ENDURANCE GOLD CORPORATION

FINANCIAL STATEMENTS

(Unaudited, prepared by Management)

SEPTEMBER 30, 2005

ENDURANCE GOLD CORPORATION
BALANCE SHEETS
(Unaudited, prepared by Management)

	September 30, 2005 (unaudited)	December 31, 2004 (audited)
ASSETS		
Current		
Cash	$ 1,337,728	$ 4,582
Receivables	14,863	30,644
Prepaid expenses and deposits	33,251	-
	1,385,842	35,226
Deferred issue costs	-	40,577
Mineral properties (Note 3)	882,584	583,266
	$ 2,268,426	$ 659,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 9,330	$ 61,962
Loan payable (Note 5)	-	119,541
	9,330	181,503
Shareholders' equity		
Capital stock (Note 4)	2,584,916	789,433
Subscriptions receivable	-	(163,275)
Contributed surplus (Note 4)	158,880	-
Deficit	(484,700)	(148,592)
	2,259,096	477,566
	$ 2,268,426	$ 659,069

Nature and continuance of operations (Note 1)

On behalf of the Board:

/s/ "Duncan McIvor" Director
Duncan McIvor

/s/ "Chris Mitchell" Director
Chris Mitchell

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

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

	Three Months ended September 30, 2005	Three Months ended September 30, 2004	Nine Months ended September 30, 2005	Nine Months ended September 30, 2004
EXPENSES				
Accounting and audit	$ 2,697	$ -	$ 22,308	$ -
Bank charges	49	113	246	683
Business development	4,369	-	6,351	-
Communications	776	316	2,699	947
Consulting fees	2,510	-	10,015	-
Corporate communications	156	-	639	-
Courier/freight	169	266	634	2,083
General exploration	7,221	-	7,221	-
Insurance	3,643	-	3,643	-
Legal expenses	25,826	5,389	29,641	40,166
Management fees	30,476	24,560	72,750	50,358
Office and administrative	4,883	2,840	19,179	6,046
Rent	6,254	2,550	14,204	7,650
Stock-based compensation	-	-	107,802	-
Travel, accommodation and meals	571	-	10,093	468
Trust and filing fees	28,817	-	29,818	-
	118,417	36,034	337,243	108,401
OTHER ITEM				
Interest income	(1,135)	-	(1,135)	-
Loss for the period	117,282	36,034	336,108	108,401
Deficit, beginning of period	367,418	72,367	148,592	-
Deficit, end of period	$ 484,700	$ 108,401	$ 484,700	$ 108,401
Basic and diluted loss per common share	$ (0.01)	$ (0.01)	$ (0.03)	$ (0.04)
Weighted average number of common shares outstanding	14,354,543	3,357,271	10,232,346	2,455,726

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

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

	Three Months ended September 30, 2005	Three Months ended September 30, 2004	Nine Months ended September 30, 2005	Nine Months ended September 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (117,282)	$ (36,034)	$ (336,108)	$ (108,401)
Add items not involving cash:				
Stock-based compensation	-	-	107,802	-
Changes in non-cash working capital items:				
Receivables	29,516	(6,438)	15,781	(22,038)
Accounts payable and accrued liabilities	(135,132)	29,129	(52,632)	56,193
Prepaid expenses and deposits	(30,844)	-	(33,251)	-
Net cash used in operating activities	(253,742)	(13,343)	(298,408)	(74,246)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral properties	(242,672)	(98,152)	(269,318)	(324,665)
Net cash used in investing activities	(242,672)	(98,152)	(269,318)	(324,665)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares	2,000,000	296,911	2,000,000	296,911
Share issuance costs	(172,343)	-	(262,403)	-
Subscriptions receivable	-	-	163,275	-
Loans payable	-	(168,396)	-	228,110
Net cash provided by financing activities	1,827,657	128,515	1,900,872	525,021
Increase in cash during the period	1,331,243	17,020	1,333,146	126,110
Cash, beginning of period	6,485	109,090	4,582	-
Cash, end of period	$ 1,337,728	$ 126,110	$ 1,337,728	$ 126,110

Supplemental disclosures with respect to cash flows (Note 7)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

These unaudited interim 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.

	September 30, 2005	**December 31, 2004**
Deficit	$(484,700)	$(148,592)
Working Capital (Deficiency)	$1,376,512	$(146,277)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying unaudited interim 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, 2004. They do not include all of the information and disclosures required by Canadian GAAP for audited financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These unaudited interim financial statements should be read in conjunction with the most recent audited annual financial statements of the Company, including the notes thereto. Operating results for the three and nine month periods ended September 30, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

The Company has not changed any of its existing accounting policies, nor has it adopted any new accounting policies since its last fiscal year end.

Stock-Based Compensation

The Company records compensation associated with stock options granted to directors, officers, employees and consultants using a fair value measured basis and records the expense as the options vest with the recipients.

ENDURANCE GOLD CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005
(Unaudited, prepared by Management)

3. MINERAL PROPERTIES

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

Expenditures on the Company's properties (all of which have been deferred in accordance with the Company's accounting policies) are as follows:

	December 31, 2003	Expenditure	December 31, 2004	Expenditure	September 30, 2005
Dogpaw Property					
Acquisition	$ 214,000	$ -	$ 214,000	$ -	$ 214,000
Airborne survey	-	71,600	71,600	-	71,600
Contractors/consultants	-	-	-	2,537	2,537
Diamond drilling	-	207,091	207,091	-	207,091
Field expenses	-	-	-	17,873	17,873
General exploration	-	-	-	12,110	12,110
Line cutting	-	59,692	59,692	12,145	71,837
Geological and technical services	-	30,883	30,883	14,567	45,450
Management fees	-	-	-	535	535
Office costs/communications/miscellaneous	-	-	-	23,117	23,117
Travel and accommodation	-	-	-	2,641	2,641
	214,000	369,266	583,266	85,525	668,791
Nechako Gold Property					
Acquisition	-	-	-	30,000	30,000
Assays	-	-	-	35,395	35,395
Claim renewal	-	-	-	5,720	5,720
Claim staking	-	-	-	912	912
Contractors/consultants	-	-	-	12,771	12,771
Field expenses	-	-	-	21,993	21,993
Geological and technical services	-	-	-	13,920	13,920
Geophysics	-	-	-	29,672	29,672
General exploration	-	-	-	689	689
Line cutting	-	-	-	38,002	38,002
Management fees	-	-	-	3,671	3,671
Office costs/communications/miscellaneous	-	-	-	671	671
Travel and accommodation	-	-	-	2,644	2,644
	-	-	-	196,060	196,060
Sabre Gold Property					
Claim staking	-	-	-	485	485
Pardo Property					
Claim staking	-	-	-	91	91

3. MINERAL PROPERTIES *(Continued)*

BQ Property					
Acquisition	-	-	-	5,000	5,000
Assays	-	-	-	586	586
Claim staking	-	-	-	960	960
Contractors/consultants	-	-	-	1,429	1,429
Field expenses	-	-	-	2,545	2,545
Geological and technical services	-	-	-	6,637	6,637
	-	-	-	17,157	17,157
Total Mineral Properties	$ 214,000	$ 369,266	$ 583,266	$ 299,318	$882,584

Dogpaw Property

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

Nechako Gold Property

The Nechako Gold Project is comprised of the BOB, JMD and Nechako mineral claim groups totaling 3,350 hectares within the Cariboo Mining District of central British Columbia. The property is located approximately 75 kilometers due west of Quesnel, British Columbia.

During 2004, the Company entered into an option and joint venture agreement with Amarc Resources Inc. ("Amarc"), whereby the Company can earn a 60% interest in the "Bob" Property (now referred to as the Nechako Gold Property) by completing $250,000 in exploration expenditures and issuing 250,000 shares to Amarc over a three-year period. The Company has the obligation to incur exploration expenditures of at least $50,000 (fulfilled) on or before June 30, 2005, which date was subsequently extended to August 29, 2005. On August 16, 2005, the Company issued 50,000 common shares to Amarc and 70,000 shares to an underlying property vendor. The aggregate value of the 120,000 shares issued was $30,000. Both transactions were made pursuant to the terms of the Amarc Agreement.

Sabre Gold Property

During the first quarter of 2005, three mineral claims totalling 1,213 hectares were staked on behalf of the Company approximately 15 kilometres south of the Nechako Gold property.

BQ Property

The Company entered into an option agreement dated August 25, 2005 with David Hayward, Rebecca Brook and Maurice Fournier (the "Vendors"), whereby the Company has the option to earn a 100% interest in eight mineral claims in the BQ Property in the Omineca Mining Division of British Columbia. To earn its 100% interest in the property, the Company must pay the Vendors a total of $70,000 ($5,000 paid) and issue a total of 250,000 shares (15,000 shares issued subsequent to September 30, 2005) over a three-year period. The Vendors retained a 3% net smelter return royalty interest, one-half of which may be purchased by the Company for $1,500,000.

3. MINERAL PROPERTIES *(Continued)*

Pardo Property

The Company entered into an option agreement on September 16, 2005 with three vendors (one of whom is the President of the Company) to earn a 100% interest in the six claim, 1,344 hectare Pardo property located 65 kilometres northeast of Sudbury, Ontario. To earn its interest, the Company must make $100,000 in cash payments and issue 200,000 common shares 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. An additional payment of $5,136 will be made to an underlying vendor of the property for out-of-pocket staking costs.

4. CAPITAL STOCK

(a) Authorized capital consists of an unlimited number of common shares without par value.

(b) Issued and fully paid:

	Number of Shares	**Amount**	**Contributed Surplus**
<u>Common shares</u>:			
Issued at December 31, 2003	2,000,000	$ 214,000	$ -
- Issued for cash	5,377,880	575,433	-
Issued at December 31, 2004	7,377,880	789,433	-
- Issued in settlement of debt	1,117,206	119,541[1]	-
- Stock-based compensation	-	-	107,802
- Issued for cash	8,000,000	2,000,000	-
- Issued for Agent's commission	75,000	18,750	-
- Issued for mineral property	120,000	30,000[2]	-
- Share issuance costs	-	(321,730)	-
- Agent's options	-	(51,078)	51,078
Issued at September 30, 2005	16,690,086	$ 2,584,916	$ 158,880

(1) Shares issued at a deemed price of $0.107 per share.
(2) Shares issued at a deemed price of $0.25 per share.

4. CAPITAL STOCK *(Continued)*

The Company closed an initial public offering ("IPO") of its common shares on July 27, 2005, raising gross proceeds of $2,000,000. The IPO consisted of 4,800,000 flow-through common shares at a price of $0.25 per share and 3,200,000 units (the "Units") at a price of $0.25 per Unit. Each Unit consists of one common share and one common share purchase warrant which may be exercised at any time until 24 months from closing. During the first 12 months the exercise price is $0.35 per share and thereafter the exercise price is $0.45 per share. The agent received a cash commission of $150,000, 75,000 Units and compensation options entitling the agent to purchase 800,000 Units at $0.25 per Unit.

(c) Stock Options, Warrants and Agent's Compensation Options Outstanding at September 30, 2005

In March 2005, the Company adopted an incentive stock option plan (the "Plan") that conforms to the requirements of the TSX Venture Exchange (the "Exchange") for the purpose of granting options to purchase common shares to directors, officers, employees and consultants of the Company. A total of 1,050,000 options were granted under the Plan during the quarter ended March 31, 2005, all of which vested during that quarter.

As there was no market for the Company's securities when the options were granted, the exercise price of these options was determined at $0.25 per common share, based upon the proposed offering price in the Company's proposed initial public offering. The options outstanding at September 30, 2005 are as follows:

Number Outstanding	Exercise Price	Expiry Date
1,050,000	$ 0.25	August 4, 2008

As at September 30, 2005, the Company had warrants (the "Warrants") outstanding for 3,275,000 common shares. The Warrants are exercisable at $0.35 per share until July 27, 2006 and then exercisable at $0.45 per share until July 27, 2007. The Company also had 800,000 Agent's compensation options outstanding at September 30, 2005. The Agent's compensation options were issued to the Agent in connection with the Company's Initial Public Offering. Each Agent's compensation option entitles the Agent to purchase one Unit at a price of $0.25 per Unit until July 27, 2007, with each unit consisting of one common share and one Warrant.

(d) Stock-based compensation

The fair value of options reported as compensation expense in the quarter ended March 31, 2005 was estimated using the Black-Scholes Option Pricing Model using the following assumptions: a risk free interest rate of 3.55%, an expected life of 3 years; an expected volatility of 75% and no expectation for the payment of dividends. Based on these variables, stock-based compensation expense of $107,802 was recorded during the quarter ended March 31, 2005. The offsetting credit was recorded in Contributed Surplus.

The fair value of the Agent's compensation options was estimated using the Black-Scholes Option Pricing Model using the following assumptions: a risk free interest rate of 3.02%, an expected life of 2 years, an expected volatility of 75% and no expectation for the payment of dividends. Based on these variables, stock-based compensation expense of $51,078 was recorded in share issuance costs. The off-setting credit was recorded in Contributed Surplus.

5. RELATED PARTY TRANSACTIONS

During the current period, the Company paid companies controlled by Company officers an aggregate of \$80,497 (2004 - \$62,296) for geological, management and administrative services, and an aggregate of \$17,311 for reimbursement of expenses paid.

During the current period, the Company issued 1,117,206 shares at a value of \$0.107 per share to repay the sum of \$119,541 that had been advanced as a non-interest bearing unsecured demand loan from a company that is a significant shareholder in the Company and that is itself controlled by two of the Company's directors.

6. SEGMENTED INFORMATION

The Company has one operating segment, mineral exploration, and all assets of the Company are located in Canada.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities:

	2005	2004
Investing activities:		
Shares issued for mineral property	\$ 30,000	\$ -
Financing activities:		
Shares issued to settle indebtedness	119,541	-
Stock-based compensation	158,880	-

8. SUBSEQUENT EVENT

Subsequent to September 30, 2005, the Company issued 15,000 common shares pursuant to the BQ property option agreement.

ENDURANCE GOLD CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Nine month period Ended September 30, 2005

This Management's Discussion and Analysis ("MD&A") reviews the activities of Endurance Gold Corporation ("Endurance", or the "Company") and compares the financial results for the three and nine month periods ended September 30, 2005 with the comparable periods in 2004. It is also an update to the Company's interim MD&A for prior periods in 2005. In order to gain a more complete understanding of Endurance's financial condition and results of operations, this MD&A should be read in conjunction with the audited and unaudited financial statements and accompanying notes for all relevant periods, copies of which are filed on the SEDAR website.

Endurance prepares its financial statements in accordance with Canadian generally accepted accounting principles, and these statements are filed with the relevant regulatory authorities in Canada. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls, made during the period covered by the interim filings. All monetary amounts are in Canadian dollars unless otherwise noted.

This MD&A contains certain forward-looking information. All information, other than historical facts included herein, including without limitation data regarding potential mineralization, exploration results and future plans and objectives of Endurance is forward-looking information that involves various risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in the forward-looking information.

The forward-looking information is only made as of the date of this MD&A, November 28, 2005 (the "Report Date")

1. 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. The Company's exploration efforts at the present time are focused on the exploration and development of precious metal properties in Canada, principally in British Columbia and Ontario.

The Company closed the initial public offering ("IPO") of its common shares on July 27, 2005, raising gross proceeds of $2,000,000. The IPO consisted of 4,800,000 flow-through common shares at a price of $0.25 per share and 3,200,000 units (the "Units") at a price of $0.25 per Unit. Each Unit consists of one common share and one common share purchase warrant which may be exercised at any time until 24 months from closing. During the first 12 months the exercise price is $0.35 per share and thereafter the exercise price is $0.45 per share. The Company may force the exercise of the warrants if, during the second 12 months, the closing price of the Company's common shares on the TSX Venture Exchange (the "Exchange") equals or exceeds $0.90 per share for 20 consecutive trading days.

2. Results of Operations

Endurance explores for precious metal deposits, none of which have been advanced to the point where a production decision can be made. The Company has no producing properties, and no sales or revenues.

The net loss for the nine month period ended September 30, 2005 was $336,108 (2004 - $108,401).

The consolidated statements of project exploration expenses for the nine month periods ended September 30, 2005 and September 30, 2004, shown on the next page, provide details on the nature of the Company's exploration expenditures. During the first six months of the current nine-month period, exploration activities were limited, pending completion of the Company's IPO and receipt of the proceeds from such offering. The funds from the IPO were received in early August, and since then, the Company's exploration expenditures

2. Results of Operations *(Continued)*

STATEMENT OF PROJECT EXPLORATION EXPENSES
NINE MONTHS ENDED September 30, 2005

	Dogpaw	Nechako	Others	TOTAL
	$	$	$	$
BALANCE - December 31, 2004	**583,266**	**-**	**-**	**583,266**
Acquisition costs	-	30,000	5,000	35,000
Land and recording fees	-	6,632	1,536	8,168
Field expenses	20,514	24,637	2,545	47,696
Geochemistry	-	35,395	586	35,981
Geology	17,104	26,691	8,066	51,861
Geophysics	-	29,672	-	29,672
Line cutting	12,145	38,002	-	50,147
Prospecting	12,110	689	-	12,799
General administration	23,652	4,342	-	27,994
TOTAL EXPLORATION EXPENSES	85,525	196,060	17,733	299,318
BALANCE – September 30, 2005	**668,791**	**196,060**	**17,733**	**882,584**

STATEMENT OF PROJECT EXPLORATION EXPENSES
NINE MONTHS ENDED September 30, 2004

	Dogpaw	TOTAL
	$	$
BALANCE - December 31, 2003	**214,000**	**214,000**
Airborne survey	71,600	71,600
Drilling	207,091	207,091
Geology	30,883	30,883
Line cutting	59,692	59,692
TOTAL EXPLORATION EXPENSES	369,266	369,266
BALANCE – September 30, 2004	**583,266**	**583,266**

2. Results of Operations *(Continued)*

have increased significantly, as the Company has commenced an aggressive exploration program on its existing properties, and has begun to build a portfolio of exploration properties by entering into option agreements on several properties in British Columbia and Ontario.

Three months ended September 30, 2005

The expenses for the three months ended September 30, 2005 at $118,417 were about $82,000 higher than the $36,034 incurred in the comparable quarter of 2004. Almost all categories of expense were higher in the current quarter, as the Company ramped up its activities following the closing of the IPO financing, with six items accounting for the bulk of the increases in general and administrative expenditures. Legal expenses and trust and filing fees were higher, the former as the result of additional legal services provided in connection with the negotiation of property option agreements, the latter in connection with the Company's Exchange listing following the closing of the IPO. The increase in office and administration expenses and management fees reflect the increased level of activity since the IPO closed. General exploration expenses were recorded for the first time, as the Company initiated reconnaissance exploration activities following the financing. In accordance with the Company's policy for recording exploration expenditures, those expenditures are expensed in the period incurred, until such time as the Company has an interest in a property, at which point such expenditures are deferred and capitalized. During the quarter, the Canada Revenue Agency disallowed a claim for $52,394 of GST on certain goods and services incurred prior to August 13, 2005. Accordingly, the amount of GST disallowed was expensed in the current period.

Nine months ended September 30, 2005

The largest component in the nine month general and administrative expenses was the stock based compensation expense incurred as a result of the vesting of 1,050,000 stock options granted during the first quarter of 2005. There were no options granted during the comparable nine month period in 2004. The increased expenses discussed above for the three month period ended September 30, 2005 were also largely responsible for the increases that were incurred in the nine month period ended September 30, 2005, partially offset by lower legal costs, as compared to the same period in 2004. However, the lower legal costs are a reflection of the different types of legal services provided in the two periods. In the 2004 period, legal services were primarily for corporate legal work and for assistance in negotiating various contracts and agreements and such costs were expensed. In the first six months of the 2005 nine month period, there was very little of that type of legal work done, as most legal services were provided in connection with preparing documentation needed for the IPO and those legal costs were deferred and netted against the gross proceeds realized from the IPO. The total amount recorded as share issue costs in the nine month period was $313,481, which amount includes the compensation expense of $51,078 on the options granted to the Agent, the cost of legal services provided in connection with the IPO, as well as fees for financial advisory services and commissions paid to the agent on the IPO financing and costs associated with the preparation of National Instrument 43-101 technical reports on the Company's principal properties.

3. Summary of Quarterly Results

As the Company was formed on December 16, 2003 this summary of quarterly results covers only the seven quarters commencing January 1, 2004, with the following results:

3. Summary of Quarterly Results *(Continued)*

	Quarter Ended: / Year:	Sep. 30 2005	June 30 2005	Mar. 31 2005	Dec. 31 2004	Sep. 30 2004	June 30 2004	Mar. 31 2004
(a)	Net sales or total revenue ($000s)	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
(b)	Income (loss) from continuing operations:							
	(i) in total (000s)	$(117)	$(78)	$(141)	$(40)	$(36)	$(32)	$(40)
	(ii) per share(1)	$(0.01)	$(0.01)	$(0.02)	$(0.01)	$(0.01)	$(0.02)	$(0.02)
(c)	Net income or loss:							
	(i) in total (000s)	$(117)	$(78)	$(141)	$(40)	$(36)	$(32)	$(40)
	(ii) per share(1)	$(0.01)	$(0.01)	$(0.02)	$(0.01)	$(0.01)	$(0.02)	$(0.02)

(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.

In most quarters, the reported losses were primarily the result of costs incurred in maintaining the Company's corporate existence, pending the closing of its IPO in the current quarter. The increase in loss in the first quarter of 2005 was largely due to the granting of 1,050,000 stock options, which resulted in stock-based compensation expense of $107,802 in that quarter. There were no grants of stock options in any of the other quarters. Costs for future quarters may differ materially from the costs incurred each quarter to date, in part because of the increase in the Company's business activities.

4. Liquidity and Capital Resources

Endurance finances its activities primarily by the private placement of securities. There is no assurance that equity funding will be accessible to Endurance at the times and in the amounts required to fund the Company's activities, as there are many conditions that are beyond the ability of Endurance to control that will have a bearing on the level of investor interest in purchasing the Company's securities.

The Company does not use debt financing to fund its property acquisitions and exploration activities and Endurance has no current plans to use debt financing. However, from time to time since the Company's formation in late 2003, it has relied upon non-interest bearing advances from its principal shareholder to provide short-term funding. To date, such advances have been converted into common shares at a price of $0.107 per share.

The Company has no "stand-by" credit facilities, nor 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 $1,337,728 at September 30, 2005 ($4,582 at December 31, 2004).

The Company had working capital of $1,376,512 at September 30, 2005, as compared to a working capital deficiency of $146,277 at December 31, 2004.

Investing Activities:

During the nine month period ended September 30, 2005, the Company's cash flow used for investing activities was $269,318 (2004 - $324,665), all of which represented project exploration costs that were capitalized.

4. Liquidity and Capital Resources *(Continued)*

Financing Activities:

During the nine month period ended September 30, 2005, the Company received $1,678,270 from the IPO, net of issuing costs. In the period, the Company also received $163,275 from the sale of common shares in private placements, which was the amount receivable at the beginning of the period from private placements completed in the prior year, and repaid a non-interest bearing loan in the principal amount of $119,541 to Cunniah Lake Inc., a private company controlled by two of the Company's directors..

In the comparable period in 2004, the Company received $296,911 from private placements of its common shares, and borrowed $228,110 on an unsecured, non-interest bearing basis from Cunniah Lake.

Outstanding share data as at the Report Date:

On the Report Date, Endurance had 16,705,086 shares outstanding, or 22,630,086 shares on a fully diluted basis.

There are 1,050,000 stock options outstanding under the Company's incentive stock option plan. The stock options are exercisable at $0.25 per share, and will expire August 4, 2008, being three years from August 4, 2005, the date the Company's common shares were listed and called for trading on the Exchange. If the optionees were to acquire all 1,050,000 shares issuable upon exercise of all incentive stock options outstanding, the Company would receive an additional $262,500.

There are 3,275,000 warrants outstanding. If the warrants holders were to exercise all 3,275,000 warrants, the Company would receive an additional $1,146,250, provided the warrants were exercised prior to July 27, 2006, or $1,473,750 if the warrants were to be exercised on or after that date.

In connection with the IPO, the Company issued the Agent for that financing a total of 800,000 compensation options. These compensation options are all outstanding. Each compensation option is convertible into a unit for a consideration of $0.25 per unit at any time until July 27, 2007. If the Agent were to exercise all 800,000 compensation options, the Company would receive $200,000 and would issue 800,000 common shares and 800,000 warrants. If all 800,000 warrants were exercised prior to July 27, 2006, the Company would receive $0.35 per warrant, or an aggregate of $280,000. If exercised between July 27, 2006 and July 27, 2007 when they expire, the exercise price of the warrants would be $0.45 per warrant, and the Company would receive $360,000, assuming all 800,000 warrants were to be exercised.

5. Transactions with related parties

During the nine months ended September 30, 2005, Endurance paid or accrued $59,555 to McIvor Geological Consulting (2004 - $62,296), a company controlled by Duncan McIvor, for management and consulting services, and an aggregate of $16,714 for reimbursement of expenses paid.

During the nine months ended September 30, 2005, Endurance paid or accrued $20,942 to Adera Company Management Inc. (2004 - $Nil), a company controlled by J. C. Mitchell, for management and administrative services, and an aggregate of $597 for reimbursement of expenses paid.

These transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to with the related parties.

6. Outlook

It is anticipated that for the foreseeable future, Endurance will rely on the equities markets to meet its financing needs. The Company intends to carry out exploration programs on its several mineral properties.

While the exploration business is very competitive, the Company will actively seek to acquire new, highly prospective land positions, either by staking, purchase or optioning, or by negotiating joint venture arrangements. It is anticipated that the Company's property portfolio will evolve rapidly over the next 12 to 18 months as new lands are acquired and properties that fail to meet the Company's criteria are abandoned or "farmed-out".

Work Plans and Budgets

On the Nechako Gold Property in British Columbia, the Company may earn a 60% interest in the property from Amarc Resources Ltd. ("Amarc") by incurring $250,000 in exploration expenditures and issuing 250,000 shares over a three-year period. A Phase One Exploration Program comprised of line-cutting, geochemical sampling, geological mapping and limited induced polarization surveys carried out over four separate grids totaling 85.6 line-kilometres was completed before the end of September 2005 at a cost of approximately $130,000. The program generated promising geophysical anomalies, and an additional 10 line-kilometres of Induced Polarization geophysical surveys have been completed and a 1,000 to 1,100 metre diamond drilling program will be carried out on the property, commencing in mid-November. The Phase One program exceeded the $50,000 Year One exploration commitment to Amarc.

On the Dogpaw Lake Property in Ontario, a Phase One Exploration Program involving programs of line-cutting, detailed humus geochemical sampling and geological mapping was completed in late October. Geologic mapping defined two areas of interest, but the anomalies will require further work before a meaningful interpretation of the findings can be completed. As a result of identifying new targets, a Spring 2006 mechanical stripping and sampling program will be undertaken.

At the BQ property in northwestern British Columbia, a recently completed program of geological mapping, soil and silt geochemical sampling and IP surveys gave encouraging results which will be followed up by further exploration work.

Corporate G&A Expenses

Excluding non-cash expenses related to stock-based compensation (which are difficult to predict), it is anticipated that general and administrative expenses for the remainder of the current year will be similar to those recorded in the quarter ended September 30, 2005.

Financial Instruments

The Company's financial instruments consist of cash and equivalents, receivables and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

Financial Condition

The funds received from the closing of the IPO are expected to be adequate to complete the approved work programs, post any bonds that may be required, and cover corporate expenditures for the next 12 months. Nevertheless, management will be prepared to accept offers of finance if the terms associated with such offers are attractive.

6. Outlook *(Continued)*

Risk Factors Relating to the Company's Business

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

There can be no assurances the Company will 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. In addition to this having an impact on its wholly-owned projects, in the future, Endurance could find itself in a position where it might be unable to fund its share of costs incurred under joint venture agreements to which it may be a party, and its interest in such joint ventures could be reduced or eliminated as a result.

Endurance competes with other companies with greater technical and financial resources than those available to the Company and there is intense competition within the minerals industry to acquire properties of merit. Even if desirable properties are secured, there can be no assurances that the Company will be able to execute its exploration programs on its proposed schedules and within its cost estimates. Moreover, the economics of any potential projects may be affected by many factors beyond the capacity of the Company to anticipate and control, such as the condition of metal and financial markets and government policies and regulations relating to securities matters, health and safety issues, environmental permitting, land tenure and taxation.