

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ('MD&A'), prepared as of August 25, 2009 (the 'Report Date'), reviews the activities of Endurance Gold Corporation ('Endurance', or the 'Company') and compares the financial results for the six month period ended June 30, 2009 with the comparable period in 2008. 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 consolidated financial statements and accompanying notes for all relevant periods, copies of which are filed on the SEDAR website at www.sedar.com.

Overview

The Company is engaged in the exploration and development of mineral properties in Canada and in the United States of America. The Company's shares are listed on the TSX Venture Exchange (the 'Exchange'), trading under the symbol 'EDG'. Endurance Resources Inc. ('ERI'), a 100% owned subsidiary of the Company, was formed in October 2008 to facilitate the Company's activities in the United States of America.

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 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.

Natrona Gold Project, Wyoming

In February 2009, the Company, through ERI, acquired by staking a 100% interest in six properties totaling 45 claims and 930 acres in the Rattlesnake Hills area of Wyoming. The properties are located in close proximity to the recently announced gold discovery by Evolving Gold Corporation on the North Stock Target of its Discovery Project.

During the reporting period, the Company completed a first pass reconnaissance scale mapping and sampling program on five of six of its 100% owned 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 from 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 ground, where a 25,000 metre diamond drilling program is underway. On July 13, 2009, Evolving Gold Corporation announced a drill intercept of 67.1 metres grading 10.8 gpt Au on the North Stock target. Previously reported drill intercepts in 2008 by Evolving Gold on the North Stock target include 2.92 gpt Au over 146.3 metres, 2.74 gpt Au over 131.1 metres and 0.90 gpt Au over a composite interval of 359.6 metres.

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 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

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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. All warrant and require follow-up sampling.

The geologic setting of the Endurance's 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. That property 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.

Endurance is currently planning the next phase of exploration activity, which will include more detailed mapping, extensive sampling, and orientation geophysical surveys (magnetics, CSAMT). The next program is expected to commence in early September. If results from the next program are encouraging, the Company will consider a fall 2009 diamond drilling program to evaluate priority targets.

Carter Coal Property Acquisition, West Virginia

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 Jaeger, in southern West Virginia, USA. Consideration totaling US\$24,000, of which US\$12,000 has been paid, is due in two six month installments. The Option provides the Company a one year period in which to explore for and potentially define resources on the large property, at which point it may execute a five year mining lease, automatically renewable for an additional five years, in which to commence mining commercially viable coal deposits. Terms of the lease are an annual Advance Royalty Payment of US\$24,000, credited against a royalty payable to the Lessor, of five percent (5%) of the average gross selling price per net ton of coal mined from underground and eight percent (8%) on coal mined from open pit operations. A Finder's Fee is payable to individuals who identified the project and assisted in securing the Option to Lease Agreement. The fee is payable in two tranches, 200,000 shares (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.

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

Please refer to Endurance News Release 09-01 dated February 20, 2009 for additional property details.

Endurance initiated the permitting process during the first quarter of 2009, and subsequent to the end of the reporting period, received the required prospecting (including diamond drilling) permit in late July 2009. The Company, pending additional financing, plans to complete a small diamond drilling program to evaluate the areal extent of the Douglas Coal Seam, and potential for additional seams of mineable widths at depth, during the third quarter of 2009.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Subsequent to the end of the reporting period, in August 2009 the Company made the second installment option payment of US\$12,000.

Pardo Property, Ontario

Subsequent to the end of the reporting period, on July 2, 2009 the Company announced that it had entered into 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.

The Pardo Property, located 65 kilometres northeast of Sudbury, Ontario, covers 2,864 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 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 to 1.67 gpt Au over 8.4 metres have been returned to date.

Endurance was currently in the fourth year of a four year option to earn a 100% interest in the property, subject to a 3% net smelter return ("NSR") royalty, of which 1.5% can be purchased for \$1,500,000 at any time. Immediately upon the Exchange acceptance of this transaction, Endurance completed its obligations to earn that interest, by making a final cash payment of \$40,000 and 100,000 share issuance of Endurance Gold Corporation common stock to the underlying vendors. Duncan McIvor, President and CEO of the Company, is a minority underlying vendor of the property.

Under the terms of the Option Agreement, Mount Logan 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, Mount Logan 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 its 55% or 70% earn-in, Mount Logan will form a joint venture with Endurance to continue the exploration and development of the project. In the event either party dilutes to a 10% or less joint venture interest, that interest will convert to a 1.5% NSR, and a one time cash payment of \$500,000 on the commencement of commercial production.

On July 9, 2009, Ginguro Exploration Inc., ("Ginguro") an Exchange listed public company, announced its intention to acquire a 100% interest in Mount Logan. That transaction was completed on July 29, 2009, and all terms and conditions of the Mount Logan option agreement have been assumed by Ginguro. Until such time as Ginguro completes its 55% earn-in, all claims comprising the Pardo Property are 100% owned by Endurance.

Nechako Property, British Columbia

Subsequent to the end of the reporting period, the Company made a cash in-lieu payment to the Ministry of Energy, Mines and Petroleum resources of the Province of British Columbia of \$5,860, as well as re-staked certain other claims, to maintain the Nechako Property in good standing for an additional six month to one year period. The Company, pending financing, plans to complete a deep drill test of the large epithermal gold mineralizing system in October 2009. The permitting process for that work has been initiated.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Parkin and Hutton Properties, Ontario

Subsequent to the end of the reporting period, 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 will complete a first pass reconnaissance mapping and sampling program on the properties in September 2009.

Turner Property, Ontario

Subsequent to the end of the reporting period, the Company applied for and was granted a five month extension to complete additional assessment work on the Turner Property, in east-central Ontario. The Property covers an area of anomalous uranium mineralization within Proterozoic Mississagi Formation conglomerates, as well as a large Archean aged Banded Iron Formation, from which anomalous gold values were identified during a 2007 reconnaissance mapping program. Pending financing, the Company plans to complete in-fill mapping and sampling on both target types on the property in October 2009.

Financing Activities

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

Subsequent to the end of the reporting period, the Company announced a non-brokered private placement financing on August 4, 2009 for gross proceeds up to an amount of \$1,100,000 by issuing 1,000,000 flow-through shares ('FT Shares') at a price of \$0.22 per FT Share and 4,000,000 non-flow through units ('Units') at a price of \$0.22 per Unit. Each Unit consists of one common share and one-half share purchase warrant (the 'Warrant'), each whole Warrant entitling the holder to acquire one common share of the Company for a period of up to two years, exercisable at a price of \$0.30. The Warrant will be subject to earlier expiry if the Company's share closing price is above \$0.50 for 20 consecutive trading days, any time after the expiry of the 'hold' period.

Commissions of 7% cash and 8% broker full warrants, issued on the same terms as the warrant described above, will be paid in connection with certain subscriptions under the private placement of the Company.

The majority of proceeds of the non-flow through Units portion of the financing will be used to advance the Company's 100% owned Natrona Gold Properties, located in the Rattlesnake Hills of Wyoming, and for general working capital. The flow through portion of the financing will be used to advance the Company's Canadian property portfolio, including the Nechako Property in British Columbia, and the Turner, Hutton and Parkin properties in Ontario. As at the date of this report, the announced financing has not been closed.

Exploration Activities

The Company incurred approximately \$128,000 (2008 - \$405,000) in exploration expenditures during the first six month period in 2009. The costs were primarily related to the acquisitions of the Carter and Natrona Projects, discussed above, and to completing a first pass reconnaissance evaluation of the Natrona Properties.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The Company's net loss for the six month period ended June 30, 2009 was \$150,800 or \$0.01 per common share, as compared to a net loss of \$247,974 or \$0.01 per common share for the same period in 2008. The net loss in the current six month period is inclusive of interest income of \$1,207 (2008 - \$15,771), a realized loss on sales of marketable securities of \$nil (2008 - \$2,950), an unrealized gain on marketable securities of \$37,957 (2008 - a loss of \$38,000), and a write down of \$nil (2008 - \$4,588) in mineral property costs.

Six months ended June 30, 2009

General and administrative expenses before other items for the six month ended June 30, 2009, totaled \$189,964 (2008 - \$218,207), \$28,243 lower than comparable expenses incurred in the same period of last year. The variance was mainly attributable to:

- 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 during the current period.
- Corporate communications expense decreased by \$70,083 to \$3,857 (2008 - \$73,940). The decrease in corporate communications expense was due to the reduction in investor relations activities as a result of cost containment measures implemented during the second half of 2008.
- Management fees totaled \$46,500 (2008 - \$65,000), a decrease of \$18,500. During the current period an additional \$24,500 (2008 - \$30,000) in management fees were capitalized to mineral properties. The decrease in management fees expense was a result of a reduction in fees charged by the President of the Company.

Three months ended June 30, 2009

The Company's net loss for the quarter ended June 30, 2009 was \$35,546 or \$0.00 per common share, as compared to a net loss of \$164,083 or \$0.01 per common share for the same period in 2008. The net loss in the current quarter is inclusive of interest income of \$798 (2008 - \$5,080), a realized loss on sales of marketable securities of \$nil (2008 - \$140), an unrealized gain on marketable securities of \$15,980 (2008 - a loss of \$66,900), and a write down of \$nil (2008 - \$87) in mineral property costs.

General and administrative expenses before other items for the current quarter ended June 30, 2009, totaled \$52,324 (2008 - \$102,036), \$49,712 lower than comparable expenses incurred in the same quarter of last year. The variance was mainly attributable to:

- Business development and property investigation expenses totaled \$6,577 (2008 - \$2,256), an increase of \$4,321. The increase was primarily due to the Company expanding its reconnaissance activities during the current quarter.
- Corporate communications expense decreased by \$34,558 to \$2,375 (2008 - \$36,933). The decrease in corporate communications expense was due to the reduction in investor relations activities as a result of cost containment measures implemented during the second half of 2008.
- Management fees totaled \$20,000 (2008 - \$28,500), a decrease of \$8,500. During the current quarter an additional \$16,000 (2008 - \$19,500) in management fees were capitalized to mineral properties. The decrease in management fees expense was a result of a reduction in fees charged by the President of the Company.
- Stock-based compensation expense (a non-cash charge) of \$nil (2008 - \$10,230), incurred as a result of the vesting of nil (2008-150,000) stock options granted during the current period.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Summary of Quarterly Results

Results for the eight most recent quarters ending with the June 30, 2009 quarter are summarized in the table below.

Quarter Ended:	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Year:	2009	2009	2008	2008	2008	2008	2007	2007
Net sales or total revenue (000s)	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Income (loss) from continuing operations:								
(i) in total (000s)	\$(36)	\$(115)	\$(636)	\$(1,141)	\$(164)	\$(84)	\$95	\$(68)
(ii) per share ⁽¹⁾	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.04)	\$(0.01)	\$(0.00)	\$0.00	\$(0.00)
Net income or loss:								
(i) in total (000s)	\$(36)	\$(115)	\$(636)	\$(1,141)	\$(164)	\$(84)	\$95	\$(68)
(ii) per share ⁽¹⁾	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.04)	\$(0.01)	\$(0.00)	\$0.00	\$(0.00)

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

- The net loss reported in the 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 \$1,010,191 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 net income in the fourth quarter of 2007 includes a potential future tax effect and an adjustment of \$225,196 related to the renouncement of \$998,200 of flow-through expenditures to investors in December 2007, and a stock-based compensation expense of \$30,925 as a result of the vesting of 250,000 stock options granted.
- The net loss in the third quarter of 2007 includes a write-down of \$46,005 in mineral property costs.

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'.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND 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 \$235,391 at June 30, 2009 (\$89,211 at December 31, 2008), an increase of \$146,180. The Company had working capital of \$289,754 at June 30, 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 2009 budgeted operating requirements. 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 six month period ended June 30, 2009, the Company's cash flow used for investing activities was \$116,308 (\$387,671 in 2008) in mineral properties, all of which represented acquisition and exploration costs that were capitalized, and \$nil (\$5,000 in 2008) for reclamation bonds.

Financing Activities

During the six month period ended June 30, 2009, the Company 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.

There was no financing activity during the same period in 2008.

Outstanding share data as at the Report Date:

On the Report Date, the Company had 35,512,586 common shares outstanding or 45,812,586 shares on a fully diluted basis as follows:

	No. of Shares	Exercise Price	Expiry Date
Stock options	2,300,000	\$0.10 - \$0.23	March 26, 2010 to February 14, 2014
Warrants	8,000,000	\$0.10	March 31, 2010

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Transactions with related parties

Included in accounts payable and accrued liabilities is \$27,390 (2008 - \$25,099) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the six month period ended June 30, 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 \$24,500 (2008 - \$30,000) for geological fees included in general exploration and mineral property expenses and \$47,000 (2008 - \$65,000) 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 \$14,093 (2008 - \$12,527) 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.

Changes in Accounting Policies

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.

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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.

Outlook

Subsequent to the end of the reporting quarter, the Company announced a non-brokered private placement in August 2009 to raise gross proceeds of up to \$1,100,000. The funds will be primarily used to advance the Company's 100% owned Natrona Gold Properties, the Carter Coal Property, and for general working capital. In addition, the flow through allocated portion of the proceeds will be used to complete a small drilling program on the Nechako Property, in British Columbia, and for mapping and sampling programs on the Turner, Hutton and Parkin properties in Ontario. As at the date of this report, the announced financing has not been closed.

The Company relies on issuing equity as its principal source of financing. On completion of the above programs, the Company will need to raise additional funds to continue advancing its current portfolio, and to review and potentially acquire new projects. That process is the business of junior exploration companies. Failure to raise additional funds in the future could result in the Company suspending its operations and eventually forfeiting or selling all or portions of its property portfolio.

Forward-Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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