ENDURANCE GOLD CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

DECEMBER 31, 2009

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, 2009 and 2008 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, 2009 and 2008 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 26, 2010

NEXIA INTERNATIONAL

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

ENDURANCE GOLD CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT DECEMBER 31

	2009	2008
ASSETS		
Current		
Cash	$ 404,951	$ 89,211
Marketable securities (Note 3)	74,000	34,478
Prepaid expenses and deposits	14,930	12,256
Receivables	16,657	4,687
	510,538	140,632
Equipment (Note 4)	-	6,274
Mineral properties (Note 5)	1,905,387	1,554,825
Reclamation bonds	6,500	21,500
	$ 2,422,425	$ 1,723,231
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 34,676	$ 47,118
Shareholders' equity		
Capital stock (Note 6)	4,986,508	4,052,779
Contributed surplus (Note 6)	400,221	305,187
Deficit	(2,998,980)	(2,681,853)
	2,387,749	1,676,113
	$ 2,422,425	$ 1,723,231

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

On behalf of the Board:

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

/s/ J. Christopher Mitchell
Director
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

	2009	2008
EXPENSES		
Amortization	$ 3,766	$ 1,141
Business development and property investigation	27,345	47,685
Corporate communications	6,467	81,560
Listing and transfer agent fees	15,477	14,225
Management fees	118,000	118,000
Office and administrative	55,177	58,898
Professional fees	39,326	35,400
Stock-based compensation (Note 6)	74,970	10,230
	(340,528)	(367,139)
OTHER ITEMS		
Interest income	2,760	17,166
Realized loss on sales of marketable securities	(27,647)	(3,070)
Unrealized gain (loss) on marketable securities (Note 3)	92,231	(136,332)
Write-off of mineral properties (Note 5)	(80,417)	(1,732,166)
B.C. mining exploration tax credit	36,474	-
	23,401	(1,854,402)
Loss before future income tax	(317,127)	(2,221,541)
Future income tax recovery (Note 11)	-	196,500
Net loss for the year	(317,127)	(2,025,041)
Deficit, beginning of year	(2,681,853)	(656,812)
Deficit, end of year	$ (2,998,980)	$ (2,681,853)
Basic and diluted loss per common share	$ (0.01)	$ (0.08)
Basic and diluted weighted average number of common shares outstanding	34,655,600	27,178,597

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

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	$ (317,127)	$ (2,025,041)
Add items not involving cash:		
Amortization	3,766	1,141
Stock-based compensation	74,970	10,230
Realized loss on sales of marketable securities	27,647	3,070
Unrealized (gain)/loss on marketable securities	(92,231)	136,332
Write-off of mineral properties	80,417	1,732,166
Future income tax recovery	-	(196,500)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(2,674)	10,863
Receivables	(11,970)	41,525
Proceeds from sales of marketable securities	25,062	32,120
Accounts payable and accrued liabilities	3,650	(18,724)
Net cash used in operating activities	(208,490)	(272,818)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	(434,563)	(612,754)
Reclamation bond	15,000	(5,000)
Net cash used in investing activities	(419,563)	(617,754)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	1,000,000	-
Share issuance costs	(56,207)	-
Net cash provided by financing activities	943,793	-
Net increase (decrease) in cash during the year	315,740	(890,572)
Cash, beginning of year	89,211	979,783
Cash, end of year	$ 404,951	$ 89,211

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

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") 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 $2,998,980 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 can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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. Significant areas requiring the use of management estimates include the determination of impairment of mineral properties and equipment; amounts of reclamation and environmental obligations; amortization rates for equipment; fair value of investments, valuation allowance for future income tax assets; and determination of the assumptions used in calculating fair value of stock-based compensation. While management believes the estimations are reasonable, actual results could differ from these estimates and could impact future results of operations and cash flows.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned U.S. 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign currency translation

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.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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

Future income taxes are recorded using the asset and liability method 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 basis. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Flow-through common shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares. The proceeds from shares issued under flow-through share financing agreements are credited to capital stock and the tax benefits of the exploration expenditures incurred under these agreements are renounced to the purchaser of the shares. The tax impact to the Company of the renouncement is recorded on the date that the renunciation is filed with taxation authorities, through a decrease in capital stock and the recognition of a future income tax liability. When flow-through expenditures are renounced, future income tax assets previously not recognized, due to the recording of a valuation allowance, are recognized against related future income tax liabilities and recorded as a recovery of future income taxes in the statement of operations.

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. Adoption of this standard did not have a material impact on the Company's consolidated financial statements.

CHANGE IN ACCOUNTING POLICIES

Amendment to Financial Instruments - Disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

See note 9 for relevant disclosures.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent Accounting Pronouncements

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.

Business Combinations, Consolidations, Non-Controlling Interests

In January 2009, the CICA issued Handbook Sections 1582 *Business Combinations*, 1601 *Consolidated Financial Statements* and 1602 *Non-controlling Interests* which replace CICA Handbook Sections 1581 *Business Combinations* and 1600 *Consolidated Financial Statements*. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These Sections are applicable for interim and annual consolidated financial statements for fiscal years beginning January 1, 2011. Early adoption of these Sections is permitted and all these Sections must be adopted concurrently. The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

3. MARKETABLE SECURITIES

As at December 31, 2009 the Company owns marketable securities as follows:

	December 31, 2009			December 31, 2008		
	No. of Shares	Cost	Market Value	No. of Shares	Cost	Market Value
Houston Lake Mining Inc. ("HLM.V")	-	$ -	$ -	50,000	$ 35,000	$ 14,250
Metals Creek Resources Corp. ("MEK.V")	400,000	143,101	74,000	449,500	160,810	20,228
		$ 143,101	$ 74,000		$ 195,810	$ 34,478

4. EQUIPMENT

	December 31, 2009			December 31, 2008		
	Cost	Accumulated Amortization/ Write-offs	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computers	$ 3,525	$ 3,525	$ -	$ 3,525	$ 2,410	$ 1,115
Office furniture and equipment	4,740	4,740	-	4,740	2,090	2,650
Field equipment	7,525	7,525	-	7,525	5,016	2,509
	$ 15,790	$ 15,790	$ -	$ 15,790	$ 9,516	$ 6,274

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

5. MINERAL PROPERTIES

As at December 31, 2009, the Company's mineral properties are located in North America. Expenditures incurred on mineral properties are as follows:

	Nechako JV B.C., CANADA	Other Properties, B.C., CANADA	Pardo, Ontario, CANADA	Other Properties, Ontario, CANADA	Carter, West Virginia, U.S.A.	Natrona, Wyoming, U.S.A.	Rattlesnake, Wyoming, U.S.A.	TOTAL
Deferred Acquisition 12/31/08	$ 80,000	$ 2,361	$ 73,750	$ -	$ -	$ -	$ -	$ 156,111
Additions	-	-	45,000	6,239	37,929	30,259	4,527	123,954
Recoveries	-	-	(50,000)	-	-	-	-	(50,000)
Deferred Acquisition 12/31/09	80,000	2,361	68,750	6,239	37,929	30,259	4,527	230,065
Deferred Exploration 12/31/08	347,424	2,780	1,048,510	-	-	-	-	1,398,714
Additions:								
Drilling	78,205	-	-	-	-	-	-	78,205
Field expenses	15,536	-	4,624	714	2,562	15,893	-	39,329
Geochemistry	7,432	-	-	1,470	-	16,396	-	25,298
Geological and misc.	20,616	-	23,655	1,574	23,992	53,158	897	123,892
Geophysics	-	-	-	-	-	54,197	-	54,197
Land and recording fees	17,293	-	-	-	796	7,070	-	25,159
Line cutting/trenching	-	-	-	-	-	17,140	-	17,140
Deferred Exploration 12/31/09	486,506	2,780	1,076,789	3,758	27,350	163,854	897	1,761,934
BC mining exploration tax credit	(6,195)	-	-	-	-	-	-	(6,195)
Write-downs	-	(5,141)	-	(9,997)	(65,279)	-	-	(80,417)
Total Mineral Properties 12/31/09	$ 560,311	$ -	$ 1,145,539	$ -	$ -	$ 194,113	$ 5,424	$ 1,905,387
Deferred Acquisition 12/31/07	$ 80,000	$ 63,303	$ 42,750	$ 17,217	$ -	$ -	$ -	$ 203,270
Additions	-	-	31,000	-	-	-	-	31,000
Recoveries	-	(25,000)	-	(16,080)	-	-	-	(41,080)
Deferred Acquisition 12/31/08	80,000	38,303	73,750	1,137	-	-	-	193,190
Deferred Exploration 12/31/07	347,154	968,628	618,096	606,585	-	-	-	2,540,463
Additions:								
Drilling	-	83,176	146,914	-	-	-	-	230,090
Field expenses	-	13,006	70,445	178	-	-	-	83,629
Geochemistry	-	723	23,630	-	-	-	-	24,353
Geological and misc.	270	15,856	102,930	885	-	-	-	119,941
Geophysics	-	-	72,288	-	-	-	-	72,288
Land and recording fees	-	8,830	-	-	-	-	-	8,830
Line cutting/Trenching	-	-	14,207	-	-	-	-	14,207
Deferred Exploration 12/31/08	347,424	1,090,219	1,048,510	607,648	-	-	-	3,093,801
Write-downs	-	(1,123,381)	-	(608,785)	-	-	-	(1,732,166)
Total Mineral Properties 12/31/08	$ 427,424	$ 5,141	$ 1,122,260	$ -	$ -	$ -	$ -	$1,554,825

Nechako Gold (Amarc JV) Property, British Columbia

The Nechako Gold Property is comprised of eighteen 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 earned a 60% interest in the Nechako Gold Property by completing $250,000 in exploration expenditures and issuing 250,000 shares to Amarc and 70,000 shares to an underlying property vendor. As a result, a joint venture as to 60% (Endurance) and 40% (Amarc) was formed in December 2005. As Amarc elected not to participate in its pro-rata share of costs on the Nechako Gold Property since 2006, the property is now held 75% by Endurance and 25% by Amarc.

5. MINERAL PROPERTIES (cont'd…)

Other Properties, British Columbia

Nechako – Endurance 100% Property, British Columbia

The Company acquired the Nechako-Endurance 100% Property, one mineral claim located south of the Company's Nechako Gold Property as described above, 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. The Company paid the Vendors $32,500, issued a total of 100,000 shares (valued at $19,000) and incurred $120,000 in exploration expenditures. 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. The claims adjoin the former BQ Property option which was returned to the vendors and written off in 2008. At December 31, 2009, the Company wrote off the carrying value of $1,649 in acquisition costs incurred on the property.

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. The warrants expired without being exercised. 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 claims adjoin the former Virginia Silver Property option which was returned to the vendors and written off in 2008. At December 31, 2009, the Company wrote off the carrying value of $3,492 in acquisition and exploration costs incurred on the property.

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. The Company paid $100,000 in cash and issued 200,000 common shares (at a value of $18,750) and earned its 100% interest in the Pardo property. The vendors have retained a 3% net smelter return royalty ("NSR") interest, one-half of which may be purchased by the Company for $1,500,000.

In June 2009, the Company entered into an option agreement (the "Agreement") with Ginguro Exploration Inc. ("Ginguro"), a TSX Venture Exchange issuer, (formerly Mount Logan Resources Ltd., a private Ontario corporation). Under the terms of the Agreement, Ginguro can earn an initial 55% interest in the Pardo Property by completing $1,000,000 in exploration expenditures and making cash payments totaling $200,000 ($50,000 received) to the Company over a three year period. On completion of its earn-in, Ginguro has a one-time option to increase its ownership to 70% by completing an additional $1,000,000 in exploration, and making a further cash payment of $250,000 to the Company.

5. MINERAL PROPERTIES (cont'd…)

Other Properties, Ontario

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 earned a 100% interest in four claims forming part of the Dogpaw ground, by incurring exploration expenses of $56,000 and issuing 100,000 shares of HLM with a value of $70,000 to the Company. 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. ("MEK"), whereby MEK acquired a 75% interest in the remaining 14 claims comprising the Dogpaw property by incurring exploration expenses of $450,000 and issuing of 450,000 common shares of MEK (with a value of $161,000). The Property is now held 75% by MEK and 25% by Endurance, and a joint venture was formed for further development of the Property. 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.

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.

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 purchased a 100% interest in the Long Lac Property for a purchase price of $7,080 to the Company. The Company retains a 3% NSR of which two-thirds of the 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.

5. MINERAL PROPERTIES (cont'd…)

Carter Property, West Virginia, USA

The Company, through ERI, signed a Property Option Agreement with The Carter Land Company, whereby in consideration of US$24,000 (paid), the Company has the option 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. The Company also issued 200,000 shares (valued at $5,000) as finders' fees. The Company gave notice to The Carter Land Company to terminate the option in February 2010 and wrote off the carrying value of $65,279 in acquisition and exploration costs incurred on the property as of December 31, 2009.

Natrona Property, Wyoming, USA

The Company, through ERI, acquired by staking a 100% interest in 47 claims in the Rattlesnake Hills, Natrona County, Wyoming, USA in 2009.

Rattlesnake State Lease Property, Wyoming, USA

The Company, through ERI, applied for and was granted four state leases, totaling 2,560 acres, located in the Rattlesnake Hills area of central Wyoming in 2009.

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, 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**
Issued for:			
Mineral properties acquisition	300,000	10,000	-
Stock-based compensation	-	-	74,970
Non-brokered private placement	12,000,000	1,000,000	-
Share issuance costs	-	(56,207)	-
Agent's options compensation	-	(20,064)	20,064
Balance at December 31, 2009	**39,512,586**	**$ 4,986,508**	**$ 400,221**

Share issuance

During the fiscal year ended December 31, 2009, the Company:

i) Issued 200,000 common shares as Finders' fees pursuant to a mineral property agreement with a total value of $5,000 (note 5).

6. CAPITAL STOCK (cont'd…)

ii) Completed a non-brokered private placement financing 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 in March 2009. 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 twelve months from closing at a price of $0.10 per share.

iii) Issued 100,000 common shares as the final Option payment pursuant to the Pardo property agreement with a total value of $5,000, of which 33,334 common shares with a value of $1,667 were issued to the President of the Company (note 5).

iv) Completed a non-brokered private placement financing of 1,000,000 flow-through ("FT") shares at a price of $0.15 per FT share and 3,000,000 non-flow through Units ("Unit") at a price of $0.15 per Unit, for gross proceeds of $600,000 in September 2009. Each Unit consists of one common share and one-half share purchase warrant entitling the holder to purchase one common share of the Company for a period of two years from closing at a price of $0.30 per share. A total of 420,000 Units were subscribed by two directors of the Company.

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.

(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.

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

	Number of Options		Weighted Average Exercise Price
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
Options granted	1,700,000		0.10
Options expired	(175,000)		0.23
Balance, December 31, 2009	2,300,000	$	0.12
Number of options currently exercisable	2,300,000	$	0.12

The following incentive stock options were outstanding and exercisable at December 31, 2009:

Number Outstanding	Exercise Price $	Expiry Date
150,000	0.23	March 26, 2010 (subsequently expired)
150,000	0.12	April 1, 2010
50,000	0.23	May 10, 2010
250,000	0.15	October 11, 2012
1,700,000	0.10	February 14, 2014
2,300,000		

6. CAPITAL STOCK (cont'd…)

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

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2007	5,807,100	$	0.40
Warrants expired	(5,807,100)		0.40
Balance, December 31, 2008	-		-
Warrants granted	9,500,000		0.13
Balance, December 31, 2009	9,500,000	$	0.13

There are 240,000 (2008 – nil) Agent's compensation options outstanding at December 31, 2009. The Agent's compensation options were issued to the Agent in connection with the Company's non-brokered private placement completed in September 2009, each of which entitles the Agent to purchase one common share of the Company at a price of $0.30 per share until September 14, 2011. The Agent's options were valued at $20,064 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 1.23%, an expected life of 2 years, annualized volatility of 171.79% and a dividend rate of 0%).

(d) Stock-based compensation

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

	2009	**2008**
Description		
Expected dividend yield	0.0%	0.0%
Risk free interest rate	2.04%	2.77%
Expected stock price volatility	217.98%	103.16%
Expected life of options	5 years	2 years
Weighted average fair value	$0.0441	$0.066

Based on the foregoing, stock-based compensation expense of $74,970 (2008 - $10,230) 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

	2009	2008
Cash paid during the year for income taxes	$ -	$ -
Cash paid during the year for interest	$ -	$ -

Supplementary disclosure of non-cash investing and financing activities:

	2009	**2008**
Shares issued for mineral properties (note 6)	$ 10,000	$ 1,000
Shares received for mineral properties optioned to third parties	-	9,000
Stock-based compensation (note 6)	74,970	10,230
Agent's compensation options (note 6)	20,064	-
Amortization costs of field equipment in mineral properties (note 4)	2,508	2,508

Incurred mineral property expenditures of $nil through accounts payable (2008 - $16,092).

8. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is $8,772 (2008 - $10,000) 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, 2009, the Company entered into the following related party transactions:

a) Paid to companies controlled by an officer and a director of the Company an aggregate of $43,500 (2008 - $48,500) for geological fees included in general exploration and mineral property expenses and $118,000 (2008 - $118,000) for management fees.

b) Paid or accrued to companies controlled by directors of the Company an aggregate of $14,170 (2008 - $2,850) for consulting fees.

c) Paid a company with a common director an aggregate of $28,185 (2008 - $26,619) for rent.

d) Issued 33,334 common shares with a value of $1,667 (2008 – 13,334 common shares with a value of $334) and paid an amount of $13,333 (2008 - $10,000) to the President of the Company under an option agreement on the Pardo Property (note 5).

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

Financial instruments are classified into one of the following five categories under Canadian generally accepted accounting principles: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The Company classifies 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.

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

Fair value

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 404,951	$ -	$ -	$ 404,951
Marketable securities	74,000	-	-	74,000
Total	$ 478,951	$ -	-	$ 478,951

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 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, 2009, the Company had a cash balance of $404,951 to settle current liabilities of $34,676. 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.

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

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 order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company defines its capital as shareholders' equity.

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.

11. INCOME TAXES

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

		2009		2008
Loss before income taxes	$	(317,127)	$	(2,221,541)
Expected income tax (recovery)	$	(95,138)	$	(688,678)
Items not deductible for tax purposes		(8,399)		552,261
(Recognized) unrecognized benefit of non-capital losses		103,537		(60,083)
Total income taxes (recovery)	$	-	$	(196,500)

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

		2009		2008
Future tax assets (liabilities):				
Financing costs	$	30,000	$	46,000
Loss carry forwards		408,000		255,000
Marketable securities		(16,000)		21,000
Mineral properties		(5,000)		39,500
Equipment		4,000		2,500
Future tax assets (liabilities)		421,000		364,000
Less: Valuation allowance		(421,000)		(364,000)
Net future tax assets (liabilities)	$	-	$	-

11. INCOME TAXES (cont'd…)

The Company has available for deduction against future taxable income non-capital losses of approximately $1,362,000. These losses, if not utilized, will expire through to 2029. 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 1,000,000 (2008 - nil) common shares on a flow-through basis for gross proceeds of $150,000 (2008 - $nil). The Company has a recovery of $nil (2008 - $196,500) of future income tax. At December 31, 2009, $103,759 qualified expenditures had been incurred, and the amount of flow-through proceeds remaining to be expended was $46,241.

12. SEGMENTED INFORMATION

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

Geographic information is as follows:

	2009	2008
Mineral properties and deferred exploration costs in:		
- Canada	$ 1,705,850	$ 1,554,825
- United States	199,537	-
TOTAL	$ 1,905,387	$ 1,554,825

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2009:

(a) 100,000 warrants were exercised at $0.10 per share for total proceeds of $10,000;

(b) the Company gave notice to terminate the Carter Land Property Option to Lease Agreement in February 2010 (Note 5).

ENDURANCE GOLD CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
For the year ended December 31, 2009

This Management's Discussion and Analysis ("MD&A") has been prepared as of March 30, 2010 (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, 2009, 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 (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 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. ("ERI"), on October 28, 2008 to acquire and evaluate several exploration project opportunities in the United States.

Exploration Activities

The Company incurred approximately $360,000 ($550,000 in 2008) in exploration expenditures in 2009. The Company's exploration efforts during 2009 were primarily focused on the Natrona Projects in Wyoming in USA and the Nechako Gold JV Project in British Columbia. The following summarizes the significant events and transactions in the mineral projects during the period.

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

In February 2009, the Company, through ERI, acquired by staking a 100% interest in six properties totaling 47 claims and 970 acres in the Rattlesnake Hills area of Wyoming. Later in the year, ERI was also granted four state leases totaling 2,560 acres, bringing ERI's total land position on the Natrona Gold Project to over 3,500 acres.

The properties and state leases are located in the Rattlesnake Hills area with certain ERI properties adjoining Evolving Gold Corporation's Rattlesnake Hills property where gold mineralization has been discovered at the North Stock Target and Antelope Target.

During May 2009, the Company completed a reconnaissance scale mapping and sampling program on five of six of its properties comprising the Natrona Gold Project. As a result of that work, gold values up to 0.66 grams per tonne gold ("gpt Au") were identified in a geological environment identical to the adjacent Evolving Gold discovery. The sixth Endurance property is located approximately 8 kilometres west of the Evolving Gold discovery and has not yet been evaluated with geological prospecting.

The five properties are located between 1.7 and 4.0 kilometres from the North Stock Target area on the Evolving Gold property, where a 93 hole drilling program was completed in 2009. On July 13, 2009, Evolving Gold announced a drill intercept of 67.1 metres grading 10.8 gpt Au on the North Stock target. Other reported drill intercepts announced in 2008 through February 2010 by Evolving Gold on the North Stock target include 2.92 gpt Au over 146.3 metres, 2.64 gpt Au over 158 metres, 2.84 gpt Au over 130 metres and 0.90 gpt Au over a composite interval of 359.6 metres. At the North Stock Target, Evolving Gold has described a continuous zone of higher grade mineralization at least 240 metres long, and about 100 metres wide and extending to depths over 300 metres. Its higher grade zone lies within a much larger volume of lower grade halo mineralization on the North Stock Target that is about 450 metres long, 250 metres wide and extends to depths over 500 metres. Evolving Gold's high grade zone is open to the northwest, northeast and vertically. The Company's TMS property is located 1.7 kilometres north of the North Stock discovery.

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

Preliminary mapping by Endurance confirmed the presence of the Tertiary alkalic intrusions on all five properties. Zones of intense brecciation and shearing were noted on one of the five properties and two properties contained areas of moderate iron staining indicative of weathered sulphide mineralization. A total of 73 rock samples and 43 soil samples were collected during the program. One grab sample of the brecciated material returned a gold analysis of 0.66 gpt Au. Elsewhere, soil anomalies to 12 parts per billion were detected.

In October 2009, a controlled source audio-magnetotelluric ("CSAMT") geophysical survey of 15.1 line kilometers was undertaken on the Company's BC and TMS properties by Quantec Geoscience USA Inc. The TMS property is located 1.7 kilometres north of the northern end of Evolving Gold's North Stock discovery. On the TMS grid a strong CSAMT resistivity anomaly correlates with the mapped contact of a 500 metre diameter Tertiary phonolite (alkalic) intrusive located on the TMS property. On the Evolving Gold North Stock discovery immediately to the south, these similar intrusive margins are host to diatreme breccias containing significant gold mineralization.

The geologic setting of the Endurance properties and the Evolving Gold discovery are similar to large scale alkalic intrusive hosted gold deposits within the Rocky Mountain alkalic gold province, that include Cripple Creek, in Colorado. The Cripple Creek district has produced 21 million ounces of gold to date.

A map illustrating the location of the Endurance properties is available for viewing on our website at www.endurancegold.com.

All five Endurance Natrona properties evaluated require follow-up sampling and mapping. A 2010 drilling program is being considered to test the geophysical anomalies associated with favorable geology on the Company's BC and TMS properties.

Pardo Property, Ontario, Canada (100% interest, subject to farm-out dilution 45%)

Endurance acquired a 100% interest on the Pardo property from three individuals (the "Underlying Vendors"), by making cash payment of $100,000 and issuance of 200,000 common shares. The Vendors have retained a 3% net smelter return ("NSR") royalty, of which 1.5% can be purchased for $1,500,000 at any time. Duncan McIvor, President and CEO of Endurance, is one of the individuals comprising the Underlying Vendors.

The Pardo Property, located 65 kilometres northeast of Sudbury, Ontario, covers 3,312 hectares, and is largely underlain by flat lying, Proterozoic aged conglomerates resting unconformably on Archean aged metasediments. Gold mineralization defined to date on the property is spatially associated with pyritic and quartz pebble bearing portions of the conglomerates, at or proximal to the unconformity. Endurance has completed approximately $1,000,000 in exploration on the claim block, including two drilling campaigns totaling 1,626 metres in 97 holes. Intercepts up to 1.67 gpt Au over 8.4 metres have been returned to date.

In June 2009, the Company entered an option agreement with Mount Logan Resources Ltd. ("Mount Logan"), a private Ontario corporation, whereby Mount Logan can earn up to a 70% interest in the Pardo Property. On July 29, 2009, Ginguro Exploration Inc., ("Ginguro") an Exchange listed public company, acquired a 100% interest in Mount Logan. All the terms and conditions of the Company's option agreement with Mount Logan have been assumed by Ginguro. Until such time as Ginguro completes its earn-in (55% or 70%, as applicable), the Pardo Property claims will continue to be 100% owned by Endurance.

Under the terms of its option agreement with Endurance, Ginguro can earn an initial 55% interest in the property by completing $1,000,000 in exploration expenditures and making cash payments totaling $200,000 ($50,000 received) to Endurance over a three year period. On completion of its 55% earn-in, Ginguro has a one-time option to increase its ownership interest to 70%, by completing an additional $1,000,000 in exploration and making a further cash payment of $250,000 to Endurance.

On completion of either earn-in of 55% or 70%, as applicable, Ginguro will form a joint venture with Endurance to continue the exploration and development of the project. In the event either party's joint venture interest is diluted to 10% or less, that interest will convert to a 1.5% NSR. In addition, the diluted party will receive a one time cash payment of $500,000 on the commencement of commercial production.

During 2009, Ginguro announced completion of a 17 hole, 742 metre diamond drilling program on the property, with the highest drill intercept returning 1 gpt Au over 3.13 metres. In addition, Ginguro identified two new gold occurrences on the property and completed further rock sampling from test pits. Ginguro reported "grab" sample grades from this trenching of up to 107.5 gpt Au.

Ginguro has indicated to Endurance that they plan to conduct further exploration during 2010.

Nechako Gold Property, British Columbia, Canada (75% JV interest)

During 2009, Endurance completed a three hole, 536 metre diamond drilling program on the Nechako Gold JV Property. The property is located 75 kilometres west of Quesnel, and covers an area of widespread low grade gold mineralization drill defined by Lac Minerals in the mid to late 1980's. The mineralization is primarily hosted in flat lying, hematitic coarse chert bearing conglomerates of the Skeena Group.

The Endurance program was designed to test the large epithermal gold system to significant depth. Hole NK-09-01 was drilled to 72 metres, before being lost in badly caved ground. The hole intersected a sequence of strongly hematized conglomerates, cut by clay altered and pyritic quartz eye felsic dykes (or interflow rhyolite). One sample of intensely altered conglomerate immediately above the felsic horizon returned an intercept of 2.67 gpt Au over 0.5 metres. A one metre strongly clay altered sample from within the felsic horizon returned 2.33 gpt Au. No other significant gold values (of >500 ppb) were encountered.

Hole NK-09-01B set-up 3 metres east of Hole NK-09-01, and successfully penetrated the difficult ground conditions to a final depth of 355 metres. Only one sample, from a pyrite carbonate filled fracture, returned a significant gold value in excess of 0.5 gpt, with an intercept of 0.549 gpt Au across 1.0 metre. While numerous thin hematite bearing conglomerate horizons were intersected at depth, none carried significantly elevated gold values.

Hole NK-09-02 was drilled in a previously untested area of widespread hematitic conglomerate exposure with associated surface arsenic geochemistry. The hole intersected a contiguous 67.9 metre interval of intensely hematitic coarse chert clast conglomerate, which elsewhere on the property had returned significant gold values. The interval, however, contained no significantly anomalous gold mineralization at this location.

No additional work is currently planned on the Nechako Gold Project. The property is owned 75% by Endurance, and 25% by Amarc Resources Ltd.

Carter Coal Property, West Virginia, USA (Option for 100% interest)

In February 2009, the Company, through ERI, 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 was paid. 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 (issued with a value of $5,000) upon acceptance by the Exchange of the transaction, and the remaining 200,000 shares upon execution of the Lease Agreement. Subsequent to 2009 year end, the Company terminated the Option in February 2010.

Dogpaw Project, Ontario (14 claims 25% JV interest, 4 claims 2.5% NSR)

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

The Company subsequently entered into an option agreement in January 2007 with Houston Lake Mining Inc. ("HLM"), whereby HLM could earn a 100% interest in four claims forming part of the Dogpaw Project, subject to a 2.5% NSR royalty interest that was retained by the Company, in return for a work commitment and shares of HLM. 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 in April 2007 with Metals Creek Resources Corp. ("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 2007. MEK also had the right to 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 (incurred). By February 2009, MEK had completed the required $450,000 exploration expenditure and earned its 75% interest in the Property. The 14 claim Dogpaw Property is now held 75% by MEK and 25% by Endurance.

A comprehensive JV agreement was finalized during the year. The Company does not currently intend to participate in future exploration work, if any, and its interest will be diluted.

Parkin and Hutton Properties, Ontario, Canada (100% interest)

During 2009, Endurance re-acquired by staking a 100% interest in 46 claim units located in Hutton and Parkin Townships, in east-central Ontario. The claims cover areas underlain by Proterozoic flat lying pyritic quartz pebble conglomerates that are analogues to the Pardo Property, but have seen no modern exploration for gold mineralization. The Company completed a first pass reconnaissance mapping and sampling program on the properties in October 2009, from which no significantly anomalous gold values were returned. No further additional work is planned on the properties. At December 31, 2009, the Company wrote off the carrying value of $5,273 in acquisition and exploration costs incurred on the properties.

Selected Annual Information

Selected annual information from the audited financial statements for the years ended December 31, 2009, 2008 and 2007 is summarized in the table below.

	2009 $	2008 $	2007 $
Total revenues	Nil	Nil	Nil
Net income (loss) for the year	(317,127)	(2,025,041)	(152,625)
Basic and diluted income (loss) per share	(0.01)	(0.08)	(0.01)
Total assets	2,422,425	1,723,231	4,016,270
Long-term Income Tax Liability	Nil	Nil	196,500
Cash dividends declared per share	Nil	Nil	Nil

Results of Operations

The Company's net loss for the year ended December 31, 2009 was $317,127 or $0.01 per common share, compared to a net loss of $2,025,041 or $0.08 per common share in 2008.

The net loss in 2009 is inclusive of a write-off of $80,417 (2008 - $1,732,166) in mineral property costs, a realized loss on sales of marketable securities of $27,647 (2008 - $3,070), an unrealized gain on marketable securities of $92,231 (2008 – an unrealized loss of $136,332), interest income of $2,760 (2008 - $17,166). In the current year, the Company applied for and received an amount of $36,474 (2008 - $nil) in mining tax credits from the B.C. government on prior year's qualified exploration expenditures incurred in the BQ property, which had been written-off in 2008. The net loss in 2008 is also inclusive of a non-cash future income tax recovery of $196,500 that relates to the prior year's renouncement of flow-through expenditures to investors (see note 11 to the audited consolidated financial statements). The renouncement had no effect on cash.

Excluding these other and non-recurring tax items, the net loss in the 2009 fiscal year would have been $340,528 (2008 - $367,139), a decrease of $26,611. The variance was mainly attributable to:

- Corporate communications expenses totaled $6,467 (2008 - $81,560), a decrease of $75,093. The decrease in the corporate communication expense was due to the reduction in investor relations activities as a result of cost containment measures implemented since the second half of 2008.
- Stock-based compensation expense (a non-cash charge) of $74,970 (2008 - $10,230), incurred as a result of the vesting of 1,700,000 (2008 – 150,000) stock options granted in the current year.
- Business development and property investigation expense totaled $27,345 (2008 –$47,685), a decrease of $20,340, as a result of the Company curtailing its reconnaissance activities during the current year.
- Amortization expenses totaled $3,766 (2008 - $1,141), an increase of $2,625 was due to the Company expensing all the remaining book value on fixed assets in the current year.

Most other operating expenses in the current year were at levels similar to the comparable period in 2008.

Fourth Quarter Comparison

For the three months ended December 31, 2009, the Company incurred a net loss of $123,297, or $0.00 per common share, compared to a net income of $635,673 or $0.02 per common share for the same quarter in 2008.

The net loss in the fourth quarter in 2009 is inclusive of a write-off of $80,417 (2008 - $717,388) in mineral property costs, a realized loss on sales of marketable securities of $nil (2008 - $120), an unrealized gain on marketable securities of $18,001 (2008 – an unrealized loss of $30,332), interest income of $900 (2008 - $539) and an amount of $36,474 (2008 - $nil) in mining tax credits received from the B.C. government on qualified exploration expenditures incurred in the BQ property during fiscal 2008. The net loss in the fourth quarter in 2008 is also inclusive of a non-cash future income tax recovery of $196,500, which is a future tax adjustment that relates to the prior year's renouncement of flow-through expenditures to investors (see note 11 to the audited consolidated 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 $98,255 for the three months ended December 31, 2009 as compared to $84,872 in the same quarter in 2008.

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter for the three months ending on December 31, 2009 are summarized in the table below.

Quarter Ended: / **Year:**	**Dec. 31 2009**	**Sept. 30 2009**	**June 30 2009**	**Mar. 31 2009**	**Dec. 31 2008**	**Sept. 30 2008**	**June 30 2008**	**Mar. 31 2008**
Net sales or total revenue ($000s)	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Income (loss) from continuing operations:								
(i) in total (000s)	$(123)	$(43)	$(36)	$(115)	$(636)	$(1,141)	$(164)	$(84)
(ii) per share(1)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.02)	$(0.04)	$(0.01)	$(0.00)
Net income or loss:								
(i) in total (000s)	$(123)	$(43)	$(36)	$(115)	$(636)	$(1,141)	$(164)	$(84)
(ii) per share(1)	$(0.00)	$(0.00)	$(0.00)	$(0.00)	$(0.02)	$(0.04)	$(0.01)	$(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 2009 includes a write-down of $80,417 in mineral property costs, an unrealized gain on marketable securities of $18,001 and an exploration mining tax credit of $36,474 from B.C. government.
- The net loss reported in the third quarter of 2009 includes a realized loss on sales of marketable securities of $27,647, and an unrealized gain on marketable securities of $36,273.
- The net loss reported in the second quarter of 2009 includes an unrealized gain on marketable securities of $15,980.
- The net loss reported in the first quarter of 2009 includes a stock-based compensation expense of $74,970 incurred as a result of the vesting of 1,700,000 stock options granted, and an unrealized gain on marketable securities of $21,977.
- The net loss reported in the fourth quarter 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 of flow-through expenditures to investors in the prior year.
- The net loss reported in the third quarter of 2008 includes a write-down of $1,010,190 in mineral property costs and an unrealized loss on marketable securities of $68,000.
- The net loss reported in the second quarter 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 the first quarter of 2008 includes a write-down of $4,501 in mineral property costs and an unrealized gain on marketable securities of $28,900.

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 $404,951 at December 31, 2009 ($89,211 at December 31, 2008), an increase of $315,740. The Company had working capital of $475,862 at December 31, 2009, as compared to $93,514 at December 31, 2008.

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, 2009, the Company's cash flow used for investing activities was $434,563 (2008 - $612,754) in mineral properties, all of which represented acquisition and exploration costs that were capitalized. During 2009, $15,000 (2008 – $5,000 posted) in reclamation bonds were released to the Company.

Financing Activities

During 2009, the Company completed two non-brokered private placements.

On March 31, 2009, the Company completed a non-brokered private placement with four directors, an officer and a consultant of the Company, receiving gross proceeds in the aggregate amount of $400,000 by issuing 8,000,000 units ("Units") at a price of $0.05 per Unit. Each Unit consisted of one common share and one share purchase warrant entitling the holder to purchase one common share of the Company for a period of twelve months from closing at a price of $0.10 per share.

On September 14, 2009, the Company completed a non-brokered private placement, receiving gross proceeds in the aggregate amount of $600,000, by issuing 1,000,000 flow-through ("FT") shares at a price of $0.15 per FT share and 3,000,000 non-FT units ("NFT Unit") at a price of $0.15 per NFT Unit. Each NFT Unit consisted of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $0.30 per share until September 14, 2011. The terms of warrants provided that if, during the term of any unexercised warrant commencing on January 15, 2010, the closing price of the common shares of the Company on the Exchange is greater than $0.50 for a period of 20 consecutive trading days the Company may, at its option and by notice in writing to each holder, require the holder of the warrant to exercise such warrant within 30 days, failing which the warrant will be deemed to have expired. Commission of $31,500 in cash and 240,000 Broker Warrants have been paid in connection with the financing. The Broker Warrants are exercisable on the same terms as the investors' warrants. A total of 420,000 NFT Units were subscribed by two directors of the Company.

There was no financing activity during 2008.

Subsequent to December 31, 2009, shareholders including three directors of the Company have acquired a total of 7,960,000 common shares of the Company through the exercise of 7,960,000 of the 8,000,000 share purchase warrants that otherwise would have expired on March 31, 2010. The Company has received $796,000 from the exercise of the warrants. The warrants were issued primarily to insiders in connection with a non-brokered private placement transaction of 8,000,000 Units in March 2009. Each Unit consisted of one common share and one share purchase warrant, exercisable at a price of $0.10 per share until March 31, 2010.

Outstanding share data as at the Report Date:

On the Report Date, the Company had 47,472,586 common shares outstanding or 51,402,586 shares on a fully diluted basis as follows:

	No. of Shares	Exercise Price	Expiry Date
Employees Stock Options	2,150,000	$0.10 - $0.23	Apr. 1, 2010 to Feb. 24, 2014
Warrants	1,540,000	$0.10 - $0.30	March 31, 2010 to Sept. 14, 2011
Brokers Warrants	240,000	$0.30	Sept. 14, 2011

Transactions with related parties

Included in accounts payable and accrued liabilities is $8,772 (2008 - $10,000) 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, 2009, the Company entered into the following related party transactions:

a) Paid to companies controlled by an officer and a director of the Company an aggregate of $43,500 (2008 - $48,500) for geological fees included in general exploration and mineral property expenses and $118,000 (2008 - $118,000) for management fees.

b) Paid or accrued to companies controlled by directors of the Company an aggregate of $14,170 (2008 - $2,850) for consulting fees.

c) Paid a company with a common director an aggregate of $28,185 (2008 - $26,619) for rent.

d) Issued 33,334 common shares with a value of $1,667 (2008 – 13,334 common shares with a value of $334) and paid an amount of $13,333 (2008 - $10,000) to the President of the Company under an option agreement on the Pardo Property (see note 5 to the audited consolidated financial statements).

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.

Change in Accounting Policies

Amendment to Financial Instruments - Disclosures

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

Recent Accounting Pronouncements

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.

Business Combinations, Consolidations, Non-Controlling Interests

In January 2009, the CICA issued Handbook Sections 1582 *Business Combinations*, 1601 *Consolidated Financial Statements* and 1602 *Non-controlling Interests* which replace CICA Handbook Sections 1581 *Business Combinations* and 1600 *Consolidated Financial Statements*. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. These Sections are applicable for interim and annual consolidated financial statements for fiscal years beginning January 1, 2011. Early adoption of these Sections is permitted and all these Sections must be adopted concurrently. The Company has not yet determined the impact of the adoption of these standards on its consolidated financial statements.

Financial Instruments and Risk

Financial instruments are classified into one of the following five categories under Canadian generally accepted accounting principles: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The Company classifies 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.

Fair value

The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 404,951	$ -	$ -	$ 404,951
Marketable securities	74,000	-	-	74,000
Total	$ 478,951	$ -	-	$ 478,951

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 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, 2009, the Company had a cash balance of $404,951 to settle current liabilities of $34,676. 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 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 will need to raise additional funds in the short term, both to significantly advance its property portfolio, and to meet all 2010 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 Securities Acts in British Columbia and Ontario. 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 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.