

ENDURANCE GOLD CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2005

ENDURANCE GOLD CORPORATION
BALANCE SHEETS
AS AT JUNE 30, 2005 AND DECEMBER 31, 2004
(Unaudited, prepared by Management)

	June 30, 2005 (unaudited)	December 31, 2004 (audited)
	\$	\$
ASSETS		
Current		
Cash	\$ 6,485	\$ 4,582
Receivables	44,380	30,644
Prepaid expenses and deposits	<u>2,407</u>	<u>-</u>
	53,272	35,226
Deferred issue costs	130,637	40,577
Mineral properties (Note 3)	<u>609,912</u>	<u>583,266</u>
	<u>\$ 793,821</u>	<u>\$ 659,069</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	144,462	61,962
Loan payable (Note 6)	<u>-</u>	<u>119,541</u>
	<u>144,462</u>	<u>181,503</u>

Shareholders' equity

Capital stock (Note 4)	908,975	789,433
Subscriptions receivable (Note 7)	-	(163,275)
Contributed surplus	107,802	-
Deficit	<u>(367,418)</u>	<u>(148,592)</u>
	<u>649,359</u>	<u>477,566</u>
	<u>\$ 793,821</u>	<u>\$ 659,069</u>

Nature and continuance of operations (Note 1)

Subsequent events (Note 8)

On behalf of the Board:

"Duncan McIvor"

Director

Duncan McIvor

"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**FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2005 *(Unaudited, prepared by Management)*

	Three Months ended June 30, 2005	Three Months ended June 30, 2004	Six Months ended June 30, 2005	Six Months ended June 30, 2004
	\$	\$	\$	\$
EXPENSES				
Accounting and audit	19,611	-	19,611	-
Bank charges	22	547	197	569
Business development	1,982	-	1,982	-
Communications	1,237	322	1,923	632
Consulting fees	4,505	-	7,505	-
Corporate communications	483	-	483	-
Courier/freight	385	966	465	1,817
Legal expenses	3,449	7,312	3,814	34,777
Management fees	28,374	18,655	42,274	25,798
Office and administrative	3,531	1,523	6,596	3,206
Rent	6,250	2,550	7,950	5,100
Shareholders' expense	7,700	-	7,700	-
Stock-based compensation	-	-	107,802	-
Travel, accommodation and meals	(86)	468	9,522	468
Trust and filing fees	651	-	1,001	-
Loss for the period	<u>78,094</u>	<u>32,343</u>	<u>218,825</u>	<u>72,367</u>
Deficit, beginning of period	<u>289,324</u>	<u>40,024</u>	<u>148,593</u>	<u>-</u>
Deficit, end of period	<u><u>367,418</u></u>	<u><u>72,367</u></u>	<u><u>367,418</u></u>	<u><u>72,367</u></u>
Basic and diluted loss per common share	<u>0.01</u>	<u>0.02</u>	<u>0.03</u>	<u>0.04</u>
Weighted average number of common shares outstanding	<u>8,495,086</u>	<u>2,000,000</u>	<u>8,087,707</u>	<u>2,000,000</u>

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

ENDURANCE GOLD CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2005
(Unaudited, prepared by Management)

	Three Months ended June 30, 2005	Three Months ended June 30, 2004	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	(78,094)	(32,343)	(218,825)	(72,367)
Add items not involving cash:				
Stock-based compensation	-	-	107,802	-
Changes in non-cash working capital items:				
Increase in receivables	(9,679)	(2,029)	(13,736)	(15,600)
Increase in accounts payable and accrued liabilities	113,098	(233,648)	82,500	27,064
Increase in prepaid expenses and deposits	(2,407)	-	(2,407)	-
Net cash used in operating activities	<u>22,918</u>	<u>(268,020)</u>	<u>(44,666)</u>	<u>(60,903)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral properties	<u>(14,205)</u>	<u>(19,424)</u>	<u>(26,646)</u>	<u>(226,513)</u>
Net cash used in investing activities	<u>(14,205)</u>	<u>(19,424)</u>	<u>(26,646)</u>	<u>(226,513)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Deferred issue costs	(65,326)	-	(90,060)	-
Subscriptions receivable	-	-	163,275	-
Loans payable	-	396,506	-	396,506
Net cash provided by financing activities	<u>(65,326)</u>	<u>396,506</u>	<u>73,215</u>	<u>396,506</u>
Increase in cash during the period	(56,613)	109,062	1,903	109,090
Cash, beginning of period	<u>63,098</u>	<u>28</u>	<u>4,582</u>	<u>-</u>
Cash, end of period	<u>6,485</u>	<u>109,090</u>	<u>6,485</u>	<u>109,090</u>
Cash paid for				
Interest	-	-	-	-
Income taxes	-	-	-	-

Supplemental disclosures with respect to cash flows (Note 7)

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

ENDURANCE GOLD CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2005
(Unaudited, prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Endurance Gold Corporation (the "Company") (formerly 6172342 Canada Ltd.) was incorporated under the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. Its principal business activities are the exploration and development of resource properties. All of the Company's resource properties are located in Canada.

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

These unaudited interim financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	June 30, 2005	December 31, 2004
Deficit	\$367,418	\$148,592
Working Capital (Deficiency)	\$(91,190)	\$(146,277)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying unaudited interim financial statements have been prepared by management in accordance with generally accepted accounting principles ("GAAP") in Canada on a basis consistent with those outlined in the Company's audited financial statements for the year ended December 31, 2004. They do not include all of the information and disclosures required by Canadian GAAP for audited financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These unaudited interim financial statements should be read in conjunction with the most recent audited annual financial statements of the Company, including the notes thereto. Operating results for the three and six month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

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

Stock-Based Compensation

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

ENDURANCE GOLD CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2005
(Unaudited, prepared by Management)

3. MINERAL PROPERTIES

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

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

	Balance Dec. 31, 2003	Expenditure	Balance Dec. 31, 2004	Expenditure	Balance June 30, 2005
	\$	\$	\$	\$	\$
Dogpaw Property					
Acquisition	214,000		214,000	-	214,000
Airborne survey		71,600	71,600	-	71,600
Line cutting		59,692	59,692	-	59,692
Geological and miscellaneous		30,883	30,883	-	30,883
Diamond drilling		207,091	207,091	-	207,091
	214,000	369,266	583,266	-	583,266
Nechako Gold Property					
Claim renewal				5,720	5,720
Claim staking				819	819
Contractors/consultants				10,156	10,156
Freight				51	51
Geological and technical services				7,382	7,382
Management fees				931	931
Office expenses/miscellaneous				1,102	1,102
	-	-	-	26,161	26,161
Sabre Gold Property					
Claim staking				485	485
	-	-	-	485	485
Total Mineral Properties	214,000	369,266	583,266	26,646	609,912

Dogpaw Property

The Dogpaw Lake Property is located in north-western Ontario. The claims are 100% owned by the Company and were acquired by the issuance of 2,000,000 common shares valued at \$214,000. On March 29, 2005, the Company applied \$38,400 of previously banked assessment credits against nine claims on the property, which were due to expire between April 15th and August 9th of 2005. That filing extended the good standing status of those claims for an additional calendar year.

Nechako Gold Property

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

ENDURANCE GOLD CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2005
(Unaudited, prepared by Management)

kilometers due west of Quesnel, British Columbia.

During 2004, the Company entered into an option and joint venture agreement with Amarc Resources Inc. (“Amarc”), whereby the Company can earn a 60% interest in the “Bob” Property (now referred to as the Nechako Gold Property) by completing \$250,000 in exploration expenditures and issuing 250,000 shares to Amarc over a three year period. The Company has the obligation to incur exploration expenditures of at least \$50,000 on or before June 30, 2005, which date was subsequently extended to August 29, 2005. Fifty thousand common shares of the Company must be issued to Amarc within 10 business days following the date the Company’s common shares are listed for trading on the TSX Venture Exchange (the “Listing Date”). In order to exercise the option, the Company must issue an additional 50,000 common shares on or before the first anniversary of the Listing Date and must incur the balance of the exploration expenditures and issue the remaining 150,000 common shares by the third anniversary of the Listing Date.

Sabre Gold Property

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

4. CAPITAL STOCK

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

Common shares:	Number of Shares	\$
Issued at December 31, 2003	2,000,000	214,000
Private placements	5,377,880	575,433
Issued at December 31, 2004	7,377,880	789,433
Private placements	1,117,206	119,541
Issued at June 30, 2005	8,495,086	908,974

a) Stock options:

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

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

ENDURANCE GOLD CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2005
(Unaudited, prepared by Management)

<u>Number Outstanding</u>	<u>Exercise Price \$</u>	<u>Expiry Date</u>
1,050,000	0.25	(1)

(1) These options will expire on the third anniversary of the Listing Date.

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

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.

5. LOSS PER SHARE

Loss per share has been calculated using the weighted-average number of common shares outstanding during the quarter. Basic and diluted losses per share are the same, as the effect of potential issuances of shares under share option agreements would be anti-dilutive.

6. RELATED PARTY TRANSACTIONS

During the current period, the Company paid companies controlled by Company officers an aggregate of \$43,205 (2004 - \$25,798) for management and administrative services.

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

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2004, the Company issued 7,377,880 common shares, including 1,525,935 shares for subscriptions receivable totaling \$163,275. This amount was received during the six month period ended June 30, 2005.

During the current period, the Company issued 1,117,206 shares to repay an amount of \$119,541 owing to a company controlled by two of the Company's directors. There were no non-cash financing or investing transactions during the six month period ended June 30, 2004.

ENDURANCE GOLD CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2005
(Unaudited, prepared by Management)

8. SUBSEQUENT EVENTS

On July 27, 2005, the Company closed its initial public offering for gross proceeds of \$2,000,000. The offering consisted of 4,800,000 flow-through shares at a price of \$0.25 per share, and 3,200,000 Units, at a price of \$0.25 per Unit. Each Unit was comprised of one common share and one share purchase Warrant; each Warrant entitles the holder to purchase one common share of the Company at a price of \$0.35 per share on or before July 27, 2006 and at a price of \$0.45 per share on or before July 27, 2007. The Company may force the exercise of the Warrants at any time after July 27, 2006 if its shares trade at over \$0.90 per share for 20 consecutive trading days after that date. Pursuant to the Agency Agreement with Haywood Securities Inc. (the "Agent"), the Agent received a cash commission of 7.5% of the gross proceeds (\$150,000), was paid a corporate finance fee of \$20,000, was issued 75,000 Units on closing, and was issued 800,000 compensation options, being 10% of the aggregate number of Units and flow-through shares sold.

The Company's common shares commenced trading on the Exchange on August 4, 2005.

On August 8, 2005, the Company announced that it had commenced work on the Nechako Gold Project.

On August 11, 2005, the Company announced that it had commenced work on the Dogpaw Lake Property.

On August 12, 2005, the Company staked one additional 234 hectare claim immediately south of the Nechako Gold Property boundary. This claim falls within the Area of Influence as outlined in the property option agreement (the "Amarc Agreement") between Amarc and the Company. Amarc has subsequently elected to have the claim included in the Amarc Agreement.

On August 16, 2005, the Company issued 50,000 common shares to Amarc and 70,000 shares to an underlying property vendor. Both transactions were made pursuant to the terms of the Amarc Agreement.

ENDURANCE GOLD CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS
OF OPERATIONS
Three and Six Month Periods Ended June 30, 2005

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

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

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

The forward-looking information is only made as of the date of this MD&A, August 22, 2005 (the "Report Date")

1. Overview

Endurance (formerly 6172342 Canada Ltd.) was incorporated under the provisions of the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. The Company's exploration efforts at the present time are focused on the exploration and development of precious metal properties in Canada, principally in British Columbia and Ontario.

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

2. Results of Operations

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

The net loss for the six month period ended June 30, 2005 was \$218,825 (2004 - \$72,367).

The consolidated statements of project exploration expenses for the six month periods ended June 30, 2005 and June 30, 2004, shown on the next two pages, provide details on the nature of the Company's exploration expenditures. During the current six-month period, exploration activities have been limited, pending completion of the Company's IPO and receipt of the proceeds from such offering.

ENDURANCE GOLD CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Three and Six Month Periods Ended June 30, 2005

STATEMENT OF PROJECT EXPLORATION EXPENSES
SIX MONTHS ENDED June 30, 2005

	Dogpaw	Nechako	Sabre	Total
	\$	\$	\$	\$
BALANCE - December 31, 2004	583,266	-	-	583,266
Property Acquisition and option costs		5,720		5,720
Field – Claim staking		819	485	1,304
Field - Transportation & freight		51		51
Contractors/Consultants		10,156		10,156
Geological and technical services		7,382		7,382
Office Costs/Communications/Miscellaneous		1,102		1,102
General Administration		931		931
TOTAL EXPLORATION EXPENDITURES	-	26,161	485	26,646
BALANCE – June, 2005	583,266	26,161	485	609,912

ENDURANCE GOLD CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Three and Six Month Periods Ended June 30, 2005

STATEMENT OF PROJECT EXPLORATION EXPENDITURES
SIX MONTHS ENDED June 30, 2004

	Dogpaw	Total
	\$	\$
BALANCE - December 31, 2003	214,000	214,000
Field - Drilling	147,726	147,726
Field – Line cutting	15,000	15,000
Field – Office rent & communications	2,739	2,739
Assaying and analysis	10,665	10,665
Communications	322	322
Contractors/Consultants	8,585	8,585
Data base	4,544	4,544
Drafting & reproduction	2,637	2,637
Education & conferences	375	375
Freight	966	966
Geological & technical services	10,489	10,489
Salaries & benefits	20,000	20,000
Travel & accommodation	3,753	3,753
	227,801	227,801
TOTAL EXPLORATION EXPENDITURES	227,801	227,801
BALANCE – June 30, 2004	441,801	441,801

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

Three months ended June 30, 2005

The expenses for the three months ended June 30, 2005 at \$78,094 were about \$46,000 higher than the \$32,343 incurred in the comparable quarter of 2004. Four items accounted for most of the increase. Accounting and audit expenses were \$19,611 in the current quarter as compared to \$Nil in the prior year's quarter. The Company was not founded until December 2003, consequently no audit was performed in calendar 2004. Management fees were almost \$10,000 higher in the current quarter, as the Company began to staff up its accounting and administrative functions in anticipation of the closing of the IPO and becoming a reporting issuer. Rent and shareholder expenses in the quarter were higher than in the comparable quarter, again as a result of positioning the Company in anticipation of the IPO and becoming a publicly listed company with an active exploration program.

Six months ended June 30, 2005

The increased expenses discussed above for the three month period ended June 30, 2005 were also largely responsible for the increases that were incurred in the six month period ended June 30, 2005, seemingly offset by much lower legal costs, as compared to the same period in 2004. However, the lower legal costs are a reflection of the different types of legal services provided in the two periods. In the 2004 period, legal services were primarily for corporate legal work and for assistance in negotiating various contracts and agreements and such costs were expensed. In the 2005 period, there was very little of that type of legal work done, as most legal services were provided in connection with preparing documentation needed for the IPO and those legal costs were deferred, to be netted against the gross proceeds to be realized from the IPO. The total amount recorded as deferred issue costs in the period was \$90,060, which amount was primarily for legal expenses incurred in connection with the IPO, but it also included fees for financial advisory services and costs associated with the preparation of National Instrument 43-101 technical reports on the Company's principal properties.

3. Summary of Quarterly Results

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

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

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

Except for the quarter ended March 31, 2005, the reported losses were primarily the result of costs incurred in maintaining the Company's corporate existence, pending completion of its IPO. Costs for future quarters may differ materially from the costs incurred each quarter to date.

The increase in loss in the first quarter of 2005 is largely due to the granting of 1,050,000 stock options, which

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

resulted in stock-based compensation expense of \$107,802 in that quarter. There were no grants of stock options in any of the other quarters.

4. Liquidity and Capital Resources

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

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

The Company has no "stand-by" credit facilities, nor any off-balance sheet arrangements and it does not use hedges or other financial derivatives.

Cash and Financial Conditions:

The Company's cash position was \$6,485 at June 30, 2005 (\$4,582 at December 31, 2004).

The Company had a working capital deficiency of \$91,190 at June 30, 2005, as compared to a working capital deficiency of \$146,277 at December 31, 2004.

Investing Activities:

During the six month period ended June 30, 2005, the Company's cash flow used for investing activities was \$26,646, all of which represented project exploration costs that were capitalized.

During the comparable period, the Company's cash flow used for investing activities was \$226,513, all of which represented project exploration costs that were capitalized.

Financing Activities:

During the six month period ended June 30, 2005, the Company deferred \$90,060 of costs, primarily for legal, financial and technical services provided in connection with the Company's IPO. The deferred amount will be offset against the gross proceeds realized when the offering closes. In the period, the Company received \$163,275 from the sale of common shares in private placements, which was the amount receivable at the beginning of the period from private placements completed in the prior year.

In the comparable period in 2004, the Company borrowed \$396,506 on an unsecured, non-interest bearing basis from Cunniah Lake Inc., a private company controlled by two of the Company's directors.

Outstanding share data as at the Report Date:

On the Report Date, Endurance had 16,690,086 shares outstanding, or 22,615,086 shares on a fully diluted basis. There are 1,050,000 stock options outstanding under the Company's incentive stock option plan. The stock options are exercisable at \$0.25 per share, and will expire August 4, 2008, being three years from August 8, 2005, the date the Company's common shares were listed and called for trading on the Exchange.

If the optionees were to acquire all 1,050,000 shares issuable upon exercise of all incentive stock options

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

outstanding, the Company would receive an additional \$262,500. If the warrants holders were to exercise all 4,875,000 warrants, the Company would receive an additional \$1,706,250 if the warrants were exercised prior to July 27, 2006, or \$2,193,750 if the warrants were to be exercised on or after that date.

5. Transactions with related parties

During the six months ended June 30, 2005, Endurance paid or accrued \$29,555 to McIvor Geological Consulting (2004 - \$25,798), a company controlled by Duncan McIvor, for management and consulting services.

During the six months ended June 30, 2005, Endurance paid or accrued \$13,650 to Adera Company Management Inc. (2004 - \$Nil), a company controlled by J. C. Mitchell, for management and administrative services.

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

6. Outlook

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

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

Work Plans and Budgets

On the Nechako Gold Property in British Columbia, the Company may earn a 60% interest in the property from Amarc Resources Ltd. ("Amarc") by incurring \$250,000 in exploration expenditures and issuing 250,000 shares over a three-year period. A Phase One Exploration Program comprised of line-cutting, geochemical sampling, geological mapping and limited induced polarization surveys will be carried out during the summer field season, at an anticipated cost of approximately \$125,000. Should the results of that work define drill targets of merit, an additional \$305,000 has been allocated to an October 2005 diamond drilling program on the property. The Phase One program will fulfill and exceed the \$50,000 Year One exploration commitment to Amarc on or before August 29, 2005.

On the Dogpaw Lake Property in Ontario, a Phase One Exploration Program will take place over selected target areas on the property (Starlyght, and Bag Lake Area occurrences). That work will involve programs of line-cutting, humus geochemical sampling, geological mapping, trenching and possible induced polarization surveys. The total Phase One budget allocation for the Dogpaw Lake Property is \$277,600. If warranted, an additional \$450,000 has been allocated to follow-up diamond drilling programs on targets generated as a result of the Phase One work.

A limited reconnaissance evaluation of the Sabre Property will take place during the 2005 summer field season, at nominal cost.

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

Corporate G&A Expenses

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

Financial Instruments

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

Financial Condition

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

Risk Factors Relating to the Company's Business

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

There can be no assurances the Company will continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs. In addition to this having an impact on its wholly-owned projects, in the future, Endurance could find itself in a position where it might be unable to fund its share of costs incurred under joint venture agreements to which it may be a party, and its interest in such joint ventures could be reduced or eliminated as a result.

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

7. Events subsequent to June 30, 2005

The following material events have occurred since June 30, 2005:

- On July 27, the Company closed its IPO for gross proceeds of \$2,000,000.
- On August 4, the Company's common shares commenced trading on the Exchange.
- On August 8, the Company announced that it had commenced work on the Nechako Gold Project.
- On August 11, the Company announced that it had commenced work on the Dogpaw Lake Property.
- On August 12, the Company staked one additional 234 hectare claim immediately south of the Nechako Gold Property boundary. This claim falls within the Area of Influence as outlined in the

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

property option agreement (the "Amarc Agreement") between Amarc and the Company. Amarc has elected to have the claim included in the Amarc Agreement.

- On August 16, the Company issued 50,000 common shares to Amarc and 70,000 shares to an underlying property vendor. Both transactions were made pursuant to the terms of the Amarc Agreement.