

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

This Management's Discussion and Analysis ("MD&A"), prepared as of October 22, 2008 (the "Report Date"), 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, 2008 with the comparable periods in 2007. 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 at [www.sedar.com](http://www.sedar.com).

### **Overview**

Endurance (formerly 6172342 Canada Ltd.) was incorporated under the provisions of the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. Endurance is a company focused on the exploration and development of precious metal properties in Canada, principally in British Columbia and Ontario. The Company's common shares have been listed and traded on the TSX Venture Exchange under the symbol "EDG" since August 4, 2005.

The Company's properties are in the exploration stage and the Company has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the mineral properties and upon future profitable production or proceeds from the disposition thereof.

In October 2008, the Company formed a 100% owned U.S. subsidiary, Endurance Resources Inc., to evaluate several exploration project opportunities in the United States.

The Company's exploration efforts during the nine month period ended September 30, 2008 were primarily focused on the Pardo and BQ Properties.

### **Exploration Activities**

#### ***Pardo Project, Ontario***

The Pardo Project is located 65 kilometres northeast of Sudbury, in east-central Ontario. The Company is earning a 100% interest in the property, subject to a 3% NSR, by making cash payments totaling \$100,000 and issuing 200,000 shares by November 16, 2009. As of the date of this report, the Company has made cash payments totaling \$30,000 and issued 60,000 shares at a value of \$12,750 to three vendors (Duncan McIvor, the President and CEO of the Company, is a minority underlying vendor of the Pardo Property).

During the period May 27 through July 7, 2008, the Company completed a 41 hole, 973.3 metre diamond drilling program on the Pardo Property. The Pardo Property covers a large area of flat lying, Proterozoic age, pyritic quartz pebble dominant conglomerates, which rest unconformably on Archean age metasediments. Gold mineralization defined to date (3.5 grams per tonne ("gpt") gold across 13 metres in surface channel sampling, and 1.67 gpt gold over 8.4 metres in vertical drill holes) is spatially associated with both pyrite mineralization and the unconformity. The property is comprised of 2,864 hectares, of which only a small portion had been drill tested prior to this program.

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The drilling program was designed to test a series of north-south trending, strong Induced Polarization ("IP") chargeability anomalies over an area measuring 2 kilometres by 2 kilometres, in an effort to understand the potential size of the target horizon, as well as gain enhanced understanding of the property scale stratigraphy.

Results from this year's program were summarized in the Second Quarter Management's Discussion and Analysis and in News Release 08-10, dated August 11, 2008. Important data generated by this year's drilling include;

- Thirty-three of the forty-one holes drilled on the property intersected the targeted basal conglomerate horizon. Thicknesses ranged from 0.87 metres to 32.64 metres. Pyrite content ranged from <0.5% to in excess of 15%.
- Drilling in several locations intersected an upper conglomerate horizon, separated from the basal sequence by a relatively thick, pyritic quartzite layer.
- Nineteen of the forty-one holes returned "significantly anomalous" gold values, defined as in excess of 0.50 gpt Au.
- Thirty-six of forty-one holes returned "anomalous" gold values, defined as in excess of 0.10 gpt Au.

A complete hole by hole summary of the location, depth, geology, and all analytical results are posted on our website at [www.endurancegold.com](http://www.endurancegold.com), as is a 1:2500 scale map illustrating hole locations plotted on an IP chargeability plan map.

The Company is awaiting the results from a series of check assays, prior to formalizing any additional exploration planning on the property.

### ***BQ Project, British Columbia***

The BQ Project is located 25 kilometres northwest of Smithers, in northwestern British Columbia. Endurance was earning a 100% interest in the property, subject to a 3% NSR, by making cash payments totaling \$70,000 (of which \$32,500 has been paid) and issuing 250,000 shares (of which 100,000 have been issued) by September 27, 2008.

During the second quarter, the Company completed a four hole, 627.9 metre diamond drilling program on the property, which covers a large Eocene aged felsic intrusive, emplaced into a sequence of older epiclastic and volcanoclastic sediments. The results of that program failed to identify significant mineralization.

As a result of a combination of factors, including the inability to negotiate an extension of payments to the underlying vendors, on-going uncertainty regarding First Nations interests, and the generally negative investment climate, the Company terminated its option in the third quarter and wrote off the carrying value of \$1,006,796 in acquisition and exploration costs incurred on the BQ Property.

### ***Turner Project, Ontario***

The Turner Project, currently comprised of 15 claims totaling 191 claim units and 3,056 hectares, is located 40 kilometres north-northwest of the Pardo Project, in east-central Ontario. Endurance owns a 100% interest in all claims comprising the property.

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No work was completed on the property during the reporting period, and none is envisioned through the balance of 2008.

### ***Dogpaw Project (Metals Creek Exploration Option), Ontario***

Metals Creek Exploration is in the process of earning an additional 5% interest (to 75%) in the property, through completion of an additional \$250,000 in exploration expenditures prior to February 28, 2009. Results of that work will be reported as received.

### ***Virginia Silver Property, British Columbia***

Mega Silver Inc. has an option to earn a 75% interest in the Virginia Silver and surrounding Annie claims (collectively the "Virginia Silver Property"), comprising 10 claims totaling 3,041 hectares. The property is located in the Smithers region of northwestern British Columbia. To earn its interest, Mega Silver must make \$350,000 (\$25,000 received) in cash payments to the Company and incur an aggregate of \$3,000,000 in expenditures (or make commensurate cash payments to the Company) on or before August 7, 2009. Mega Silver has completed a preliminary diamond drilling program on the property, and is awaiting analytical results. Those results, along with a technical summary of the completed program, will be reported as received from Mega Silver Inc.

### ***Nechako Project, British Columbia***

No work was completed on the Nechako Project during the reporting period. The project is currently the subject of a joint venture between the Company (69%) and Amarc Resources Ltd. (31%).

## **Results of Operations**

The Company 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.

### ***Nine months ended September 30, 2008***

The Company's net loss for the nine month period ended September 30, 2008 was \$1,389,368 or \$0.05 per common share, as compared to a net loss of \$247,160 or \$0.01 per common share for the same period in 2007. The net loss in the current nine month period is inclusive of a write-off of \$1,014,778 (2007 - \$46,005) in mineral property costs, a realized loss on sales of marketable securities of \$2,950 (2007 - \$nil), an unrealized loss on marketable securities of \$106,000 (2007 - \$nil), and interest income of \$16,627 (2007 - \$35,460). Excluding these other items, the net loss for the nine month period ended September 30, 2008 would have been \$282,267 (2007 - \$236,615).

The largest component in the General and administrative expenses for the current period was Management fees expenses, which totaled \$100,500 (2007 - \$72,200), an increase of \$28,300. In the current period, an additional \$41,000 (2007 - \$58,000) in management fees was capitalized to mineral properties.

Corporate communications expenses totaled \$81,220 (vs \$30,320 in 2007), an increase of \$50,900. The increase in the corporate communication expense was mainly due to the Company retaining an investor relations firm, RenMark Financial Communications Inc., to handle its investor relations activities. The investor relations firm was paid a total amount of \$42,000 (2007 - \$nil) during the current period. The Company terminated the services in July 2008.

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Business development and property investigation expenses totaled \$21,659 (2007 - \$39,763), a decrease of \$18,104. The decrease was primarily due to the Company electing to concentrate a greater portion of its limited financial resources on evaluating its Pardo and BQ properties, where exploration costs are capitalized.

Office and administrative expenses totaled \$40,984 (2007 - \$36,942), which amount included rent expenses of \$19,573 (2007 - \$17,480) and tax expenses on unspent flow through funds of \$1,377 (2007 - \$nil). Stock-based compensation expense (a non-cash charge) of \$10,230 (2007 - \$29,854), was incurred during the current period as a result of the vesting of 150,000 (2007 - 200,000) stock options granted.

### *Three months ended September 30, 2008*

The Company's net loss for the quarter ended September 30, 2008 was \$1,141,394 or \$0.04 per common share, as compared to a net loss of \$68,389 or \$0.00 per common share for the same period in 2007. The net loss in the current quarter is inclusive of a write down of \$1,010,191 (2007 - \$46,005) in mineral property costs, an unrealized loss on marketable securities of \$68,000 (2007 - \$nil) and interest income of \$856 (2007 - \$15,346). Excluding these other items, the net loss for the quarter ended September 30, 2008, would have been \$64,060 (2007 - \$37,730).

Management fees totaled \$35,500 (2007 - \$18,000), an increase of \$17,500. In the current quarter, an additional \$11,000 (2007 - \$27,000) in management fees was capitalized to mineral properties. Corporate communications expenses totaled \$7,280 (2007 - \$3,057), which amount included a final payment of \$7,000 (2007 - \$nil) to RenMark Financial Communications Inc. Office and administrative expenses totaled \$11,735 (2007 - \$11,522), which amount included rent expenses of \$7,046 (2007 - \$5,872). Business development and property investigation expenses totaled \$7,845 (2007 - \$1,105), an increase of \$6,740. The increase was primarily due to the Company expanding its activities in seeking new projects during the quarter ended September 30, 2008.

### Summary of Quarterly Results

Results for the eight most recent quarters ending with the September 30, 2008 quarter are summarized in the table below.

<b>Quarter Ended:</b>	<b>Sept. 30</b>	<b>June 30</b>	<b>Mar. 31</b>	<b>Dec. 31</b>	<b>Sept. 30</b>	<b>June 30</b>	<b>Mar. 31</b>	<b>Dec. 31</b>
<b>Year:</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>	<b>2006</b>
Net sales or total revenue (\$000s)	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Income (loss) from continuing operations:								
(i) in total (000s)	\$(1,141)	\$(164)	\$(84)	\$95	\$(68)	\$(64)	\$(115)	\$(166)
(ii) per share <sup>(1)</sup>	\$(0.04)	\$(0.01)	\$(0.00)	\$0.00	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.01)
Net income or loss:								
(i) in total (000s)	\$(1,141)	\$(164)	\$(84)	\$95	\$(68)	\$(64)	\$(115)	\$(166)
(ii) per share <sup>(1)</sup>	\$(0.04)	\$(0.01)	\$(0.00)	\$0.00	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.01)

(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 current quarter includes a write-down of \$1,010,191 in mineral properties and \$68,000 of unrealized loss on marketable securities.

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- The net income in the fourth quarter of 2007 includes a potential future tax effect and an adjustment related to the renouncement of \$998,200 of flow-through expenditures to investors in December 2007.
- The net loss reported in the fourth quarter of 2006 includes potential future tax effects and adjustments related to the renouncement of \$1,200,000 flow-through expenditures to investors in February 2006.

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 believes that meaningful information about the Company's operations cannot be determined in the absence of a more detailed analysis of the quarterly and annual financial statements. See "Results of Operations".

### Liquidity and Capital Resources

The mineral properties of the Company are in the exploration stage and, as a result, the Company has no operations that generate cash flow. The Company finances its activities primarily by the sale of its equity securities or from the sale of an interest in its properties in whole or in part.

The Company does not use debt financing to fund its property acquisitions and exploration activities and has no current plans to use debt financing.

The Company has no stand-by credit facilities, or any off-balance sheet arrangements and it does not use hedges or other financial derivatives.

#### *Cash and Financial Conditions*

The Company's cash position was \$180,043 at September 30, 2008 (\$979,783 at December 31, 2007), a decrease of \$799,740. The Company had working capital of \$247,714 at September 30, 2008, as compared to \$1,116,268 at December 31, 2007.

The Company's current working capital position may not provide it with sufficient liquidity to meet its current and future exploration activities. The development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the equity markets. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its properties.

#### *Investing Activities*

During the current nine month period ended September 30, 2008, the Company's cash flow used for investing activities was \$589,120 (2007 - \$611,444) in mineral properties, all of which represented acquisition and exploration costs that were capitalized, \$nil (2007 - \$9,445 in 2007) in equipment purchases, and \$5,000 (2007 - \$5,000) for reclamation bonds. The Company received proceeds of \$32,050 (2007 - \$nil) from sales of marketable securities.

#### *Financing Activities*

There was no financing activity during the current nine month period.

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During the same period in 2007, the Company completed two financings and received gross proceeds of \$2,009,648 by issuing 4,340,000 flow-through shares ("FT shares") at a price of \$0.23 per FT share and a total of 4,397,600 non-flow through units ("Units") at a price of \$0.23 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 up to eighteen months at a price of \$0.40 per share. The Company also received \$100 from the exercise of agents' options.

### *Outstanding share data as at the Report Date*

On the Report Date, the Company had 27,172,586 common shares outstanding or 28,047,586 shares on a fully diluted basis as follows:

	No. of Shares	Exercise Price	Expiry Date
Employee stock options	775,000	\$0.12 - \$0.26	Feb. 2, 2009 to Oct. 11, 2012
Warrants	100,000	\$0.20	October 23, 2008

### **Transactions with related parties**

During the nine months ended September 30, 2008:

- (a) the Company paid or accrued an aggregate amount of \$96,500 (2007 - \$90,000) to McIvor Geological Consulting, a company controlled by Duncan McIvor, the Company's President and a director, for management and geological consulting services.
- (b) the Company paid or accrued an aggregate amount of \$45,000 (2007 - \$40,200) to T.P. Cheng & Company Ltd., a company controlled by Teresa Cheng, the Company's CFO, for management and administrative services.
- (c) paid an aggregate amount of \$2,850 (2007 - \$nil) to Cooper Jack Investments Ltd., a company controlled by Robert Boyd, a director of the Company, for consulting services.
- (d) the Company paid or accrued an aggregate amount of \$19,573 (2007 - \$17,480) to First Point Minerals Corp., company with a common director, for rent and services.
- (e) during the same period in 2007, the directors and an officer of the Company, Messrs. Arnold, Gilliam, McIvor, Mitchell and Ms. Cheng, subscribed for a total of 1,948,034 private placement units of the Company at a price of \$0.23 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each share purchase warrant will be exercisable at \$0.40 into one common share on or before September 23, 2008.

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.

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### Management's evaluation of disclosure controls and procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

There were no changes in the Company's internal control over financing reporting during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

### Changes in accounting policies

#### *Capital disclosures*

Effective January 1, 2008, the Company implemented the new CICA Handbook Section 1535 "Capital disclosures". The section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures and did not have an impact on the Company's financial results.

#### *Financial instruments*

Effective January 1, 2008, the Company implemented the new CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*.

Effective January 1, 2008, the Company implemented the new CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

#### *Assessing going concern*

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1400, which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. This new Section relates to disclosures and did not have an impact on the Company's financial results.

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### **New accounting pronouncements**

#### *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.

#### *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.

### **Financial Instruments and Risk**

The Company's financial instruments consist of cash, marketable securities, receivables, prepaid expenses and deposits, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short-term maturity of these instruments.

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 loss associated with counterparty's inability to fulfil its payment obligations. The Company believes it has no significant credit risk.

#### *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.

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### **(a) Interest rate risk**

The Company has cash balances and no interest-bearing debt. The Company is satisfied with the credit ratings of its banks. No amounts are invested other than in chartered bank term deposits.

### **(b) Foreign currency risk**

The Company has no foreign assets and thus it is not exposed to foreign currency risk.

## **Outlook**

Company management is currently working to secure additional financing, both for general working capital and to finance potential new acquisitions, several of which are currently under review. However, recent events in world equity markets may cause a significant delay in, and detract from, the ability to raise funds. Failure to raise such funds on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its properties.

## **Forward-Looking Statements**

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of applicable securities laws. This includes statements concerning the Company's plans at its mineral properties, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; inability to fund the Company's share of costs incurred under joint venture agreements to which it is a party, and reduction or elimination of its joint venture interest as a result; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring of its properties, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as 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.