

**ENDURANCE GOLD CORPORATION**

**FINANCIAL STATEMENTS**

(Unaudited, prepared by Management)

**JUNE 30, 2006**

**ENDURANCE GOLD CORPORATION**  
**BALANCE SHEETS**  
*(Unaudited, prepared by Management)*

	June 30, 2006 (Unaudited)	December 31, 2005 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 812,314	\$ 948,693
Prepaid expenses and deposits	27,604	23,778
Receivables	30,048	32,606
	869,966	1,005,077
<b>Equipment</b> (Note 3)	4,916	5,207
<b>Reclamation bond</b>	8,500	3,500
<b>Mineral properties</b> (Note 4)	1,608,639	1,223,968
	\$ 2,492,021	\$ 2,237,752

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 89,988	\$ 21,026
	89,988	21,026
<b>Shareholders' equity</b>		
Capital stock (Note 5)	2,528,766	2,641,166
Contributed surplus (Note 5)	176,716	158,880
Deficit	(303,449)	(583,320)
	2,402,033	2,216,726
	\$ 2,492,021	\$ 2,237,752

**Nature and continuance of operations** (Note 1)

**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, 2006	Three Months ended June 30, 2005	Six Months ended June 30, 2006	Six Months ended June 30, 2005
<b>EXPENSES</b>				
Amortization	\$ 342	\$ -	\$ 671	\$ -
Corporate communications	3,367	483	10,279	483
Exploration and business development	5,116	1,982	9,655	1,982
Listing and transfer agent fees	8,030	651	13,598	1,001
Management fees	18,950	28,374	36,400	42,274
Office and administrative	15,241	19,039	36,072	34,353
Professional fees	6,577	27,565	16,657	30,930
Stock-based compensation	7,365	-	17,836	107,802
	(64,988)	(78,094)	(141,168)	(218,825)
<b>OTHER ITEMS</b>				
Interest income	6,434	-	12,591	-
Part XII.6 tax on unspent flow-through funds	(5,736)	-	(10,952)	-
<b>NET LOSS BEFORE TAX</b>	(64,290)	(78,094)	(139,529)	(218,825)
<b>Future income tax recovery (Note 6)</b>	-	-	419,400	-
<b>NET INCOME (LOSS) FOR THE PRIOD</b>	(64,290)	(78,094)	279,871	(218,825)
<b>DEFICIT, BEGINNING OF PERIOD</b>	(239,159)	(289,324)	(583,320)	(148,593)
<b>DEFICIT, END OF PERIOD</b>	\$ (303,449)	\$ (367,418)	\$ (303,449)	\$ (367,418)
<b>Earnings (loss) per common share</b>	\$ (0.00)	\$ (0.01)	\$ 0.02	\$ (0.03)
<b>Weighted average number of common shares outstanding</b>	16,983,053	8,495,086	16,950,611	8,087,707

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, 2006	Three Months ended June 30, 2005	Six Months ended June 30, 2006	Six Months ended June 30, 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) for the period	\$ (64,290)	\$ (78,094)	\$ 279,871	\$ (218,825)
Add items not involving cash:				
Amortization	342	-	671	-
Stock-based compensation	7,365	-	17,836	107,802
Future tax recovery	-	-	(419,400)	-
Changes in non-cash working capital items:				
Receivables	(4,811)	(9,679)	2,558	(13,736)
Accounts payable and accrued liabilities	(92,516)	113,098	13,420	82,500
Prepaid expenses and deposits	(5,694)	(2,407)	(3,826)	(2,407)
Net cash used in operating activities	<u>(159,604)</u>	<u>22,918</u>	<u>(108,870)</u>	<u>(44,666)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Mineral properties	(173,270)	(14,205)	(322,129)	(26,646)
Purchase of equipment	(380)	-	(380)	-
Reclamation bond	(2,500)	-	(5,000)	-
Net cash used in investing activities	<u>(176,150)</u>	<u>(14,205)</u>	<u>(327,509)</u>	<u>(26,646)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Deferred issue costs	-	(65,326)	-	(90,060)
Issuance of shares	300,000	-	300,000	-
Subscriptions receivable	-	-	-	163,275
Net cash provided by financing activities	<u>300,000</u>	<u>(65,326)</u>	<u>300,000</u>	<u>73,215</u>
<b>Increase (decrease) in cash during the period</b>	<b>(35,754)</b>	<b>(56,613)</b>	<b>(136,379)</b>	<b>1,903</b>
<b>Cash, beginning of period</b>	<b>848,068</b>	<b>63,098</b>	<b>948,693</b>	<b>4,582</b>
<b>Cash, end of period</b>	<b>\$ 812,314</b>	<b>\$ 6,485</b>	<b>\$ 812,314</b>	<b>\$ 6,485</b>

**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 SIX MONTH PERIOD ENDED JUNE 30, 2006**  
*(Unaudited, prepared by Management)*

**1. NATURE AND CONTINUANCE OF OPERATIONS**

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 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.

	<b>June 30, 2006</b>	<b>December 31, 2005</b>
Deficit	\$(303,449)	\$(583,320)
Working Capital	\$779,978	\$984,051

**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, 2005. 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.

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.

**3. EQUIPMENT**

	<b>June 30, 2006</b>			<b>December 31, 2005</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computers	3,237	898	2,339	2,751
Office furniture and equipment	3,108	531	2,577	2,456
	6,345	1,429	4,916	5,207

**ENDURANCE GOLD CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006**  
*(Unaudited, prepared by Management)*

**4. MINERAL PROPERTIES**

At June 30, 2006, the Company's mineral properties were comprised of properties located in Canada. Expenditures incurred on mineral properties are as follows:

	Balance December 31, 2005 \$	2006 Expenditure \$	Balance June 30, 2006 \$
<b><u>BRITISH COLUMBIA</u></b>			
<b>Nechako Gold (Amarc JV) Property</b>			
Acquisition costs	80,000	-	80,000
Exploration costs			
Drilling	64,876	-	64,876
Equipment rentals	9,705	-	9,705
Field expenses	38,095	-	38,095
Geochemistry	36,690	2,884	39,574
Geological and miscellaneous	67,400	5,725	73,125
Geophysics	52,437	-	52,437
Land & recording fees	7,186	8,918	16,104
Line cutting	51,744	-	51,744
	<b>408,133</b>	<b>17,527</b>	<b>425,660</b>
<b>Nechako – Endurance 100% Property</b>			
Acquisition costs	873	-	873
Exploration costs			
Geological and miscellaneous	56	591	647
	<b>929</b>	<b>591</b>	<b>1,520</b>
<b>BQ Property</b>			
Acquisition costs	8,750	-	8,750
Exploration costs			
Drilling	-	108,352	108,352
Equipment rentals	-	263	263
Field expenses	4,734	35,009	39,743
Geochemistry	4,704	20,641	25,345
Geological and miscellaneous	12,348	66,100	78,448
Geophysics	8,100	44,541	52,641
Land & recording fees	960	5,952	6,912
Line cutting	4,146	19,218	23,364
	<b>43,742</b>	<b>300,076</b>	<b>343,818</b>
<b>BQ – Endurance 100% Property</b>			
Acquisition costs	-	<b>1,649</b>	<b>1,649</b>

**ENDURANCE GOLD CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006**  
*(Unaudited, prepared by Management)*

**4. MINERAL PROPERTIES (cont'd...)**

	Balance December 31, 2005 \$	2006 Expenditure \$	Balance June 30, 2006 \$
<b>Eagle Gold-Silver Property</b>			
Acquisition costs	-	8,000	8,000
<b>Exploration costs</b>			
Geological and miscellaneous	-	3,163	3,163
	<b>-</b>	<b>11,163</b>	<b>11,163</b>
<b>Annie Property</b>			
Acquisition costs	-	712	712
<b>Exploration costs</b>			
Geological and miscellaneous	-	1,064	1,064
	<b>-</b>	<b>1,776</b>	<b>1,776</b>
<b>BRITISH COLUMBIA - TOTAL</b>	<b>452,804</b>	<b>332,782</b>	<b>785,586</b>
<b><u>ONTARIO</u></b>			
<b>Dogpaw Property</b>			
Acquisition costs	214,000	-	214,000
<b>Exploration costs</b>			
Airborne survey	71,600	-	71,600
Drilling	207,091	-	207,091
Equipment rentals	1,920	-	1,920
Field expenses	25,155	375	25,530
Geochemistry	15,804	-	15,804
Geological and miscellaneous	120,315	1,683	121,998
Geophysics	22,130	-	22,130
Line cutting	71,837	-	71,837
	<b>749,852</b>	<b>2,058</b>	<b>751,910</b>
<b>Pardo Property</b>			
Acquisition costs	7,500	-	7,500
<b>Exploration costs</b>			
Equipment rentals	-	3,294	3,294
Field expenses	-	10,886	10,886
Geological and miscellaneous	5,081	21,444	26,525
Land & recording fees	91	-	91
	<b>12,672</b>	<b>35,624</b>	<b>48,296</b>

**ENDURANCE GOLD CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006**  
*(Unaudited, prepared by Management)*

**4. MINERAL PROPERTIES (cont'd...)**

	Balance December 31, 2005 \$	2006 Expenditure \$	Balance June 30, 2006 \$
<b>Turner Property</b>			
<b>Acquisition costs</b>	8,640	-	8,640
<b>Exploration costs</b>			
Field expenses	-	17	17
Geological and miscellaneous	-	1,811	1,811
	<b>8,640</b>	<b>1,828</b>	<b>10,468</b>
<b>Minnitaki Property</b>			
<b>Acquisition costs</b>	-	4,409	4,409
<b>Exploration costs</b>			
Geological and miscellaneous	-	92	92
	-	<b>4,501</b>	<b>4,501</b>
<b>ONTARIO - TOTAL</b>	<b>771,164</b>	<b>44,011</b>	<b>815,175</b>
<b><u>SASKATCHEWAN</u></b>			
<b>    Simmie Property</b>			
<b>Acquisition costs</b>	-	4,000	4,000
<b>Exploration costs</b>			
Geological and miscellaneous	-	3,878	3,878
	-	<b>7,878</b>	<b>7,878</b>
<b>SASKATCHEWAN - TOTAL</b>	-	<b>7,878</b>	<b>7,878</b>
<b>TOTAL MINERAL PROPERTIES</b>	<b>\$ 1,223,968</b>	<b>\$ 384,671</b>	<b>\$ 1,608,639</b>

**BRITISH COLUMBIA**

**Nechako Gold (Amarc JV) Property**

The Company owns a 67% interest in the Nechako Gold Joint Venture with partner, Amarc Resources Inc. ("Amarc") owning 33%.

**Nechako-Endurance 100% Property**

The Company acquired a 100% interest in six mineral claims located west of Quesnel, British Columbia by staking.

**ENDURANCE GOLD CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006**  
*(Unaudited, prepared by Management)*

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**4. MINERAL PROPERTIES (cont'd...)**

**BQ Property**

The Company has an option to earn a 100% interest in the BQ Property by making total cash payments of \$70,000 (\$5,000 paid) and issuing 250,000 shares (15,000 shares issued) on or before September 27, 2008. The Vendor retained a 3% net smelter return royalty interest, one-half of which may be purchased by the Company at any time for \$1,500,000.

**BQ-Endurance 100% Property**

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

**Eagle Gold-Silver Property**

In an agreement dated February 1, 2006, the Company acquired an option to earn a 100% interest in the Eagle Gold-Silver property, located south of Whitehorse, Yukon Territory, and south of the past producing Mt. Skukum gold mine, in the Atlin Mining District of northwest B.C., by issuing 100,000 shares (15,000 shares issued) and making cash payments totaling \$50,000 (\$5,000 paid) over three years. The Vendor retained a 2.5% net smelter return royalty interest, 1.5% of which may be purchased by the Company at any time for \$1,500,000.

**Annie Property**

The Company acquired a 100% interest in four mineral claims in the Omenica Mining Division in British Columbia by staking.

**ONTARIO**

**Dogpaw Property**

The Company holds a 100% interest in the Dogpaw Property.

**Pardo Property**

The Company has an option to earn a 100% interest in the Pardo Property by making total cash payments of \$100,000 (\$5,000 paid) and issuing 200,000 shares (10,000 shares issued) on or before November 16, 2009. The Vendor retained a 3% net smelter return royalty interest, one-half of which may be purchased by the Company at any time for \$1,500,000.

**Turner Property**

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

**Minnitaki Property**

The Company acquired a 100% interest in three claims totaling 48 units (768 Ha) in the Minnitaki Lake region of northwestern Ontario by staking.

**ENDURANCE GOLD CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006**  
*(Unaudited, prepared by Management)*

**4. MINERAL PROPERTIES (cont'd...)**

**SASKATCHEWAN**

**Simmie Property, Saskatchewan**

In an agreement dated January 30, 2006, the Company acquired an option to earn a 100% interest in the Simmie Gold Project, located southwest of Swift Current, Saskatchewan, by issuing 200,000 shares (20,000 shares issued) and incurring \$150,000 in exploration expenditures over three years. The Vendor retained a 3% net smelter return royalty interest, one-half of which may be purchased by the Company at any time for \$1,500,000.

**5. 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
<b>Balance at December 31, 2005</b>	<b>16,915,086</b>	<b>\$ 2,641,166</b>	<b>\$ 158,880</b>
For mineral property acquisition at \$0.20 per share	35,000	7,000	-
For cash at \$0.30 per share	1,000,000	300,000	-
For stock-based compensation	-	-	17,836
Flow-through share renunciation (Note 6)	-	(419,400)	-
<b>Balance at June 30, 2006</b>	<b>17,950,086</b>	<b>\$ 2,528,766</b>	<b>\$ 176,716</b>

Of the outstanding shares as of June 30, 2006, 5,390,500 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, 2006, 1,078,100 shares were released from the escrow.

- (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. A summary of the options outstanding at June 30, 2006 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
<u>1,225,000</u>		

**ENDURANCE GOLD CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006**  
*(Unaudited, prepared by Management)*

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**5. CAPITAL STOCK (cont'd)**

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

As at June 30, 2006, the Company had warrants (the "Warrants") outstanding for 4,275,000 common shares, exercisable at prices ranging from \$0.35 to \$0.45 per share that expire between June 16 and July 27, 2007.

The Company also had 800,000 Agent's compensation options outstanding at June 30, 2006. The Agent's compensation options were issued to the Agent in connection with the Company's initial public offering. Each Agent's compensation option entitles the Agent to purchase one Unit at a price of \$0.25 per Unit until July 27, 2007, with each Unit consisting of one common share and one Warrant.

(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:

Description	2006		2005
	2 <sup>nd</sup> Qtr	1 <sup>st</sup> Qtr	3 <sup>rd</sup> Qtr
Expected dividend yield	0.0%	0.0%	0.0%
Risk free interest rate	4.27%	3.97%	3.55%
Expected stock price volatility	50%	77%	75%
Expected life of options	3 years	3 years	3 years
Vesting per quarter	100%	100%	100%
Weighted average fair value	\$0.0982	\$0.1047	\$0.1027

Based on the foregoing, stock-based compensation expenses of \$17,836 was recorded during the current period (2005 - \$107,802).

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.

**6. INCOME TAXES**

**Flow-through Expenditures**

Under the Canadian *Income Tax Act* a company may issue securities referred to as flow through shares, whereby the investors may claim the tax deductions arising from the qualifying expenditure (Canadian Exploration Expense) of the proceeds by the company. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), thereby reducing share capital. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

**ENDURANCE GOLD CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006**  
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**6. INCOME TAXES (cont'd)**

In February 2006, the Company renounced \$1,200,000 of exploration expenditures raised through the issuance of flow through shares in 2005, resulting in a future tax liability of \$419,400, which was deducted from share capital (see also Note 5). The Company subsequently reduced the future income tax liability by recognizing previously unrecorded future income tax assets equal to the amount of the future tax liability. This decrease in the valuation allowance has resulted in a future income tax recovery of \$419,400 disclosed on the Statements of Operations and Deficit.

As at June 30, 2006, \$833,897 of qualified expenditures have been incurred, and the amount of flow-through proceeds remaining to be expended was \$366,103.

**7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

Supplementary disclosure of non-cash investing and financing activities:

	<b>Six months ended June 30</b>	
	<b>2006</b>	<b>2005</b>
Shares issued for mineral property	\$ 7,000	\$ -
Shares issued to settle indebtedness	-	119,541
Stock-based compensation	17,836	107,802

Incurred mineral property expenditures of \$55,542 through accounts payable (\$nil - 2005).

**8. RELATED PARTY TRANSACTIONS**

During the current period, the Company entered into the following related party transactions:

- a) paid or accrued companies controlled by Company officers an aggregate of \$44,500 (\$nil in 2005) for geological fees included in mineral property expenses, \$36,400 (\$43,205 in 2005) for management fees.
- b) paid a company with a common director an aggregate of \$13,992 (\$6,317 in 2005) for rent and services.
- c) two directors of the Company, Messrs. Arnold and Gilliam, subscribed for 1,000,000 non-brokered private placement units of the Company at a price of \$0.30 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 June 16, 2007.
- d) during the same period in 2005, the Company issued 1,117,206 shares at a 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.

**9. SEGMENTED INFORMATION**

The Company operates in one reportable operating segment in Canada, being the exploration and development of mineral properties.