

ENDURANCE GOLD CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2005

(Unaudited)

**ENDURANCE GOLD CORPORATION**  
**BALANCE SHEETS**

(UNAUDITED, PREPARED BY MANAGEMENT)

MARCH 31, 2005 AND DECEMBER 31, 2004

	<b>ASSETS</b>	<b>MARCH 31 2005</b>	<b>DECEMBER 31 2004</b>
		<b>(UNAUDITED)</b>	<b>(AUDITED)</b>
		<b>\$</b>	<b>\$</b>
CURRENT			
CASH		<b>63,098</b>	4,582
ACCOUNTS AND ADVANCES RECEIVABLE		<b>34,701</b>	30,644
TOTAL CURRENT ASSETS		<b>97,799</b>	35,226
DEFERRED ISSUE COSTS		<b>65,310</b>	40,577
MINERAL PROPERTIES (NOTE 3)		<b>595,707</b>	583,266
		<b>758,816</b>	659,069
	<b>LIABILITIES</b>		
CURRENT			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		<b>31,364</b>	61,962
LOANS PAYABLE		-	119,541
TOTAL CURRENT LIABILITIES		<b>31,364</b>	181,503
	<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL (NOTE 4)		<b>908,974</b>	789,433
SUBSCRIPTIONS RECEIVABLE		-	(163,275)
CONTRIBUTED SURPLUS (NOTE 4(A))		<b>107,802</b>	-
DEFICIT		<b>(289,324)</b>	(148,592)
		<b>727,452</b>	477,566
		<b>758,816</b>	659,069
NATURE AND CONTINUANCE OF OPERATIONS (NOTE 1)			
SUBSEQUENT EVENT (NOTE 8)			

APPROVED BY THE DIRECTORS

*/S/ Duncan McIvor*  
 \_\_\_\_\_  
 Director

*/s/ J. Christopher Mitchell*  
 \_\_\_\_\_  
 Director

See notes to the financial statements

**ENDURANCE GOLD CORPORATION**  
**STATEMENTS OF LOSS AND DEFICIT**

*(UNAUDITED, PREPARED BY MANAGEMENT)*

FOR THE THREE MONTHS ENDED MARCH 31

	<b>MARCH 31</b>	MARCH 31
	<b>2005</b>	2004
	\$	\$
EXPENSES		
BANK CHARGES	175	22
COMMUNICATIONS	687	309
CONSULTING FEES	3,000	-
COURIER/FREIGHT	80	852
LEGAL EXPENSES	365	27,466
MANAGEMENT FEES	13,900	7,143
OFFICE AND ADMINISTRATION	3,065	1,682
RENT	1,700	2,550
STOCK-BASED COMPENSATION	107,802	-
TRAVEL, ACCOMMODATION AND MEALS	9,608	-
TRUST AND FILING FEES	350	-
LOSS FOR THE PERIOD	<u>140,732</u>	<u>40,024</u>
DEFICIT, BEGINNING OF PERIOD	148,592	-
DEFICIT, END OF PERIOD	<u><u>289,324</u></u>	<u><u>40,024</u></u>
LOSS PER SHARE, BASIC AND DILUTED	<u><u>0.02</u></u>	<u><u>0.02</u></u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u><u>7,675,802</u></u>	<u><u>2,000,000</u></u>

*See notes to the financial statements*

**ENDURANCE GOLD CORPORATION**  
**STATEMENTS OF CASH FLOWS**

*(UNAUDITED, PREPARED BY MANAGEMENT)*

FOR THE THREE MONTHS ENDED	<b>MARCH 31</b>	MARCH 31
	<b>2005</b>	2004
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
LOSS FOR THE PERIOD	<b>(140,732)</b>	(40,024)
ADD ITEMS NOT INVOLVING CASH:		
STOCK-BASED COMPENSATION EXPENSE	<b>107,802</b>	-
CHANGES IN NON-CASH WORKING CAPITAL COMPONENTS:		
ACCOUNTS RECEIVABLE	<b>(4,057)</b>	(13,571)
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	<b>(30,598)</b>	260,712
	<u><b>(67,585)</b></u>	<u>207,117</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
SUBSCRIPTIONS RECEIVABLE	<b>163,275</b>	-
	<u><b>163,275</b></u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
MINERAL EXPLORATION	<b>(12,441)</b>	(207,089)
DEFERRED ISSUE COSTS	<b>(24,733)</b>	-
	<u><b>(37,174)</b></u>	<u>(207,089)</u>
INCREASE IN CASH DURING THE PERIOD	<b>58,516</b>	28
CASH, BEGINNING OF PERIOD	<b>4,582</b>	-
CASH, END OF PERIOD	<u><b>63,098</b></u>	<u>28</u>
CASH PAID FOR		
INTEREST	-	-
INCOME TAXES	-	-

SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (NOTE 7)

*See notes to the financial statements*

# ENDURANCE GOLD CORPORATION

Notes to the Financial Statements (*Unaudited, prepared by Management*)

March 31, 2005

## 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.

	March 31, 2005	December 31, 2004
Deficit	\$289,324	\$148,592
Working Capital (Deficiency)	\$66,435	\$(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 months ended March 31, 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 (*Unaudited, prepared by Management*)

March 31, 2005

## 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.

	Balance Dec. 31, 2003	Expenditure	Balance Dec. 31, 2004	Expenditure	Balance March 31, 2005
	\$	\$	\$	\$	\$
<b>Dogpaw Property</b>					
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
<b>Nechako Gold Property</b>					
Claim staking				819	819
Claim renewal				5,720	5,720
Contractors/consultants				4,455	4,455
Communications/telephone				178	178
Freight				51	51
Management fees				455	455
Office expenses/supplies/printing				277	277
	-	-	-	11,955	11,955
<b>Sabre Gold Property</b>					
Claim staking				486	486
	-	-	-	486	486
<b>Total Mineral Properties</b>	<b>214,000</b>	<b>369,266</b>	<b>583,266</b>	<b>12,441</b>	<b>595,707</b>

### 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 15<sup>th</sup> and August 9<sup>th</sup> 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 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 extended to August 29, 2005 subsequent to March 31, 2005.

# ENDURANCE GOLD CORPORATION

Notes to the Financial Statements (*Unaudited, prepared by Management*)

March 31, 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. SHARE CAPITAL

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

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

### a) Stock options:

During the first quarter, 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 and granted 1,050,000 options under the Plan, all of which vested during the quarter. As there is no market for the Company's securities at present, 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 March 31, 2005 are as follows:

Number Outstanding	Exercise Price \$	Expiry Date
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 current quarter has been 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 current quarter.

# ENDURANCE GOLD CORPORATION

Notes to the Financial Statements (*Unaudited, prepared by Management*)

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 quarter, the Company paid companies controlled by Company officers an aggregate of \$13,900 (2004 - \$7,143) for management and administrative services.

During the quarter, 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 period, the Company issued 1,117,206 shares (2004 - Nil) to repay an amount of \$119,541 owing to a company controlled by two of the Company's directors. There were no material non-cash financing or investing transactions during the three months ended March 31, 2004.

## 8. SUBSEQUENT EVENT

Final receipts approving the Company's Prospectus dated May 19, 2005 were issued by the regulators in British Columbia, Alberta and Ontario, as evidenced by a Decision Document dated May 25, 2005 issued by the British Columbia Securities Commission pursuant to National Policy 43-201. The Company intends to raise gross proceeds of \$2,000,000 through the sale (the "Offering") to the public of up to 4,800,000 flow-through common shares (the "FT Shares") at a price of \$0.25 per FT Share and up to 3,200,000 units (the "Units") of the Company at a price of \$0.25 per Unit. Each Unit will consist of one non-flow-through common share in the capital of the Company and one share purchase warrant (the "Warrants"). Each Warrant will entitle the holder to purchase for a period of 24 months from the closing of the Offering (the "Exercise Period"), one common share of the Company at a price of \$0.35 per share during the first 12 months of the Exercise Period and at a price of \$0.45 per share thereafter. The Company may force the exercise of the Warrants if during the second year of the Exercise Period, the closing price of the common shares of the Company on the Exchange equals or exceeds \$0.90 per share for 20 consecutive trading days. Pursuant to an Agency Agreement with Haywood Securities Inc. (the "Agent"), the Agent will receive a commission of 7.5% of the gross proceeds payable in cash or units, be paid a corporate finance fee of \$20,000, be issued 75,000 units on closing of the offering, and be issued compensation options to acquire up to 10% of the units and flow-through shares issued by the Company exercisable for a period of 24 months from the date the shares commence trading on the Exchange.

**ENDURANCE GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS**  
**OF OPERATIONS**  
**Three Months Ended March 31, 2005**

This Management's Discussion and Analysis ("MD&A") reviews the activities of Endurance Gold Corporation ("Endurance", or the "Company"). 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 financial statements as at December 31, 2004 and accompanying notes.

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. 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, May 25, 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 is in the process of completing an initial public offering ("IPO") of its shares, to raise gross proceeds of \$2,000,000. The IPO consists of up to 4,800,000 flow through common shares at a price of \$0.25 per share and up to 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. Closing will occur no later than late August 2005.

**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 quarter ended March 31, 2005 was \$140,732 (2004 - \$40,024).

The consolidated statements of project and general exploration expenses for the three months ended March 31, 2005 and March 31, 2004 shown on the next two pages provide details on the nature of the Company's exploration expenditures.

**ENDURANCE GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**Three Months Ended March 31, 2005**

**STATEMENT OF PROJECT EXPLORATION EXPENDITURES**  
**THREE MONTHS ENDED MARCH 31, 2005**

	Dogpaw	Nechako	Sabre	Total
	\$	\$	\$	\$
<b>BALANCE - December 31, 2004</b>	<b>583,266</b>	-	-	<b>583,266</b>
Property Acquisition and Option Costs		5,720		<b>5,720</b>
Field – Claim staking		819	486	<b>1,305</b>
Field - Transportation & Freight		51		<b>51</b>
Contractors/Consultants		4,455		<b>4,455</b>
Office Costs/Communications		455		<b>455</b>
General Administration		455		<b>455</b>
TOTAL EXPLORATION EXPENDITURES	-	11,955	486	<b>12,441</b>
<b>BALANCE – March 31, 2005</b>	<b>583,266</b>	<b>11,955</b>	<b>486</b>	<b>595,707</b>

**ENDURANCE GOLD CORPORATION**  
**MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**Three Months Ended March 31, 2005**

**STATEMENT OF PROJECT EXPLORATION EXPENDITURES**  
**THREE MONTHS ENDED MARCH 31, 2004**

	Dogpaw	Total
	\$	\$
<b>BALANCE - December 31, 2003</b>	<b>214,000</b>	<b>214,000</b>
Property Acquisition and Option Costs		
Assaying and analysis	10,305	10,305
Data Base	4,544	4,544
Drafting & Reproduction	2,713	2,713
Education & Conferences	375	375
Field - Drilling	147,725	147,725
Field – Line cutting	5,000	5,000
Field – Office Rent & Communications	2,739	2,739
Geological & Technical Services	6,350	6,350
Contractors/Consultants	3,585	3,585
Salaries & Benefits	20,000	20,000
Travel & Accommodation	3,753	3,753
	207,089	207,089
<b>TOTAL EXPLORATION EXPENDITURES</b>	<b>207,089</b>	<b>207,089</b>
<b>BALANCE – March 31, 2004</b>	<b>421,089</b>	<b>421,089</b>

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

During the quarter, the Company granted a total of 1,050,000 options under its incentive stock option plan to officers and consultants, all of which vested during the quarter. The Company recorded \$107,802 of stock-based compensation expense during the quarter as a consequence of these grants. No options were granted in the comparable quarter in 2004.

### 3. Summary of Quarterly Results

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

	Quarter Ended: Year:	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
(b)	Income (loss) from continuing operations:					
	(i) in total (000s)	\$(141)	\$(40)	\$(36)	\$(32)	\$(40)
	(ii) per share	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.02)
(c)	Net income or loss:					
	(i) in total (000s)	\$(141)	\$(40)	\$(36)	\$(32)	\$(40)
	(ii) per share	\$(0.02)	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.02)

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 increase in loss in the first quarter of 2005 is due to the granting of stock options in that quarter, which resulted in stock-based compensation expense of \$107,802 in that quarter. There were no grants of stock options in any of the prior 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 \$63,098 at March 31, 2005 (\$4,582 at December 31, 2004).

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

The Company had working capital of \$66,435 at March 31, 2005, as compared to a working capital deficiency of \$146,277 at December 31, 2004.

### *Investing Activities:*

During the first quarter, the Company's cash flow used for investing activities was \$37,174, of which \$12,441 represented project exploration costs that were capitalized and \$24,733 represented costs, primarily legal expenses, incurred in connection with the Company's proposed initial public offering. The \$24,733 has been deferred and will be offset against the gross proceeds realized when the offering closes. If the offering does not close, the deferred costs will be expensed. During the comparable quarter, the Company's cash flow used for investing activities was \$207,089, all of which represented project exploration costs that were capitalized.

### *Financing Activities:*

During the quarter, the Company received a total of \$163,275 from the sale of common shares in private placements, which was the amount receivable at the beginning of the quarter from private placements completed in the prior period. In addition, the Company issued 1,117,200 shares to settle debt in the amount of \$119,541, which represented a sum that had been advanced from a company that is a significant shareholder of the Company and that is itself controlled by two of the Company's directors.

There were no financing activities in the comparable quarter.

### *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 proposed initial public offering, the Company intends to carry out exploration programs on its three mineral properties.

On the Nechako Gold Property, 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 \$125,000. Should the results of that work define drill targets of merit, an additional \$305,000 has been allocated to a September-October, 2005 diamond drilling program on the property.

On the Dogpaw Lake Property in Ontario, a Phase One Exploration Program will take place over three selected target areas on the property (Starlyght, New Dogpaw, and Bag Lake Area occurrences). That work will involve programs of line-cutting, humus geochemical sampling, geological mapping, trenching, and 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.

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

On the Report Date, Endurance had 8,495,086 shares outstanding, or 9,545,086 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 three years from the date the

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

Company's common shares are listed and called for trading on the TSE Venture Exchange. If the holders were to acquire all 1,050,000 shares issuable upon exercise of all incentive stock options outstanding, the Company would receive an additional \$262,500.

### **5. Transactions with related parties**

During the first quarter, Endurance paid or accrued \$13,900 to companies controlled by officers of the Company for management and administrative services.

During the quarter, 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.

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.