer gold deposits, gold-in-soil anomalies, and wide drill intersections in intrusive indicate that the Elephant Mountain Property warrants a systematic exploration program of rock and soil sampling followed by drilling to confirm historic results and identify new exploration targets. A 2013 program is currently in the planning stages.

McCord Gold Property, Alaska, USA (100% interest)

The 100% owned McCord Property was staked by the Company and consists of 33 Alaska State mineral claims (4,620 acres) located in the Fairbanks Mining District, near Livengood.

In 2012, the Company entered into an option agreement with Liberty Gold Corp. ("Liberty"), whereby Liberty can earn a 60% interest in the McCord Gold Property by incurring US$600,000 in exploration expenditures and making US$85,000 (US$35,000 received) in cash payments to the Company over three years. During the year Liberty exceeded their US$150,000 work requirement. Liberty has also now completed their US$20,000 payment due on December 31, 2012 and has elected to continue with their option in 2013.

The McCord Property is located in the eastern extension of the Livengood Gold District and immediately adjoins International Tower Hill's ("**ITH"**) Livengood Property on the eastern side. The McCord claims were located to cover the stream catchment area for two encouraging gold anomalies (110 and 61 ppb gold) in stream sediment samples collected from McCord Creek in 1982 and re-analysed by the State of Alaska Division of Geological and Geophysical Surveys ("**DGGS"**) in 2005. The Livengood District has not been glaciated and therefore the stream sediment gold anomalies are interpreted to represent a source area within the McCord Creek drainage catchment.

The historic stream sediment gold results on McCord Creek compare favourably with the best analytical gold values of 201 ppb, 73 ppb, and 72 ppb gold from ITH's Money Knob discovery area on the immediately adjoining ITH property in the same 2005 DGGS survey. ITH has reported in-situ measured and indicated resource (at 0.22 gpt cut-off) of 16.5 million ounces of gold (see the ITH website for complete disclosure).

The combined 2011 and Liberty's 2012 programs have consisted of grid-based and power auger assisted soil sampling (454 soil samples to date), geological mapping, prospecting, and rock sampling (59 rock samples to date). There is poor outcrop and thus the soil sampling is an important early-stage exploration tool. The combined soil sampling programs have identified at least five gold-in-soil anomalies (greater than 10 ppb). Maximum soil values exceed 100 ppb gold. The two largest soil anomalies shed into the McCord Creek drainage and are 850 by 250 metres, and 650 by 200 metres in size.

The geology in the McCord Creek area is interpreted to consist of Proterozoic to Paleozoic sedimentary and volcanic rocks near an ophiolitic thrust assemblage of mafic volcanics that has been cross-cut by Cretaceous-aged intrusives. This geological setting is similar to ITH's adjoining property.

The Company and Liberty are currently evaluating the positive exploration recommendations from the 2012 field program report and are in the process of determining a budget and program to be funded by Liberty for 2013.

Rattlesnake-Natrona Gold Project, Wyoming, USA (100% interest)

The Company, through ERI, owns a 100% interest in six staked properties totalling about 1300 acres in the Rattlesnake Hills area of Wyoming. During the year, the Company reduced its holding from ten to six properties, allowing the peripheral state leases to lapse.

Five of the ERI properties immediately adjoin Evolving Gold Corporation's ("**EVG**") Rattlesnake Hills property where significant gold mineralization has been discovered at the North Stock Target and Antelope Target. ERI's most prospective properties are located between 1.7 and 4.0 kilometres from the North Stock Target area on the EVG property. Endurance's BC property immediately adjoins and is about 500 meters north of EVG's Bald Mountain drill target which has returned chip samples of 7.45 gpt Au, 5.17 gpt Au, and 3.97 gpt Au. Endurance's UTN property is less than 1 kilometer east of EVG's Growler Prospect which has returned chip samples up to 3.1 gpt Au (see EVG website). The geologic setting of the Endurance properties and the EVG discovery are similar to large scale alkalic intrusive hosted gold deposits within the Rocky Mountain alkalic gold province that includes Cripple Creek in Colorado. The Cripple Creek District has produced 21 million ounces of gold to date.

The Endurance properties were targeted to cover areas underlain by Tertiary phonolite (alkalic) intrusions, emplaced into Precambrian aged metavolcanics. This geological environment is identical to that hosting Evolving Gold's North Stock and Antelope Basin discoveries, where gold mineralization occurs in brecciated zones within and adjacent to the alkalic intrusions, and extends into the surrounding schists of the Precambrian country rock.

Mapping by Endurance has confirmed the presence of eight Tertiary alkalic intrusions on five of the Company's six properties. Zones of intense brecciation and shearing were noted on one of the properties and two other properties contained areas of moderate iron staining indicative of weathered sulphide mineralization within or near to the intrusions. Geological mapping, rock sampling, soil sampling and ground geophysics have identified an encouraging area where one grab sample of the brecciated material returned a gold analysis of 0.66 gpt Au. Elsewhere, soil anomalies to up to 213 ppb Au were detected.

The encouraging geological setting of the Company's properties and the favourable exploration results generated on the immediately adjoining EVG property justify further exploration activities on the Company's properties including additional geophysics and drilling. No field program was completed in 2012 but a possible 2013 program is currently being evaluated.

Pardo Joint Venture ("JV") Property, Ontario, Canada (45% JV interest)

Endurance owns a 45% JV interest in the 33 square kilometres "Pardo JV" Property, located 65 kilometres northeast of Sudbury, in east-central Ontario. The original Vendors have retained a 3% NSR royalty, of which one-half can be purchased for $1,500,000 at any time.

The road accessible property covers a sequence of Proterozoic aged rocks of the Mississagi Formation, a basal unit of the Huronian Supergroup sedimentary assemblage that forms the 15,000 square kilometre Cobalt Embayment.

Gold mineralization defined to date on the Pardo Property is spatially associated with pyritic and quartz pebble bearing portions of the Mississagi Formation conglomerates, at a major regional unconformity. Geological studies have demonstrated similar geologic processes are at work on the Pardo Property to those that created the world's largest gold deposits in the Witwatersrand Basin of South Africa. Pardo constitutes the discovery of the first confirmed paleo-placer gold prospect in Ontario. The most significant gold intersections from the drilling to-date are related to visible gold, detrital pyrite and free carbon hosted within the Proterozoic-aged Huronian Mississagi quartz pebble conglomerate, near a regionally significant unconformity.

Prior to 2009, Endurance completed approximately $1,000,000 in exploration on the claim block, including trenching and two drilling campaigns totaling 1,626 metres in 97 holes. Intercepts up to 2.01 gpt Au over 8.4 metres were returned from Endurance's drilling program.

In 2009, the Company entered into an option agreement with a wholly-owned subsidiary of Ginguro Exploration Inc. ("Ginguro"). Under the terms of its option agreement with Endurance, Ginguro could earn an initial 55% interest in the property by completing $1,000,000 in exploration expenditures and making cash payments totaling $200,000 to Endurance over a three year period.

During the term of the option Ginguro completed 154 drill holes and metallurgical testwork on several large samples from surface pits and trenches on the Pardo Property. As a result of this program, Ginguro has identified a gold bearing channelized conglomerate "reef" that has now been expanded to approximately 3,600 metres long by 400 metres wide on the JV Property. The reef remains open along the channel extension onto adjoining property owned by Ginguro.

In March 2012, Ginguro completed the final $50,000 option payment and notified the Company that it has fulfilled all of its obligations under the option agreement and earned its 55% interest in the Pardo Property. As a result, a JV with 45% (Endurance) and 55% (Ginguro) was formed. Ginguro has been appointed operator under the terms of the JV.

In April 2012, the Pardo JV approved an exploration program and budget of approximately $1 million. Subsequently, a program of 67 drill holes for a total of 1507 meters of drilling has been completed on the Pardo Property in 2012. Thirty five (35) vertical drill holes were completed on the Trench 1-2 target on the Pardo Property and were designed to further explore a shallow flat-lying gold zone discovered by Endurance.

Drilling has expanded the "footprint" of the approximately flat-lying gold zone at the Trench 1-2 target area to 400 by 400 meters in size. Highlights of the drilling include:

- 13.6 grams per tonne gold (gpt Au) over 0.83 meters (m),
- 13.2 gpt Au over 0.75 m,
- 27.2 gpt Au over 0.25 m,
- 31.0 gpt Au over 0.25 m,
- 15.8 gpt Au over 0.25 m, and
- 13.8 gpt Au over 0.25 m.

Within this 400 x 400 meter area, the deepest intersection in the 2012 drilling program was 16.47 meters below surface. The shallow zone of gold mineralization at the Trench 1-2 area is still open to expansion in all directions.

2012 results and studies are currently being evaluated and the operator is formulating plans for a 2013 program.

Flint Lake (Dogpaw) JV Gold Project, Ontario, Canada (25% JV interest)

The Flint Lake (Dogpaw) JV Property is located approximately 58 kilometres southeast of Kenora in northwestern Ontario. The property is now comprised of 24 mining claims all situated within the Kenora Mining Division.

In 2007 Endurance entered into an option agreement with Metals Creek Exploration ("**MEK**"), whereby MEK could acquire a 75% interest in 14 claims comprising 60 units in the Dogpaw Lake and Flint Lake areas of northwestern Ontario. Since that date, MEK has earned its 75% interest through issuing 450,000 shares to EDG and completing $450,000 in exploration expenditures. As a result, a JV [25% (Endurance) and 75% (MEK)] was formed in 2010. MEK is the Operator.

In July 2012, the Flint Lake (Dogpaw) JV approved a two-phased exploration program with a budget of approximately $370,000 that includes further trenching and follow-up drilling on the Flint Lake (Dogpaw) JV in late 2012. The first phase of the budget (trenching) was approved by the Flint Lake (Dogpaw) JV and completed during the year. The best trenching results were from the Stephens Lake occurrence which returned a surface channel cut of 1.43 g/t gold over 21 metres hosted in altered granodiorite. The Stephens Lake occurrence is located about 11 kilometres east of Highway 71.

Trenching also discovered 7.80 g/t gold over 3.1 metres on the strike extension of the Flint Central Zone, which was recognized in 2010 when surface grab samples up to 112 g/t gold were recovered from historic trenches.

MEK are currently evaluating alternatives for a 2013 field program.

Vana Property, Alaska, USA (100% interest)

ERI owns a 100% interest in 22 Alaska State mineral claims encompassing over 3,200 acres located in Tolovana Mining District in Alaska, USA.

The Vana Property is located adjacent to Tolovana Hot Springs Dome ("THSD") which is 19 miles southwest of the community of Livengood, Alaska and ITH's Livengood deposit.

Eight reconnaissance soil samples have been collected, but a larger program of grid-based soil sampling and prospecting is warranted. No sampling program was conducted on the property in 2011 or 2012.

Fuego Property, Yukon, Canada (100% interest)

Endurance owns a 100% interest in 26 Yukon quartz claims located in the Watson Lake District, Yukon Territory immediately west of the Bandito Property. The claims were staked to cover a previously mapped intrusive syenite and/or trachyte breccia. The breccia on Fuego is similar to breccia mapped on the Bandito Property. Historic sampling suggests that the Fuego Property also hosts potential for shale-hosted zinc and lead mineralization.

A program of prospecting, rock sampling, reconnaissance soil sampling, and additional claim staking was completed in 2011. The identification of soil samples anomalous in niobium, zinc and lead justify further work, but no work was conducted in 2012.

Other Properties, Canada

The Nechako Gold Property, British Columbia is owned 75% by Endurance and 25% by Amarc Resources Ltd. Several mineral claims comprising the property were allowed to lapse during the year. No further exploration is recommended on the Nechako Gold Project.

The Company also retains an NSR interest in an exploration and evaluation asset in Ontario.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2012, 2011 and 2010 is summarized in the table below.

	IFRS		
	2012 $	2011 $	2010 $
Total revenues	Nil	Nil	Nil
Comprehensive loss for the year	(344,040)	(1,078,348)	(404,362)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)
Total assets	3,045,592	2,803,188	2,883,064
Total long-term liability	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

Results of Operations

The Consolidated FS of the Company to which this MD&A relates were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

Year Ended December 31, 2012 compared with the Year Ended December 31, 2011

The Company's net loss for the year ended December 31, 2012 was $344,040 or $0.01 per common share, as compared to a net loss of $1,078,348 or $0.02 per common share in 2011. The loss in 2012 is inclusive of interest income of $5,551 (2011 - $4,379); a realized loss on sales of marketable securities of $nil (2011 - $214); an unrealized loss on marketable securities of $nil (2011 - $94,386); and a write-off of $10,582 (2011 - $567,610) in exploration and evaluation assets.

General and administrative expenses before other items for the current year, totaled $339,009 (2011 - $420,517), $81,508 lower than comparable expenses incurred in fiscal 2011. The variance was mainly attributable to:

- Business development and property investigation expenses totaled $64,902 (2011 - $58,181), an increase of $6,721 due to expenses incurred in evaluating a potential mineral exploration project for acquisition during the current year. During fiscal 2012, $30,150 (2011 - $42,075) in management fees were included in business development and property investigation expenses.
- Corporate communications expense totaled $39,757 (2011 - $31,903), an increase of $7,854. Management fees and advertisement expenses accounted for the increase. During fiscal 2012, $12,375 (2011 – $7,200) in management fees were included in Corporate communications expense.
- Management fees totaled $69,675 (2011 - $122,460), a decrease of $52,785. The decrease was primarily due to reduced billing times and fees charged by the President of the Company during the current year. During fiscal 2012, an additional $116,100 (2011 - $121,950) in management fees were capitalized to exploration and evaluation assets and included in property investigation and corporate communication expenses.
- Office and administrative totaled $63,568 (2011 - $70,563) which amounts included insurance expense of $16,037 (2011 - $17,087); office rent and service expenses of $39,076 (2011 - $35,400); office equipment rental expense of $2,071 (2011 - $1,464); and an unrealized foreign exchange loss of $386 (2011 – a gain of $241). The amount in 2011 is also included a one-time cost of $8,153 for moving and associated costs with the relocation to the Company's office.
- Professional fees totaled $30,632 (2011 - $65,730), a decrease of $35,098. Professional fees in fiscal 2011 were higher as the result of costs incurred related to IFRS transition and reporting.
- Share-based compensation expense (a non-cash charge) of $58,080 (2011 - $57,180), incurred as a result of the vesting of 1,100,000 (2011 - 300,000) stock options granted during the current year.

Fourth Quarter Comparison

For the three months ended December 31, 2012, the Company incurred a net loss of $230,786, or $0.00 per common share, compared to a net loss of $666,056 or $0.01 per common share for the same quarter in fiscal 2011.

The net loss in the fourth quarter in 2012 is inclusive of an interest income of $1,236 (2011 – $1,452); an unrealized loss on marketable securities of $3,200 (2011 - $9,600); a write-off of $nil (2011 - $567,610) in exploration and evaluations assets; and a reversal of deferred income tax recovery of $135,000 originally recorded in the first quarter of 2012.

General and administrative expenses before other items for the current quarter totaled $93,822 (2011 - $90,298), $3,524 higher than the comparable quarter in prior year. The variance was mainly attributable to:

- Business development and property investigation expenses totaled $31,644 (2011 - $6,307), an increase of $25,337 due to expenses incurred in evaluating a potential mineral exploration project for acquisition during the current quarter.
- Corporate communications expense totaled $10,965 (2011 - $8,665), an increase of $2,300. Advertisement expense was accounted for the increase. During the current quarter, $2,700 (2011 – $1,350) in management fees were included in Corporate communications expense.
- Management fees totaled $15,000 (2011 - $28,050), a decrease of $13,050. During the current quarter an additional $26,100 (2011 - $25,650) in management fees were capitalized to exploration and evaluation assets and included in property investigation and corporate communication expenses.
- Office and administrative expenses totaled $14,981 (2011 - $16,774), a decrease of $1,793. The office and administrative expenses included a realized foreign exchange gain of $595 (2011 – a loss of $841); office rent and services expenses of $10,082 (2011 - $9,478).
- Professional fees totaled $20,602 (2011 - $28,690), a decrease of $8,088. The decrease was primarily due to a reduced amount accrued in audit fees for fiscal 2012.

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter for the three months ending on December 31, 2012 are summarized in the table below.

	IFRS							
Quarter Ended: Year:	**Dec. 31 2012**	**Sept. 30 2012**	**June 30 2012**	**Mar. 31 2012**	**Dec. 31 2011**	**Sept. 30 2011**	**June 30 2011**	**Mar. 31 2011**
Net sales or total revenue ($000s)	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil	$ Nil
Income (loss) from continuing operations:								
(i) in total (000s)	$ (231)	$ (115)	$ (63)	$ 65	$ (666)	$ (66)	$ (168)	$ (178)
(ii) per share[(1)]	$ (0.00)	$ (0.00)	$ (0.00)	$ 0.00	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)
Net income or loss:								
(i) in total (000s)	$ (231)	$ (115)	$ (63)	$ 65	$ (666)	$ (66)	$ (168)	$ (178)
(ii) per share[(1)]	$ (0.00)	$ (0.00)	$ (0.00)	$ 0.00	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.00)

(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 the fourth quarter of 2012 includes an unrealized loss on marketable securities of $3,200 and a reversal of deferred income tax recovery of $135,000 originally recorded in the first quarter of 2012.

- The net loss reported in the third quarter of 2012 includes share-based compensation of $58,080 incurred as a result of the vesting of 1,100,000 stock options; an unrealized gain on marketable securities of $6,400 and a write-off of exploration and evaluation assets of $10,582.
- The net loss reported in the second quarter of 2012 includes an unrealized loss on marketable securities of $11,200.
- The net income reported in the first quarter of 2012 includes an unrealized gain on marketable securities of $8,000 and a deferred tax recovery of $135,000 related to the renouncement of $540,000 of flow-through expenditures to investors in the current quarter.
- The net loss reported in the fourth quarter of 2011 includes an unrealized loss on marketable securities of $9,600 and a write-off in exploration and evaluation assets of $567,610.
- The net loss reported in the third quarter of 2011 includes an unrealized loss on marketable securities of $4,800 and an unrealized gain on foreign exchange of $6,161.
- The net loss reported in the second quarter of 2011 includes share-based compensation of $57,180 incurred as a result of the vesting of 300,000 stock options; an unrealized loss on marketable securities of $33,600 and an unrealized loss on foreign exchange of $447.
- The net loss reported in the first quarter of 2011 includes a realized loss on sales of marketable securities of $214; an unrealized loss on marketable securities of $46,386 and an unrealized loss on foreign exchange of $4,631.

The Company's operations and business are not driven by seasonal trends, but rather the achievement of project milestones such as various geological, technical, environmental and socio-economic objectives as well as receipt of financings to fund these projects.

The operating results of junior exploration companies typically demonstrate wide variations from period to period. These variances arise from fluctuations in such costs as share-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 exploration and evaluation assets 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 $553,433 at December 31, 2012 (2011 - $369,747), an increase of $183,686. The increase in cash position was primarily due to a non-brokered private placement completed during the current year. The Company had working capital of $460,013 at December 31, 2012, as compared to $365,903 at December 31, 2011.

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. 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, 2012, the Company's cash flow used for investing activities in exploration and evaluation assets was $330,088 (2011 - $668,814), all of which represented acquisition and exploration costs that were capitalized; $245,592 (2011 - $50,000) in exploration and evaluation assets recovery received; proceeds of $nil (2011 - $1,575) received from the sales of marketable securities; and $nil (2011 - $3,500) in reclamation bonds released to the Company.

Financing Activities

During the current year ended December 31, 2012, the Company closed a non-brokered private placement raising gross proceeds of $500,000 by issuing 5,000,000 units (each, a "Unit") at a price of $0.10 per Unit. Each Unit consists of one common share and one non-transferable common share purchase warrant (the "Warrant"). Each Warrant is exercisable into one common share at a price of $0.10 per share for a period of five years from the date of closing (the "Closing"). The Warrants are subject to an accelerated expiry date which comes into effect when the trading price of the common shares of the Company closes at or above $0.30 per share for twenty consecutive trading days in the period commencing four months after the Closing. In the event that the Company gives an expiry acceleration notice (the "Notice") to holders of the warrants, the expiry date of the Warrants will be 30 days from the date of the Notice. A total of 3,200,000 Units were subscribed by directors and companies controlled by directors of the Company.

During fiscal 2011, the Company closed two non-brokered private placements.

In March 2011, the Company closed a non-brokered private placement raising gross proceeds of $540,000 by issuing 4,500,000 flow-through shares at a price of $0.12 per flow-through share. A total of 220,000 flow-through shares were subscribed by two directors of the Company.

In August 2011, the Company closed a non-brokered private placement of 1,750,000 units (each, a "Unit") at a price of $0.20 per Unit for gross proceeds of $350,000. Each Unit consists of one common share and one half non-transferable common share purchase warrant. Each whole warrant is exercisable into one common share at a price of $0.30 per share for a period of 12 months from the date of closing. The financing was fully subscribed by the Company's insiders.

Outstanding share data as at the Report Date:

On the Report Date, the Company had 63,722,586 common shares outstanding or 73,072,586 shares on a fully diluted basis as follows:

	No. of Shares	Exercise Price	Expiry Date
Stock Options	4,350,000	$0.10 - $0.21	Feb. 14, 2014 to Aug. 22, 2017
Warrants	5,000,000	$0.10	May 24, 2017

Transactions with related parties

Key Management Personnel

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

The Company entered into the following transactions with related parties and key management personnel during the period ended December 31, 2012:

Paid or accrued the following to Cooper Jack Investments Limited, a private company controlled by Robert T. Boyd, the President, Chief Executive Officer and director of the Company:

	2012	2011
Management fees	$ 9,675	$ 62,460
Geological & consulting fees	116,100	121,950
Share-based compensation*:	21,120	Nil

Paid or accrued the following to T.P. Cheng & Company Ltd., a private company controlled by Teresa Cheng, the Chief Financial Officer of the Company:

	2012	2011
Management fees	$ 60,000	$ 60,000
Share-based compensation*	7,920	Nil

Paid or accrued the following to Adera Company Management Inc., a private company controlled by J. Christopher Mitchell, a non-executive director of the Company:

	2012	2011
Consulting fees	$ 6,825	$ 5,550
Share-based compensation*	2,640	Nil

Paid or accrued the following to First Point Minerals Corp., a company with common director:

	2012	2011
Rent	$ Nil	$ 4,698

Paid or accrued the following to Robert Pease, a non-executive director of the Company:

	2012	2011
Share-based compensation*	$ 5,280	$ 57,180

Paid or accrued the following to H. Ross Arnold, a non-executive director of the Company:

	2012	2011
Share-based compensation*	$ 2,640	$ Nil

Paid or accrued the following to Richard Gilliam, a non-executive director of the Company:

	2012	2011
Share-based compensation*	$ 2,640	$ Nil

**Share-based compensation consists of the fair value of options that were granted to related parties during the period. The fair value has been calculated using the Black-Scholes Option Pricing Model as set out in Note 12(d) to the audited Consolidated FS for the year ended December 31, 2012 and does not represent actual amounts received by the related parties.*

Included in accounts payable and accrued liabilities at December 31, 2012 is $28,257 (2011 - $17,113) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

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

FINANCIAL ACCOUNTING POLICY CHANGES ISSUED BUT NOT YET IN EFFECT

The following new standards and interpretations are not yet effective and have not been applied in preparing the Consolidated FS for the year ended December 31, 2012. The Company is currently evaluating the potential impacts of these new standards.

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

- IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities* (all effective January 1, 2013) provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated.

- IFRS 13, *Fair Value Measurements* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements.

- Amendments to IAS 1, *Presentation of Comprehensive Income* (effective for annual periods beginning on or after July 1, 2012) require that elements of other comprehensive income that may subsequently be recycled through profit or loss be differentiated from those items that will not be recycled.

- IAS 27, *Consolidated and Separate Financial Statements* (effective January 1, 2013) provides new guidance on fair value measurement and disclosure requirements and IAS 28, *Investments in Associates and Joint Ventures* were revised and reissued to align with the new consolidation guidance.

FINANCIAL INSTRUMENTS AND RISK

Fair value

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2012, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, receivables, and accounts payable and accrued liabilities. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

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

December 31, 2012

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

December 31, 2011

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 369,747	$ -	$ -	$ 369,747
Marketable securities	19,200	-	-	19,200
Total	$ 388,947	$ -	-	$ 388,947

Risk Management

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2012, the Company had a cash balance of $553,433 to settle current liabilities of $140,133. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

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

(a) Interest rate risk

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

(b) Foreign currency rate risk

While the Company is domiciled in Canada and its capital is raised in Canadian dollars, a portion of its business is conducted in the United States of America. As such, it is subject to risk due to fluctuations in the exchange rate between the Canadian and US dollars. At December 31, 2012, the Company has cash, accounts payable and an advance from an optionee denominated in US dollars of US$85,712, $6,950 and $24,434 respectively. Each 1% change in the Canadian dollar versus the U.S. dollar will result in a gain/loss of approximately $540.

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

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

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

CAPITAL MANAGEMENT

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

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

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

The Company's working capital as at December 31, 2012 was $460,013 (December 31, 2011 - $365,903). The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

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 exploration and evaluation assets. 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 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, extreme weather events, 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.

Commitments

The Company entered into a new office lease agreement commencing March 1, 2011 and ending February 28, 2015. Future minimum lease payments as at December 31, 2012 are as follows:

2013	43,858
2014	44,996
2015	7,657
	$ 96,511

Outlook

The Company will need to raise additional funds to advance its property portfolio and to fund 2013 exploration programs for the Elephant Mountain Property in Alaska; the Bandito Property in the Yukon; the Pardo and Flint Lake Joint Ventures in Ontario, and the Rattlesnake-Natrona Property in Wyoming. Management is also evaluating other potential mineral exploration projects for acquisition. The Company will also need to raise additional funds to fund exploration on new acquisitions, and to meet its future estimated overhead expenditures. Additional funding would also allow for the acquisition and aggressive funding of potential new acquisitions in a climate where opportunities exist but must be evaluated efficiently in a competitive environment. The Company is working to secure those funds from conventional equity financing sources, from private investors, through farm-outs of existing properties in the Company's portfolio and from strategic partnerships. 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 Securities Acts in British Columbia and Ontario. This includes statements concerning the Company's plans at its exploration and evaluation assets, 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 JV agreements to which it is a party, and reduction or elimination of its JV 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 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.