ENDURANCE GOLD CORPORATION

INTERIM FINANCIAL STATEMENTS

JUNE 30, 2008

Notice of No Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Endurance Gold Corporation ("the Company"), for the six month period ended June 30, 2008, have been prepared by management and have not been the subject of a review by the Company's independent auditor.

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

	June 30, 2008 (Unaudited)	December 31, 2007 (Audited)
ASSETS		
Current		
Cash	$ 433,876	$ 979,783
Marketable securities (Note 4)	124,000	197,000
Prepaid expenses and deposits	6,333	23,119
Receivables	23,446	46,212
	587,655	1,246,114
Equipment (Note 5)	8,099	9,923
Mineral properties (Note 6)	3,148,875	2,743,733
Reclamation bonds	21,500	16,500
	$ 3,766,129	$ 4,016,270
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 117,449	$ 129,846
Future income taxes	196,500	196,500
	313,949	326,346
Shareholders' equity		
Capital stock (Note 7)	4,051,779	4,051,779
Contributed surplus (Note 7)	305,187	294,957
Deficit	(904,786)	(656,812)
	3,452,180	3,689,924
	$ 3,766,129	$ 4,016,270

Nature and continuance of operations and basis of presentation (Note 1)

Subsequent events (Note 13)

On behalf of the Board:

/s/ Duncan McIvor
_______________ Director
Duncan McIvor

/s/ J. Christopher Mitchell
_______________ Director
J. Christopher 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 June 30, 2008	Three Months ended June 30, 2007	Six Months ended June 30, 2008	Six Months ended June 30, 2007
EXPENSES				
Amortization	$ 285	$ 271	$ 570	$ 542
Business development & property investigation	2,256	15,518	13,814	38,658
Corporate communications	36,933	13,604	73,940	27,263
Listing and transfer agent fees	5,093	5,451	12,023	10,525
Management fees	28,500	21,250	65,000	54,200
Office and administrative	13,984	11,566	29,249	25,420
Professional fees	4,755	5,947	13,381	12,423
Stock-based compensation	10,230	6,520	10,230	29,854
	(102,036)	(80,127)	(218,207)	(198,885)
OTHER ITEMS				
Interest income	5,080	16,325	15,771	20,114
Realized loss on sales of marketable securities	(140)	-	(2,950)	-
Unrealized loss on marketable securities	(66,900)	-	(38,000)	-
Write-off of mineral property	(87)	-	(4,588)	-
LOSS BEFORE TAX	(62,047)	(63,802)	(29,767)	(178,771)
NET LOSS FOR THE PERIOD	(164,083)	(63,802)	(247,974)	(178,771)
DEFICIT, BEGINNING OF PERIOD	(740,703)	(619,156)	(656,812)	(504,187)
DEFICIT, END OF PERIOD	$ (904,786)	$ (682,958)	$ (904,786)	$ (682,958)
Loss per common share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	27,172,586	27,082,186	27,172,586	23,084,127

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 June 30, 2008	Three Months ended June 30, 2007	Six Months ended June 30, 2008	Six Months ended June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (164,083)	$ (63,802)	$ (247,974)	$ (178,771)
Add items not involving cash:				
Amortization	285	271	570	542
Stock-based compensation	10,230	6,520	10,230	29,854
Realized loss on sales of marketable securities	140	-	2,950	-
Unrealized loss on marketable securities	66,900	-	38,000	-
Write of mineral property	87	-	4,588	-
Changes in non-cash working capital items:				
Prepaid expenses and deposits	7,008	(31,564)	16,786	(33,274)
Receivables	5,547	(15,632)	22,766	(11,878)
Accounts payable and accrued liabilities	(43,964)	(88,258)	(33,202)	(33,736)
Net cash used in operating activities	(117,850)	(192,465)	(185,286)	(227,263)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral properties	(290,422)	(85,504)	(387,671)	(136,098)
Proceeds on sales of marketable securities	13,860	-	32,050	-
Purchase of equipment	-	-	-	(290)
Reclamation bond	(5,000)	-	(5,000)	-
Net cash used in investing activities	(281,562)	(85,504)	(360,621)	(136,388)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares	-	-	-	2,009,648
Share issuance costs	-	-	-	(122,322)
Net cash provided by financing activities	-	-	-	1,887,326
Increase (decrease) in cash during the period	(399,412)	(277,969)	(545,907)	1,523,675
Cash, beginning of period	833,288	2,022,092	979,783	220,448
Cash, end of period	$ 433,876	$ 1,744,123	$ 433,876	$ 1,744,123

Supplemental disclosures with respect to cash flows (Note 9)

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

1. NATURE AND CONTINUANCE OF OPERATIONS AND BASIS OF PRESENTATION

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 mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral 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.

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, 2007. 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, copies of which are filed on the SEDAR website at www.SEDAR.com.

2. ADOPTION OF NEW 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.

3. NEW ACCOUNTING PRONOUNCEMENT

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.

4. MARKETABLE SECURITIES

	June 30, 2008			December 31, 2007		
	No. of Shares	Cost $	Market Value $	No. of Shares	Cost $	Market Value $
Houston Lake Mining Inc. ("HLM.V")*	50,000	35,000	34,000	100,000	70,000	45,000
Metals Creek Resources Corp. ("MEK.V")*	400,000	152,000	90,000	400,000	152,000	152,000
		187,000	124,000		222,000	197,000

* The shares were received as part of the option payments from HLM and MEK pursuant to the Dogpaw Property Option Agreements. See Note 6.

5. EQUIPMENT

	June 30, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computers	$ 3,525	$ 2,171	$ 1,355	$ 3,525	$ 1,932	$ 1,593
Office furniture and equipment	4,740	1,758	2,982	4,740	1,426	3,314
Field equipment	7,525	3,762	3,762	7,525	2,509	5,016
	$ 15,790	$ 7,691	$ 8,099	$ 15,790	$ 5,867	$ 9,923

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

6. MINERAL PROPERTIES

At June 30, 2008, the Company's mineral properties were comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	Balance December 31, 2006	2007 Expenditures	2007 Dispositions	Balance December 31, 2007	2008 Expenditures/ Dispositions	Balance June 30, 2008
BRITISH COLUMBIA						
Nechako Gold (Amarc JV) Property						
Acquisition costs	$ 80,000	$ -	$ -	$ 80,000	$ -	$ 80,000
Exploration costs						
Drilling	64,876	-	-	64,876	-	64,876
Field expenses	47,800	-	-	47,800	-	47,800
Geochemistry	40,068	-	-	40,068	-	40,068
Geological and miscellaneous	73,125	1,000	-	74,125	250	74,375
Geophysics	52,437	-	-	52,437	-	52,437
Land and recording fees	16,104	-	-	16,104	-	16,104
Line cutting	51,744	-	-	51,744	-	51,744
	426,154	1,000	-	427,154	250	427,404
Nechako – EDG 100% Property						
Acquisition costs	873	-	-	873	-	873
Exploration costs						
Geological and miscellaneous	647	-	-	647	-	647
Land and recording fees	156	1,718	-	1,874	-	1,874
	1,676	1,718	-	3,394	-	3,394

6. MINERAL PROPERTIES (cont'd)

	Balance December 31, 2006	2007 Expenditures	2007 Dispositions	Balance December 31, 2007	2008 Expenditures/ Dispositions	Balance June 30, 2008
BRITISH COLUMBIA (cont'd)						
BQ Property						
Acquisition costs	$ 27,500	$ 24,000	$ -	$ 51,500	$ -	$ 51,500
Exploration costs						
Drilling	193,661	-	-	193,661	83,176	276,837
Field expenses	59,271	19,874	-	79,145	11,335	90,480
Geochemistry	54,809	18,641	-	73,450	-	73,450
Geological and miscellaneous	114,860	38,075	-	152,935	16,814	169,749
Geophysics	52,641	191,574	-	244,215	-	244,215
Land and recording fees	13,395	-	-	13,395	8,830	22,225
Line cutting	32,748	43,197	-	75,945	-	75,945
	548,885	335,361	-	884,246	120,155	1,004,401
BQ – Endurance 100% Property						
Acquisition costs	1,649	-	-	1,649	-	1,649
	1,649	-	-	1,649	-	1,649
Virginia Silver Property						
Acquisition costs	8,569	-	-	8,569	-	8,569
Exploration costs						
Drilling	61,823	-	-	61,823	-	61,823
Field expenses	8,870	-	-	8,870	-	8,870
Geochemistry	17,071	-	-	17,071	-	17,071
Geological and miscellaneous	20,400	5,603	-	26,003	4	26,007
Land and recording fees	-	3,742	-	3,742	-	3,742
Line cutting	13,072	-	-	13,072	-	13,072
Cost recovery	-	-	-	-	(25,000)	(25,000)
	129,805	9,345	-	139,150	(24,996)	114,154
Virginia Silver – EDG 100% (Annie) Property						
Acquisition costs	712	-	-	712	-	712
Exploration costs						
Geological and miscellaneous	2,305	-	-	2,305	-	2,305
Land and recording fees	475	-	-	475	-	475
	3,492	-	-	3,492	-	3,492
BRITISH COLUMBIA –TOTAL	**1,111,661**	**347,424**	**-**	**1,459,085**	**95,409**	**1,554,494**

6. MINERAL PROPERTIES (cont'd)

	Balance December 31, 2006	2007 Expenditures	2007 Dispositions	Balance December 31, 2007	2008 Expenditures/ Dispositions	Balance June 30, 2008
ONTARIO						
Dogpaw Property						
Acquisition costs	$ 214,000	$ -	$ -	$ 214,000	$ -	$ 214,000
Exploration costs						
Airborne survey	71,600	-	-	71,600	-	71,600
Drilling	207,091	-	-	207,091	-	207,091
Field expenses	27,450	-	-	27,450	-	27,450
Geochemistry	15,804	-	-	15,804	-	15,804
Geological and miscellaneous	121,997	2,114	-	124,111	-	124,111
Geophysics	22,130	-	-	22,130	-	22,130
Land and recording fees	-	52	-	52	-	52
Line cutting	71,837	-	-	71,837	-	71,837
Cost recovery	-	(222,000)	-	(222,000)	-	(222,000)
	751,909	(219,834)	-	532,075	-	532,075
Pardo Property						
Acquisition costs	22,500	20,250	-	42,750	-	42,750
Exploration costs						
Drilling	13,729	151,761	-	165,490	96,653	262,143
Field expenses	33,637	81,993	-	115,630	48,890	164,520
Geochemistry	5,112	52,832	-	57,944	2,340	60,284
Geological and miscellaneous	54,814	110,392	-	165,206	85,960	251,166
Geophysics	5,005	45,892	-	50,897	72,288	123,185
Land and recording fees	13,591	-	-	13,591	-	13,591
Line cutting	14,307	25,581	-	39,888	-	39,888
Trenching	9,450	-	-	9,450	14,207	23,657
	172,145	488,701	-	660,846	320,338	981,184
Turner Property						
Acquisition costs	8,640	-	-	8,640	-	8,640
Exploration costs						
Field Expenses	17	4,740	-	4,757	178	4,935
Geochemistry	-	710	-	710	-	710
Geological and miscellaneous	2,027	19,131	-	21,158	885	22,043
Geophysics	-	7,163	-	7,163	-	7,163
Helicopters	-	1,974	-	1,974	-	1,974
Land and recording fees	-	16,625	-	16,625	-	16,625
Line cutting	-	13,759	-	13,759	-	13,759
	10,684	64,102	-	74,786	1,063	75,849

6. MINERAL PROPERTIES (cont'd)

	Balance December 31, 2006	2007 Expenditures	2007 Dispositions	Balance December 31, 2007	2008 Expenditures/ Dispositions	Balance June 30, 2008
ONTARIO (cont'd)						
Minnitaki Property						
Acquisition costs	$ 4,409	$ -	$ -	$ 4,409	$ (4,409)	$ -
Exploration costs						
Geological and miscellaneous	92	-	-	92	(92)	-
	4,501	-	-	4,501	(4,501)	-
Hutton Property						
Acquisition costs	-	1,485	-	1,485	-	1,485
Exploration costs						
Geological and miscellaneous	-	92	-	92	-	92
	-	1,577	-	1,577	-	1,577
Parkin Property						
Acquisition costs	-	3,604	-	3,604	-	3,604
Exploration costs						
Geological and miscellaneous	-	92	-	92	-	92
	-	3,696	-	3,696	-	3,696
Long Lac Property						
Acquisition costs	-	7,080	-	7,080	-	7,080
Exploration costs						
Geological and miscellaneous	-	87	-	87	(87)	-
Cost recovery	-	-	-	-	(7,080)	(7,080)
	-	7,167	-	7,167	(7,167)	-
ONTARIO –TOTAL	**939,239**	**345,409**	**-**	**1,284,648**	**309,733**	**1,594,381**
SASKATCHEWAN						
Simmie Property						
Acquisition costs	4,000	30,000	(34,000)	-	-	-
Exploration costs						
Field Expenses	1,340	-	(1,340)	-	-	-
Geological and miscellaneous	8,760	718	(9,478)	-	-	-
Land and recording fees	3,187	-	(3,187)	-	-	-
	17,287	30,718	(48,005)	-	-	-
SASKATCHEWAN –TOTAL	**17,287**	**30,718**	**(48,005)**	**-**	**-**	**-**
TOTAL MINERAL PROPERTIES	**$ 2,068,187**	**$ 723,551**	**$ (48,005)**	**$ 2,743,733**	**$ 405,142**	**$ 3,148,875**

6. MINERAL PROPERTIES (cont'd)

Nechako Gold (Amarc JV) Property, British Columbia

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

Nechako – Endurance 100% Property, British Columbia

The Nechako-Endurance 100% Property is comprised of one mineral claim located south of the Company's Nechako Gold Property as described above. The Company acquired a 100% interest in the Property by staking.

BQ Property, British Columbia

The Company has an option to earn a 100% interest in the BQ Property by making total cash payments of $70,000 ($32,500 paid), issuing 250,000 shares (100,000 shares issued at a value of $25,000) and incurring $120,000 (incurred) in exploration expenditures on or before September 27, 2008. The Vendor retained a 3% net smelter return ("NSR") royalty interest, one-half of which may be purchased by the Company for $1,500,000.

BQ–Endurance 100% Property, British Columbia

The Company acquired a 100% interest in ten mineral claims in the Omineca Mining Division of British Columbia by staking.

Virginia Silver Property, British Columbia

The Company has an option to earn a 100% interest in the Virginia Silver Property, located in the Omineca Mining Division of northwestern British Columbia by issuing 100,000 warrants (issued with a value of $8,569) to the Optionor. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.20 per share until October 23, 2008. In addition, at the discretion of the Optionor, the Company must either issue 250,000 common shares of the Company, or pay $250,000, on or before October 23, 2009 to complete its 100% earn-in.

Virginia Silver – Endurance 100% (Annie) Property, British Columbia

The Company acquired a 100% interest in seven mineral claims in the Omineca Mining Division of British Columbia by staking.

The Company entered into a letter agreement dated September 14, 2007 with Mega Silver Inc. (formerly Treat Systems Inc.) ("MEGA"), whereby MEGA could earn a 75% interest in the Virginia Silver and surrounding Annie claims (collectively the "Virginia Silver Property"), comprising 10 claims located in the Smithers region of northwestern British Columbia. To earn its interest, MEGA must make $350,000 ($25,000 received) in cash payments and incur an aggregate of $3 million in expenditures (or make commensurate cash payments) on or before August 7, 2009. Of these totals, cash payments totaling $100,000 and a minimum of $250,000 in exploration expenditures are required on and by the first anniversary date of the execution and delivery of definitive agreements.

Dogpaw Property, Ontario

The Dogpaw Property is located in north-western Ontario.

The Company entered into an option agreement dated January 22, 2007 with Houston Lake Mining Inc. ("HLM"), whereby HLM could earn a 100% interest in four claims forming part of the Dogpaw ground, subject to a 2.5% NSR royalty interest that was retained by the Company, in return for a work commitment of $56,000 and 100,000 shares of HLM (received with a value of $70,000). At any time, HLM may purchase up to three-fifths of the Company's retained royalty interest for $500,000 for each one-fifth of such interest. HLM fulfilled all of its obligations and earned a 100% interest in the claims in June 2007, subject to the retained royalty interest.

6. MINERAL PROPERTIES (cont'd)

Dogpaw (Metals Creek JV) Property, Ontario

The Company owns a 30% interest in the Dogpaw Joint Venture with partner, Metals Creek Resources Corp. (formerly The Endurance Fund Corporation) ("MCR"), owning 70%. MCR can increase its JV interest to 75% by issuing 50,000 common shares to the Company and incurring an additional $250,000 of exploration expenditures on the property.

Pardo Property, Ontario

The Company has an option to earn a 100% interest in the Pardo Property by making total cash payments of $100,000 ($30,000 paid) and issuing 200,000 shares (60,000 shares issued at a value of $12,750) on or before November 16, 2009. The Vendors (one of whom is the President of the Company) retained a 3% NSR royalty interest, one-half of which may be purchased by the Company for $1,500,000.

Turner Property, Ontario

The Company acquired by staking a 100% interest in seventeen mineral claims in the Sudbury Mining Division of east-central Ontario. Subsequent to June 30, 2008, two claims comprising 32 units were allowed to lapse.

Hutton Property, Ontario

The Company acquired by staking a 100% interest in a mineral claim in the Sudbury Mining Division of east-central Ontario.

Parkin Property, Ontario

The Company acquired by staking a 100% interest in five mineral claims in the Sudbury Mining Division of east-central Ontario.

Long Lac Property, Ontario

The Company acquired by staking a 100% interest in five mineral claims in the Thunder Bay Mining Division of northwestern Ontario. The Company entered into a purchase agreement dated April 9, 2008 with Kodiak Exploration Limited ("Kodiak"), whereby Kodiak may purchase a 100% interest in the Long Lac Property in Ontario, subject to a 3% NSR royalty interest retained by the Company, for a purchase price of $7,080 (cash payment received in full). At any time, Kodiak may purchase up to two-thirds of the Company's retained royalty interest for $750,000 for each one-third of such interest. At June 30, 2008, the Company wrote off the carrying value of $87 in exploration costs incurred on the property.

Minnitaki Property, Ontario

The Company acquired by staking a 100% interest in three mineral claims in the Minnitaki Lake region of northwestern Ontario. The Company subsequently dropped the claims and at March 31, 2008, wrote off the carrying value of $4,501 in acquisition and exploration costs incurred on the property.

Simmie Property, Saskatchewan

The Company entered into an option agreement, on January 30, 2006, as amended September 21, 2006, to acquire an option to earn a 100% interest in the Simmie Gold Project, located southwest of Swift Current, Saskatchewan, by issuing 200,000 shares (60,000 shares issued at a value of $14,000) and incurring $150,000 in exploration expenditures over three years. The Company subsequently terminated the option agreement and at December 31, 2007, wrote off the carrying value of $48,005 in acquisition and exploration costs incurred on the property.

Properties Optioned To Third Parties

The Company has optioned several of its properties (including the Virginia Silver Property, the Dogpaw Property and the Dogpaw (Metals Creek JV) Property. Option payments received by the Company are recorded in the accounts as cost recoveries in respect of the properties that have been optioned to third parties.

7. CAPITAL STOCK

(a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.

(b) Issued and outstanding:

	Number of Shares	Amount	Contributed Surplus
Balance at December 31, 2006	**17,995,086**	**2,525,976**	**185,285**
Issued for:			
Mineral properties acquisition	130,000	24,250	-
Stock-based compensation	-	-	60,779
Brokered & non-brokered private placement	8,737,600	2,009,648	-
Agent's commission	309,500	71,185	-
Agent's options compensation	-	(48,919)	48,919
Agent's options exercised	400	126	(26)
Share issuance costs	-	(189,901)	-
Flow-through share renunciation	-	(340,586)	-
Balance at December 31, 2007	**27,172,586**	**$ 4,051,779**	**$ 294,957**
Issued for:			
Stock-based compensation	-	-	10,230
Balance at June 30, 2008	**27,172,586**	**$ 4,051,779**	**$ 305,187**

Of the outstanding shares as of June 30, 2008, 1,078,100 shares are held in escrow. Under the escrow agreement, 15% of the original 7,187,334 shares held in escrow will be released every six months from August 4, 2005. Subsequent to June 30, 2008, the remaining 1,078,100 shares were released from escrow, and there are no further outstanding shares held in escrow.

Share issuance

The Company did not issue any shares during the first six months of 2008.

During 2007, the Company:

i) Issued 130,000 common shares pursuant to mineral property agreements with a total value of $24,250 as follows:

	Common Shares	Value
Simmie Property, Saskatchewan	40,000	$ 10,000
BQ Property, British Columbia	60,000	9,000
Pardo Property, Ontario	30,000*	5,250
	130,000	$ 24,250

* 10,000 common shares with a value of $1,750 were issued to the President of the Company pursuant to an option agreement on the Pardo Property. See Note 5.

ii) Issued 400 common shares at $0.25 per share for proceeds of $100 from the exercise of Agent's options. Accordingly, $26 was transferred from contributed surplus to capital stock.

7. CAPITAL STOCK (cont'd)

(b) Issued and outstanding (cont'd)

iii) Completed a non-brokered private placement financing on March 23, 2007, receiving gross proceeds in the aggregate amount of $524,998 by issuing 2,282,600 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.

iv) Completed a brokered private placement financing on March 19, 2007, receiving gross proceeds in the aggregate amount of $1,484,650 by issuing 4,340,000 flow-through shares ("FT shares") at a price of $0.23 per FT share and 2,115,000 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. The Company paid the Agent a commission of seven percent of the gross proceeds of the brokered placement, paid as to $32,177 in cash and 309,500 units ("Commission Units"), the Commission Units having the same terms and conditions as the Units. In addition, the Agent was issued 642,000 agent's options (the "Agent's Options"). Each Agent's Option entitles the Agent to acquire one common share of the Company for a period of 18 months from closing at a price of $0.40 per share.

(c) Stock Options, Warrants and Agent's Compensation Options Outstanding

The Company has an incentive stock option plan that conforms to the requirements of the TSX Venture Exchange. Options to purchase common shares have been granted to directors, officers, employees and consultants of the Company at exercise prices determined by the market value of the common shares on the date of the grant.

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

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2006	1,225,000	$	0.25
Options granted	450,000		0.19
Balance, December 31, 2007	1,675,000		0.23
Options granted	150,000		0.12
Balance, June 30, 2008	1,825,000	$	0.22
Number of options currently exercisable	1,825,000	$	0.22

A summary of the options outstanding at June 30, 2008 is as follows:

Number Outstanding	Exercise Price $	Expiry Date
1,050,000	0.25	August 4, 2008
100,000	0.20	February 2, 2009
75,000	0.26	April 25, 2009
150,000	0.23	March 26, 2010
150,000	0.12	April 1, 2010
50,000	0.23	May 10, 2010
250,000	0.15	October 11, 2012
1,825,000		

7. CAPITAL STOCK (cont'd)

(c) Stock Options, Warrants and Agent's Compensation Options Outstanding (cont'd)

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

	Number of Warrants		Weighted Average Exercise Price
Balance, December 31, 2006	4,375,000		0.43
Warrants granted	4,707,100		0.40
Warrants expired	(3,275,000)		0.45
Balance, December 31, 2007	5,807,100	$	0.40
Warrants expired	(1,000,000)		0.40
Balance, June 30, 2008	4,807,100	$	0.40

The following warrants to acquire common shares were outstanding at June 30, 2008:

Number Outstanding	Exercise Price $	Expiry Date
2,424,500	0.40	September 20, 2008
2,282,600	0.40	September 23, 2008
100,000	0.20	October 23, 2008
4,807,100		

The Company also had 642,000 Agent's compensation options outstanding at June 30, 2008. The Agent's compensation options were issued to the Agent in connection with the Company's brokered private placement completed in March 2007, each of which entitles the Agent to purchase one common share of the Company at a price of $0.40 per share until September 20, 2008.

(d) Stock-based compensation

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

	2008	**2007**
Description		
Expected dividend yield	0.0%	0.0%
Risk free interest rate	2.77%	4.18%
Expected stock price volatility	108.26%	119.41%
Expected life of options	2 years	3 years
Weighted average fair value	$0.0682	$0.13

Based on the foregoing, stock-based compensation expense of $10,230 ($23,334 – 2007) was recorded for options that vested during the six months ended June 30, 2008. The off-setting credit was recorded in Contributed Surplus.

Option pricing models require the input of highly subjective assumptions, particularly as to the expected price volatility of the stock. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models do not necessarily provide a single reliable measure of the fair value of the Company's stock option grants.

8. 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 fulfill its payment obligations. The Company's believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2008, the Company had a cash balance of $433,876 to settle current liabilities of $117,449. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

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

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company 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.

9. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities during the six months ended June 30, 2008 and 2007:

	2008	2007
Shares issued for mineral property	$ -	$ 8,000
Shares received for mineral properties optioned to third parties	-	210,000
Shares issued for agent's units commission	-	71,185
Agent's compensation options	-	54,148
Stock-based compensation	10,230	29,854

Incurred mineral property expenditures of $100,901 through accounts payable ($37,886 - 2007).

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. share capital and retained earnings).

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

11. RELATED PARTY TRANSACTIONS

During the six month period ended June 30, 2008, the Company entered into the following related party transactions:

a) paid or accrued companies controlled by Company officers an aggregate of $30,000 ($31,000 in 2007) for geological fees included in mineral property expenses, and $65,000 ($54,200 in 2007) for management fees.

b) paid or accrued a company controlled by a Company director an aggregate of $2,850 ($nil in 2007) for consulting fees.

c) paid a company with a common director an aggregate of $12,527 ($11,608 in 2007) for rent.

d) during the same period in 2007, certain directors and an officer of the Company 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.

12. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the financial statement presentation in the current period.

13. SUBSEQUENT EVENTS

Subsequent to June 30, 2008:

- 1,050,000 stock options expired unexercised.