ENDURANCE GOLD CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

(Stated in Canadian Dollars)

The accompanying unaudited interim consolidated financial statements of Endurance Gold Corporation ("the Company"), for the three month period ended March 31, 2009, have been prepared by management and have not been the subject of a review by the Company's independent auditor.

ENDURANCE GOLD CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited, Prepared by Management)

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Current		
Cash	$ 374,401	$ 89,211
Marketable securities (Note 3)	56,455	34,478
Prepaid expenses and deposits	8,208	12,256
Receivables	4,934	4,687
	443,998	140,632
Equipment (Note 4)	5,431	6,274
Mineral properties (Note 5)	1,628,629	1,554,825
Reclamation bonds	21,500	21,500
	$ 2,099,558	$ 1,723,231
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 65,338	$ 47,118
Shareholders' equity		
Capital stock (Note 6)	4,451,170	4,052,779
Contributed surplus (Note 6)	380,157	305,187
Deficit	(2,797,107)	(2,681,853)
	2,034,220	1,676,113
	$ 2,099,558	$ 1,723,231

Nature of operations and going concern (Note 1)

Subsequent event (Note 11)

On behalf of the Board:

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

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

ENDURANCE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited, Prepared by Management)

	March 31, 2009	March 31, 2008
EXPENSES		
Amortization	$ 216	$ 285
Business development and property investigation	5,484	11,558
Corporate communications	1,482	37,007
Listing and transfer agent fees	6,211	6,930
Management fees	26,500	36,500
Office and administrative	13,128	15,265
Professional fees	9,649	8,626
Stock-based compensation	74,970	-
	(137,640)	(116,171)
OTHER ITEMS		
Interest income	409	10,691
Realized loss on sales of marketable securities	-	(2,810)
Unrealized gain on marketable securities	21,977	28,900
Write-off of mineral property	-	(4,501)
	22,386	32,280
NET LOSS FOR THE PERIOD	(115,254)	(83,891)
DEFICIT, BEGINNING OF PERIOD	(2,681,853)	(656,812)
DEFICIT, END OF PERIOD	$ (2,797,107)	$ (740,703)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)
Basic and diluted weighted average number of common shares outstanding	27,303,697	27,172,586

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

ENDURANCE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, Prepared by Management)

	March 31, 2009	March 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (115,254)	$ (83,891)
Add items not involving cash:		
Amortization	216	285
Stock-based compensation	74,970	-
Realized loss on sales of marketable securities	-	2,810
Unrealized gain on marketable securities	(21,977)	(28,900)
Write-off of mineral property	-	4,501
Changes in non-cash working capital items:		
Prepaid expenses and deposits	4,048	9,778
Proceeds from sales of marketable securities	-	18,190
Receivables	(247)	17,219
Accounts payable and accrued liabilities	15,241	10,762
Net cash used in operating activities	(43,003)	(49,246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	(65,198)	(97,249)
Net cash used in investing activities	(65,198)	(97,249)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	400,000	-
Share issuance costs	(6,609)	-
Net cash provided by financing activities	393,391	-
Net increase (decrease) in cash during the period	285,190	(146,495)
Cash, beginning of period	89,211	979,783
Cash, end of period	$ 374,401	$ 833,288

Supplemental disclosures with respect to cash flows (Note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Endurance Gold Corporation (the "Company") was incorporated under the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. Its principal business activities are the exploration and development of mineral properties. All of the Company's mineral properties are located in Canada.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts expended by the Company on acquiring and exploring mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the acquisition and/or development of the mineral properties and upon future profitable production.

These unaudited interim consolidated financial statements have been prepared by management 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

The accompanying unaudited interim consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles ("GAAP") in Canada on a basis consistent with those outlined in the Company's audited financial statements for the year ended December 31, 2008, except that they do not include all of the note disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements of the Company, including the notes thereto, copies of which are filed on the SEDAR website at www.SEDAR.com.

2. CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

a) 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.

b) 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 March 31, 2009, the Company owns marketable securities as follows:

	March 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	16,000	50,000	35,000	14,250
Metals Creek Resources Corp. ("MEK.V")	449,500	160,810	40,455	449,500	160,810	20,228
		195,810	56,455		195,810	34,478

4. EQUIPMENT

	March 31, 2009			December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computers	$ 3,525	$ 2,494	$ 1,031	$ 3,525	$ 2,410	$ 1,115
Office furniture and equipment	4,740	2,222	2,518	4,740	2,090	2,650
Field equipment	7,525	5,643	1,882	7,525	5,016	2,509
	$ 15,790	$ 10,359	$ 5,431	$ 15,790	$ 9,516	$ 6,274

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

5. MINERAL PROPERTIES

At March 31, 2009, the Company's mineral properties were comprised of properties located in Canada and in the United States of America. Expenditures incurred on mineral properties are as follows:

	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008	2009 Expenditures	2009 Write-offs	Balance March 31, 2009
BRITISH COLUMBIA							
Nechako Gold (Amarc JV) Property							
Acquisition costs	$ 80,000	$ -	$ -	$ 80,000	$ -	$ -	$ 80,000
Exploration costs							
Drilling	64,876	-	-	64,876	-	-	64,876
Field expenses	47,800	-	-	47,800	-	-	47,800
Geochemistry	40,068	-	-	40,068	-	-	40,068
Geological and miscellaneous	74,125	270	-	74,395	-	-	74,395
Geophysics	52,437	-	-	52,437	-	-	52,437
Land and recording fees	16,104	-	-	16,104	8,123	-	24,227
Line cutting	51,744	-	-	51,744	-	-	51,744
	427,154	270	-	427,424	8,123	-	435,547
Nechako – EDG 100% Property							
Acquisition costs	873	-	(873)	-	-	-	-
Exploration costs							
Geological and miscellaneous	647	-	(647)	-	-	-	-
Land and recording fees	1,874	-	(1,874)	-	-	-	-
	3,394	-	(3,394)	-	-	-	-

5. MINERAL PROPERTIES (cont'd…)

	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008	2009 Expenditures	2009 Write-offs	Balance March 31, 2009
BRITISH COLUMBIA (cont'd)							
BQ Property							
Acquisition costs	$ 51,500	$ -	$ (51,500)	$ -	$ -	$ -	$ -
Exploration costs							
Drilling	193,661	83,176	(276,837)	-	-	-	-
Field expenses	79,145	13,006	(92,151)	-	-	-	-
Geochemistry	73,450	723	(74,173)	-	-	-	-
Geological and miscellaneous	152,935	15,843	(168,778)	-	-	-	-
Geophysics	244,215	-	(244,215)	-	-	-	-
Land and recording fees	13,395	8,830	(22,225)	-	-	-	-
Line cutting	75,945	-	(75,945)	-	-	-	-
	884,246	121,578	(1,005,824)	-	-	-	-
BQ – EDG 100% Property							
Acquisition costs	1,649	-	-	1,649	-	-	1,649
	1,649	-	-	1,649	-	-	1,649
Virginia Silver Property							
Acquisition costs	8,569	-	(8,569)	-	-	-	-
Exploration costs							
Drilling	61,823	-	(61,823)	-	-	-	-
Field expenses	8,870	-	(8,870)	-	-	-	-
Geochemistry	17,071	-	(17,071)	-	-	-	-
Geological and miscellaneous	26,003	13	(26,016)	-	-	-	-
Land and recording fees	3,742	-	(3,742)	-	-	-	-
Line cutting	13,072	-	(13,072)	-	-	-	-
Cost recovery	-	(25,000)	25,000	-	-	-	-
	139,150	(24,987)	(114,163)	-	-	-	-
Virginia Silver – EDG 100% (Annie) Property							
Acquisition costs	712	-	-	712	-	-	712
Exploration costs							
Geological and miscellaneous	2,305	-	-	2,305	-	-	2,305
Land and recording fees	475	-	-	475	-	-	475
	3,492	-	-	3,492	-	-	3,492
BRITISH COLUMBIA –TOTAL	**1,459,085**	**96,861**	**(1,123,381)**	**432,565**	**8,123**	**-**	**440,688**

5. MINERAL PROPERTIES (cont'd…)

	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008	2009 Expenditures	2009 Write-offs	Balance March 31, 2009
ONTARIO							
Dogpaw Property							
Acquisition costs	$ 214,000	$ -	$ (214,000)	$ -	$ -	$ -	$ -
Exploration costs							
Airborne survey	71,600	-	(71,600)	-	-	-	-
Drilling	207,091	-	(207,091)	-	-	-	-
Field expenses	27,450	-	(27,450)	-	-	-	-
Geochemistry	15,804	-	(15,804)	-	-	-	-
Geological and miscellaneous	124,111	-	(124,111)	-	-	-	-
Geophysics	22,130	-	(22,130)	-	-	-	-
Land and recording fees	52	-	(52)	-	-	-	-
Line cutting	71,837	-	(71,837)	-	-	-	-
Cost recovery	(222,000)	(9,000)	231,000	-	-	-	-
	532,075	(9,000)	(523,075)	-	-	-	-
Pardo Property							
Acquisition costs	42,750	31,000	-	73,750	-	-	73,750
Exploration costs							
Drilling	165,490	146,914	-	312,404	-	-	312,404
Field expenses	115,630	70,445	-	186,075	1,282	-	187,357
Geochemistry	57,944	23,630	-	81,574	-	-	81,574
Geological and miscellaneous	165,206	102,930	-	268,136	1,149	-	269,285
Geophysics	50,897	72,288	-	123,185	-	-	123,185
Land and recording fees	13,591	-	-	13,591	-	-	13,591
Line cutting	39,888	-	-	39,888	-	-	39,888
Trenching	9,450	14,207	-	23,657	-	-	23,657
	660,846	461,414	-	1,122,260	2,431	-	1,124,691
Turner Property							
Acquisition costs	8,640	-	(8,640)	-	-	-	-
Exploration costs							
Field Expenses	4,757	178	(4,935)	-	-	-	-
Geochemistry	710	-	(710)	-	-	-	-
Geological and miscellaneous	21,158	885	(22,043)	-	-	-	-
Geophysics	7,163	-	(7,163)	-	-	-	-
Helicopters	1,974	-	(1,974)	-	-	-	-
Land and recording fees	16,625	-	(16,625)	-	-	-	-
Line cutting	13,759	-	(13,759)	-	-	-	-
	74,786	1,063	(75,849)	-	-	-	-

5. MINERAL PROPERTIES (cont'd…)

	Balance December 31, 2007	2008 Expenditures	2008 Write-offs	Balance December 31, 2008	2009 Expenditures	2009 Write-offs	Balance March 31, 2009
ONTARIO (cont'd)							
Minnitaki Property							
Acquisition costs	$ 4,409	$ -	$ (4,409)	$ -	$ -	$ -	$ -
Exploration costs							
Geological and miscellaneous	92	-	(92)	-	-	-	-
	4,501	-	(4,501)	-	-	-	-
Hutton Property							
Acquisition costs	1,485	-	(1,485)	-	-	-	-
Exploration costs							
Geological and miscellaneous	92	-	(92)	-	-	-	-
	1,577	-	(1,577)	-	-	-	-
Parkin Property							
Acquisition costs	3,604	-	(3,604)	-	-	-	-
Exploration costs							
Geological and miscellaneous	92	-	(92)	-	-	-	-
	3,696	-	(3,696)	-	-	-	-
Long Lac Property							
Acquisition costs	7,080	-	(7,080)	-	-	-	-
Exploration costs							
Geological and miscellaneous	87	-	(87)	-	-	-	-
Cost recovery	-	(7,080)	7,080	-	-	-	-
	7,167	(7,080)	(87)	-	-	-	-
ONTARIO –TOTAL	**1,284,648**	**446,397**	**(608,785)**	**1,122,260**	**2,431**	**-**	**1,124,691**
UNITED STATES							
Carter Property							
Acquisition costs	-	-	-	-	24,463	-	24,463
Exploration costs							
Geological and miscellaneous	-	-	-	-	14,674	-	14,674
	-	-	-	-	39,137	-	39,137
Natrona Property							
Acquisition costs	-	-	-	-	21,238	-	21,238
Exploration costs							
Geological and miscellaneous	-	-	-	-	2,875	-	2,875
	-	-	-	-	24,113	-	24,113
UNITED STATES –TOTAL	**-**	**-**	**-**	**-**	**63,250**	**-**	**63,250**
TOTAL MINERAL PROPERTIES	**$2,743,733**	**$ 543,258**	**$(1,732,166)**	**$ 1,554,825**	**$ 73,804**	**$ -**	**$ 1,628,629**

5. MINERAL PROPERTIES (cont'd…)

Nechako Gold (Amarc JV) Property, British Columbia

The Nechako Gold Property is comprised of eleven mineral claims located west of Quesnel, British Columbia. The Company owns a 69% interest in the Nechako Gold Joint Venture with partner, Amarc Resources Inc. ("Amarc") owning 31%.

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 in 2006.

Virginia Silver Property, British Columbia

The Company had an option to earn a 100% interest in the Virginia Silver Property, located in the Omineca Mining Division of northwestern British Columbia by issuing 100,000 warrants (issued with a value of $8,569) to the Optionor. Each warrant entitled the holder to purchase one common share of the Company at a price of $0.20 per share until October 23, 2008 (expired unexercised). In addition, at the discretion of the Optionor, the Company would have been required to either issue 250,000 common shares of the Company, or pay $250,000, on or before October 23, 2009 to complete its 100% earn-in. At December 31, 2008, the Company decided not to proceed with the option and wrote off the carrying value of $114,163 in acquisition and exploration costs incurred on the property. The Company gave notice to terminate its option agreement with the Optionor on March 11, 2009.

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 in 2006.

Dogpaw (Metals Creek JV) Property, Ontario

The Company entered into an option agreement dated April 16, 2007 with Metals Creek Resources Corp. (formerly The Endurance Fund Corporation) ("MEK"), whereby MEK had the right to acquire up to a 75% interest in 14 claims located north-western Ontario, in return for a work commitment of $450,000 (incurred) and payment of 450,000 common shares of MEK (received with a value of $161,000). MEK fulfilled all of its obligations and earned its 75% interest in the Property. The Property is now held 75% by MEK and 25% by Endurance. At December 31, 2008, the Company decided not to participate in further exploration work on the property and wrote off the carrying value of $523,075 in acquisition and exploration costs incurred on the property. The Company does not currently intend to participate in future exploration work, if any, and its interest will be diluted.

Pardo Property, Ontario

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

5. MINERAL PROPERTIES (cont'd…)

Carter Property, West Virginia, USA

The Company, through its 100% owned U.S. subsidiary, Endurance Resources Inc., signed a Property Option Agreement with The Carter Land Company, whereby in consideration of US$24,000 (US$12,000 paid and US$12,000 due on or before August 17, 2009), the Company has the option to 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 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 (200,000 shares issued at a value of $5,000) upon acceptance by the TSX Venture Exchange of the transaction, and the remaining 200,000 shares upon execution of the Lease Agreement

Natrona Property, Wyoming, USA

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

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	200,000	5,000	-
Non-brokered private placement	8,000,000	400,000	-
Share issuance costs	-	(6,609)	-
Stock-based compensation	-	-	74,970
Balance at March 31, 2009	**35,412,586**	**$ 4,451,170**	**$ 380,157**

There are no (2008 – 1,078,100) outstanding shares subject to escrow at March 31, 2009. Under the escrow agreement, 15% of the original 7,187,334 shares held in escrow were released every six months from August 4, 2005.

6. CAPITAL STOCK (cont'd)

Share issuance

For the three month period ended March 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. See Note 5.

ii) Completed a non-brokered private placement financing on March 31, 2009, 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 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.

The Company did not issue any shares during the same quarter in 2008.

During 2008, the Company 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. A summary of the options outstanding at March 31, 2009 is as follows:

Number Outstanding	Exercise Price $	Expiry Date
75,000	0.26	April 25, 2009
150,000	0.23	March 26, 2010
50,000	0.23	May 10, 2010
150,000	0.12	April 1, 2010
250,000	0.15	October 11, 2012
1,700,000	0.10	February 14, 2014
2,375,000		

The following warrants to acquire common shares were outstanding at March 31, 2009:

Number Outstanding	Exercise Price $	Expiry Date
8,000,000	0.10	March 31, 2010
8,000,000		

There are no (2008 – 642,000) Agent's compensation options outstanding at March 31, 2009. The Agent's compensation options outstanding in 2008 were issued to the Agent in connection with the Company's brokered private placement completed in March 2007, each of which entitled the Agent to purchase one common share of the Company at a price of $0.40 per share until September 20, 2008.

6. CAPITAL STOCK (cont'd)

(d) Stock-based compensation

The fair value of options reported as compensation expense during the quarter ended March 31, 2009 has been estimated using the Black-Scholes Option Pricing Model using the following assumptions:

	2009	2008
Description		
Expected dividend yield	0.0%	-
Risk free interest rate	2.04%	-
Expected stock price volatility	221.1%	-
Expected life of options	5 years	-
Weighted average fair value	$0.0441	-

Based on the foregoing, stock-based compensation expense of $74,970 was recorded for options that vested during the quarter ended March 31, 2009. 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. 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 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.

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 March 31, 2009, the Company had a cash balance of $374,401 to settle current liabilities of $65,338. 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.

7. FINANCIAL INSTRUMENTS AND RISK (cont'd)

Market risk

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

(i) 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.

(ii) 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.

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities during the three months ended March 31, 2009 and 2008:

	2009	2008
Shares issued for mineral property	$ 5,000	$ -
Stock-based compensation	74,970	-

Incurred mineral property expenditures of $19,071 through accounts payable ($72,066 - 2008).

9. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities is $29,388 (2008 - $16,847) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the quarter ended March 31, 2009, the Company entered into the following related party transactions:

a) Paid or accrued to companies controlled by an officer and a director of the Company an aggregate of $8,500 (2008 - $10,500) for geological fees included in general exploration and mineral property expenses and $26,500 (2008 - $36,500) for management fees.

b) Paid a company controlled by a Company director an aggregate of $nil (2008 - $2,850) for consulting fees.

c) Paid a company with a common director an aggregate of $7,046 (2008 - $5,872) for rent.

d) Certain directors and an officer of the Company subscribed for a total of 7,500,000 non-brokered private placement units of the Company at a price of $0.05 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant is exercisable at $0.10 into one common share until March 31, 2010.

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.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. share capital and retained earnings).

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

11. SUBSEQUENT EVENT

Subsequent to March 31, 2009, 75,000 stock options expired unexercised.