

2017 THIRD QUARTER REPORT
SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

Unaudited Condensed Interim Consolidated Financial Statements

- Consolidated Statements of Financial Position
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NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2017 of **Endurance Gold Corporation** (“the Company”) have been prepared by the Company’s management and have not been reviewed by the Company’s independent auditor.

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(Expressed in Canadian dollars)**(Unaudited, Prepared by Management)*

AS AT

	September 30, 2017	December 31, 2016
ASSETS		
Current		
Cash and cash equivalents	\$ 65,669	\$ 68,396
Marketable securities (Note 4)	6,290,811	6,790,051
Prepaid expenses and deposits	9,173	10,640
Property payment receivable (Note 5)	-	184,621
Receivables	2,864	15,247
Total current assets	6,368,517	7,068,955
Non-current		
Exploration and evaluation assets (Note 5)	1,164,537	833,518
Total non-current assets	1,164,537	833,518
Total assets	\$ 7,533,054	\$ 7,902,473
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 263,111	\$ 180,098
Total liabilities	263,111	180,098
EQUITY		
Share capital (Note 6)	9,473,588	9,473,588
Reserves (Note 6)	1,503,461	1,386,421
Deficit	(3,707,106)	(3,137,634)
	7,269,943	7,722,375
Total liabilities and equity	\$ 7,533,054	\$ 7,902,473

Nature and continuance of operations (Note 1)

Commitments (Note 12)

Events after the reporting date (Note 13)

Approved and authorized on behalf of the Board of Directors on November 28, 2017:

/s/ Robert T. Boyd

Director

/s/ J. Christopher Mitchell

Director

Robert T. Boyd

J. Christopher Mitchell

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

*(Expressed in Canadian dollars)**(Unaudited, Prepared by Management)*

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2017	2016	2017	2016
Expenses				
Business development and property investigation	\$ 4,499	\$ 600	\$ 50,780	\$ 20,518
Corporate communications	4,194	5,698	24,412	15,281
Listing and transfer agent fees	1,339	805	11,436	11,109
Management fees	16,500	15,000	49,500	45,000
Office and administrative	5,143	9,160	28,865	45,460
Professional fees	1,569	1,152	2,907	2,333
Stock-based compensation (Note 6)	117,040	-	117,040	80,820
Loss before other items	(150,284)	(32,415)	(284,940)	(220,521)
Other items				
Interest income	243	338	488	638
Realized gain on sale of marketable securities (Note 4)	6,694	-	209,339	-
Unrealized gain (loss) on marketable securities (Note 4)	1,724,363	1,736	(494,359)	(14,928)
	1,731,300	2,074	(284,532)	(14,290)
Comprehensive gain (loss) for the period	\$ 1,581,016	\$ (30,341)	\$ (569,472)	\$ (234,811)
Basic and diluted loss per common share	\$ 0.02	\$ (0.00)	\$ (0.01)	\$ (0.00)
Basic and diluted weighted average number of common shares outstanding Diluted	101,085,700	98,390,396	101,085,700	95,667,904

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(Expressed in Canadian dollars)**(Unaudited, Prepared by Management)*

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
Balance at December 31, 2016	101,085,700	\$ 9,473,588	\$ 1,386,421	\$ (3,137,634)	\$ 7,722,375
Share-based compensation	-	-	117,040	-	117,040
Comprehensive loss for the period	-	-	-	(569,472)	(569,472)
Balance at September 30, 2017	101,085,700	\$ 9,473,588	\$ 1,503,461	\$ (3,707,106)	\$ 7,269,943

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
Balance at December 31, 2015	94,291,700	\$ 9,073,386	\$ 1,305,601	\$ (5,898,359)	\$ 4,480,628
Shares issued for cash:					
Private placement	6,494,000	389,640	-	-	389,640
Share issuance costs	-	(8,938)	-	-	(8,938)
Share-based compensation	-	-	80,820	-	80,820
Comprehensive loss for the period	-	-	-	(234,811)	(234,811)
Balance at September 30, 2016	101,785,700	\$ 9,454,088	\$ 1,386,421	\$ (6,133,170)	\$ 4,707,339

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

*(Expressed in Canadian dollars)**(Unaudited, Prepared by Management)*

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	\$ 1,581,016	\$ (30,341)	\$ (569,472)	\$ (234,811)
Add adjustments:				
Share-based compensation	117,040	-	117,040	80,820
Realized (gain) loss on marketable securities	(6,694)	-	(209,339)	-
Unrealized (gain) loss on marketable securities	(1,712,788)	(1,736)	898,879	14,928
Unrealized (gain) loss on property payment Receivable	-	(2,750)	(5,679)	9,941
Interest income	(243)	(338)	(245)	(638)
Changes in non-cash working capital items:				
Prepaid expenses and deposits	(4,709)	(3,046)	1,467	585
Receivables	(35)	(4,469)	12,383	(1,990)
Accounts payable and accrued liabilities	(5,507)	(4,881)	37,449	16,737
Net cash used in operating activities	(31,920)	(47,561)	282,483	(114,428)
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation assets	(174,144)	(228,180)	(285,455)	(252,919)
Interest received	243	338	245	638
Net cash used in investing activities	(173,901)	(227,842)	(285,210)	(252,281)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	-	389,640	-	389,640
Share issuance costs	-	(8,938)	-	(8,938)
Net cash provided by financing activities	-	380,702	-	380,702
Net increase (decrease) in cash and cash equivalents during the period	(205,821)	105,299	(2,727)	13,993
Cash and cash equivalents, beginning of period	271,490	93,721	68,396	185,027
Cash and cash equivalents, end of period	\$ 65,669	\$ 199,020	\$ 65,669	\$ 199,020

Supplemental disclosures with respect to cash flows (Note 7)

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2017 (*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. The head office and principal address of the Company is at Suite 520, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The Company’s registered address and records office is 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X1.

The Company is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company has not generated revenue from operations and has been relying on the issuance of share capital to finance its operations in the past. These unaudited condensed interim consolidated financial statements (“Condensed Interim FS”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis which assumes that the Company will be able to continue its operations for the next twelve months and will meet its obligations and commitments in the normal course of business.

For the nine months ended September 30, 2017, the Company reported a net loss of \$569,472 and as of that date the Company’s deficit was \$3,707,106. The Company’s working capital position at September 30, 2017 was \$6,105,406 which consists largely of marketable securities with a fair value of \$6,290,811. If the Company does not or cannot sell a portion or all of the marketable securities, it may have to raise additional funds to continue operations and to complete its 2017 exploration programs. While the Company has been successful in the past in raising capital, there is no assurance that such financing will be available on a timely basis and under terms acceptable to the Company.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited Condensed Interim FS have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting*. These unaudited Condensed Interim FS include the financial statements of the Company and its wholly-owned subsidiary.

These unaudited Condensed Interim FS were authorized for issue by the Audit Committee and Board of Directors on November 28, 2017 and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2016. The policies applied in these unaudited Condensed Interim FS are consistent with the policies disclosed in Notes 2 and 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2016.

3. FUTURE ACCOUNTING POLICY CHANGES ISSUED BUT NOT YET IN EFFECT

The following new standard is not yet effective and has not been applied in preparing the unaudited Condensed Interim FS for the nine month period ended September 30, 2017. The Company is currently evaluating the potential impacts of this new standard.

- IFRS 9 *Financial Instruments*, replaced IAS 39 - *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

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4. MARKETABLE SECURITIES

Marketable securities consist of equity securities of an entity or entities over which the Company does not have control or significant influence.

	September 30, 2017	December 31, 2016
Fair value, beginning	\$ 6,790,051	\$ 297,757
Additions (Note 5)	190,300	3,442,500
Proceeds from sales, net of commission	(404,520)	(197,205)
Gain on sale of marketable securities	209,339	147,419
Unrealized gain (loss) on marketable securities	(494,359)	3,099,580
	<u>\$ 6,290,811</u>	<u>\$ 6,790,051</u>

The Company's marketable securities are financial assets classified as fair value through profit or loss.

5. EXPLORATION AND EVALUATION ASSETS

As at September 30, 2017, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Other Properties, CANADA	TOTAL
Acquisition 12/31/16	\$ 116,412	\$ -	\$ -	\$ 116,412
Additions:				
Legal and related expenses	620	-	-	620
Option payments	6,694	1,344	-	8,038
	<u>7,314</u>	<u>1,344</u>	<u>-</u>	<u>8,658</u>
Acquisition 9/30/17	123,726	1,344	-	125,070
Deferred Exploration 12/31/16	708,197	8,909	-	717,106
Additions:				
Field expenses	49,858	2,448	-	52,306
Geochemistry	1,157	-	-	1,157
Geological and miscellaneous	76,406	14,584	900	91,890
Geophysics	137,546	-	-	137,546
Helicopters	38,202	-	-	38,202
Land and recording fees	-	1,260	-	1,260
	<u>303,169</u>	<u>18,292</u>	<u>900</u>	<u>322,361</u>
Deferred Exploration 9/30/17	1,011,366	27,201	900	1,039,467
Total Exploration and evaluation assets 9/30/17	\$ 1,135,092	\$ 28,545	\$ 900	\$ 1,164,537

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For the nine month period ended September 30, 2017 (*Unaudited, Prepared by Management*)

As at December 31, 2016, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Pardo, Ontario, CANADA	Bandito, Yukon CANADA	Other Properties, CANADA	TOTAL
Acquisition 12/31/15	\$ 76,669	\$ -	\$ 369,386	\$ 462,918	\$ -	\$ 908,973
Additions:						
Legal and related expenses	-	-	148,320	-	-	148,320
Option payments	39,743	-	-	-	-	39,743
	39,743	-	148,320	-	-	188,063
Cost recovery	-	-	(517,706)	-	-	(517,706)
Write-off	-	-	-	(462,918)	-	(462,918)
Acquisition 12/31/16	116,412	-	-	-	-	116,412
Deferred exploration 12/31/15	251,290	-	1,874,624	808,954	65,384	3,000,252
Additions:						
Drilling	124,176	-	-	-	-	124,176
Field expenses	97,385	-	-	-	-	97,385
Geochemistry	19,506	-	-	-	-	19,506
Geological and miscellaneous	112,646	1,309	2,995	487	2,700	120,137
Helicopters	90,471	-	-	-	-	90,471
Land and recording fees	12,723	7,600	-	-	-	20,323
	456,907	8,909	2,995	487	2,700	471,998
Cost recovery	-	-	(1,877,619)	-	-	(1,877,619)
Write-off	-	-	-	(809,441)	(68,084)	(877,525)
Deferred exploration 12/31/16	708,197	8,909	-	-	-	717,106
Total exploration and evaluation assets 12/31/16	\$ 824,609	\$ 8,909	\$ -	\$ -	\$ -	\$ 833,518

Elephant Mountain Project, Alaska, USA (Option to earn 100%)

(a) *Elephant Property*

The Company entered into an option agreement (the "**Option Agreement**") with Frantz LLC in December 2013, as amended in February 2017. Pursuant to the terms of the Option Agreement, the Company can earn a 100% interest in the Elephant Property located in the Manley Hot Springs placer gold mining district in Alaska by completing exploration expenditures of US\$200,000 (incurred) by December 2015, issuing to the vendor 400,000 common shares (issued at a value of \$24,125) of the Company by December 2016, and making cash payments totaling US\$200,000 (US\$75,000 paid) in stages until December 2019. The option is subject to a 2% net smelter return royalty ("**NSR**") interest, one-half of which can be purchased by the Company at any time for US\$750,000.

(b) *Trout and Wolverine Properties*

The Company acquired an option to earn a 100% ownership in the Trout and Wolverine Properties located immediately northeast of the Company's Elephant Property in March 2017. Under the terms of the letter agreement

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with Frantz LLC, Endurance can earn a 100% interest in the combined Trout and Wolverine properties by completing a total of US\$200,000 in exploration expenditures, making US\$180,000 (US\$5,000 paid) in cash payments by December 31, 2024 and delivering 300,000 Endurance common shares by December 31, 2022. The option is subject to a 2% NSR interest, one-half of which can be purchased by the Company at any time for US\$500,000.

McCord Gold Project, Alaska, USA

(a) McCord Property (100% owned)

In 2010, the Company acquired by staking a 100% interest in certain Alaska State mineral claims located in the Fairbanks District of Alaska, USA. Additional mineral claims were staked in 2012, 2013 and 2017. Some of these claims were allowed to lapse in 2015 and 2016.

(b) McCord Creek Property (Option to earn 100%)

The Company acquired an option to earn a 100% interest in nine Alaska State mineral claims adjoining the Company's McCord Property. Under the terms of a letter agreement with the optionors, the Company can earn a 100% interest in these McCord Creek claims by completing a total of US\$50,000 in exploration expenditures and making US\$40,000 (US\$1,000 paid) in cash payments by December 31, 2024. The option is subject to a 2% NSR interest, one-half of which can be purchased by Endurance at any time for US\$200,000.

Bandito Rare Earth Elements-Niobium-Nickel Property, Yukon, CANADA

The Company acquired a 100% interest in the Bandito Property, located in the Watson Lake District, Yukon Territory, by making total cash payments of \$175,000 and issuing 5,000,000 common shares valued at \$250,000 in 2013. The vendor retains a 1% NSR, one-half of which may be purchased by the Company at any time for \$1,000,000. A further cash bonus payment of \$500,000 will be payable to the vendor in two tranches, with the initial \$150,000 payable upon completion and filing of a bankable feasibility study, and the balance of \$350,000 to be paid after project financing has been obtained to place the Bandito Property into commercial production. The Company wrote off the carrying value of \$1,272,360 in acquisition costs and exploration expenditures incurred by the Company on the property in 2016 as it has no current plans to conduct exploration on this property.

Other Properties, CANADA

Flint Lake JV Gold Property, Ontario, CANADA

Metals Creek Resources Corp. ("MEK") earned its 75% interest in the Flint Lake property (formerly "Dogpaw") by incurring exploration expenses of \$450,000 and issuing 450,000 common shares of MEK with a value of \$161,000. A joint venture as to 25% (the Company) and 75% (MEK) was formed in January 2010. The JV property is currently owned 20.3% by the Company and 79.7% by MEK.

In addition, the Company retains a 2.5% NSR interest on four other claims owned by a subsidiary of First Mining Finance Corp in the Dogpaw Lake area.

Nechako Gold JV Property, British Columbia, CANADA

The Nechako Gold JV Property is comprised of a single mineral claim located within the Cariboo Mining Division, west of Quesnel in British Columbia. The JV property is currently owned 76% by the Company and 24% by Amarc Resources Ltd.

Pardo Gold Property, Ontario, CANADA (Sold)

The Company acquired a 100% interest in the Pardo Property, located northeast of Sudbury, Ontario in 2010. The property is subject to a 3% NSR, of which one-half can be purchased for \$1,500,000 at any time. The NSR was created in 2005 when Endurance first acquired the Pardo claims from the original vendors. In February 2016, the NSR was

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sold to two private companies which are controlled by two directors of the Company.

In 2009, the Company entered into an option agreement with a wholly-owned subsidiary of Inventus Mining Corp. (formerly Ginguro Exploration Inc. (“Inventus”)) on the Pardo property. Under the terms of the option agreement, Inventus earned a 55% interest in the property by completing over \$1,000,000 in exploration expenditures and making cash payments totaling \$200,000 to Endurance over a three year period. As a result, the 45% (Endurance) and 55% (Inventus) Pardo JV was formed in March 2012.

In June 2014, after an arbitration process initiated in late 2013, the parties reached an agreement to settle their dispute on the 2012 and 2013 Program. Under the terms of the settlement agreement, it was agreed that Endurance would own a 35.5% interest in the Pardo JV, with Inventus holding the remaining 64.5% interest.

In November 2016, after a further arbitration process, the Company sold its 35.5% JV interest to Inventus for \$75,000 in cash and 25.5 million shares of Inventus and the parties agreed to terminate the 2016 arbitration proceedings. As part of the sale transaction, the Company has the right to maintain its ownership interest in future financings of Inventus and appoint a representative to the board of directors of Inventus for as long as the Company’s shareholding exceeds 10%. As a result of a financing completed by Inventus in September 2017, in which the Company did not participate, the Company currently owns 23.58% of Inventus.

Rattlesnake - Natrona Gold Property, Wyoming, USA (Sold – Retained a 2% NSR)

In 2009 and 2013, the Company acquired by staking a 100% interest in certain federal mining claims in the Rattlesnake Hills, Natrona County, and in April 2013 the Company was granted a lease on mineral lands owned by the State of Wyoming.

In July 2013, the Company entered into an option agreement with a private vendor (the “Vendor”), whereby the Company could acquire a 100% interest in certain federal mining claims and Wyoming State leases which were located immediately adjoining the Company’s 100% owned claims.

On October 8, 2015, the Company entered into an Asset Purchase Agreement (“the “APA”), pursuant to which, GFGUS acquired all of the Company’s Rattlesnake Hills Properties for 1,400,000 common shares of GFGUS (850,000 shares received on closing at a value of \$276,611 and the remaining 550,000 shares received at a value of \$190,300 in February 2017), a cash payment of US\$150,000 (received) and other consideration. The other consideration consists of two additional bonus share payments aggregating 750,000 common shares that are issuable under certain circumstances and, in addition, GFGUS assumed the Company’s obligations under the aforementioned Option Agreement to make further cash and share payments to the Vendor. GFGUS obligations to Endurance under the APA were assumed by GFG Resources (“GFG”), a Canadian company, after completion of a plan of arrangement and subsequent reverse takeover agreement that resulted in GFG trading on the TSX Venture Exchange. Endurance retains a 2% NSR on production from the federal mining claims and a 1% NSR on production from the State leases, together with a 1% NSR on production from certain private fee simple mineral rights if those rights are acquired by GFG (“Endurance Royalty”). GFG can purchase one half of the Endurance Royalty prior to December 31, 2017 for a cash payment of US\$750,000, and thereafter, at any time, for a cash payment of US\$1,500,000.

6. SHARE CAPITAL

- (a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.
- (b) Issued and outstanding at September 30, 2017: 101,085,700 common shares.

Share issuances

No shares were issued during the nine month period ended September 30, 2017.

During the nine month period ended September 30, 2016, the Company completed a non-brokered private

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placement financing of 6,494,000 units (each, a “Unit”) at a price of \$0.06 per Unit for gross proceeds of \$389,640 in two tranches. Each Unit consists of one common share and one non-transferable common share purchase warrant (the “Warrant”). Each such Warrant is exercisable into one common share at a price of \$0.10 per share for a period of three years from the date of closing (the “Closing”). The Warrants will be subject to an accelerated expiry date which comes into effect when the volume weighted average trading price of the common shares of the Company closes at or above \$0.18 per share for twenty consecutive trading days in the period commencing four months after the Closing. A total of 2,890,000 Units were subscribed by directors and an officer of the Company.

(c) Stock Options and Warrants Outstanding

The Company has an incentive stock option plan that conforms to the requirements of the TSX Venture Exchange. Under the Company’s Stock Option Plan, the Company may grant stock options for the purchase of up to 10% of its issued common shares. The board of directors may grant such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the Discounted Market Price per share, subject to a minimum exercise price of \$0.05 per share in any event.

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

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2015	5,350,000	\$ 0.11
Options expired	(300,000)	0.21
Options granted	1,800,000	0.05
Outstanding at December 31, 2016	6,850,000	0.09
Options expired	(1,000,000)	0.10
Options granted	1,900,000	0.07
Outstanding at September 30, 2017	7,750,000	\$ 0.08

The following stock options were outstanding and exercisable at September 30, 2017:

Number Outstanding	Exercise Price \$	Expiry Date
4,050,000	0.10	August 28, 2019
1,800,000	0.05	May 25, 2021
1,900,000	0.07	August 30, 2022
<u>7,750,000</u>		

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2015	28,769,114	\$ 0.09
Warrants granted	6,494,000	0.10
Outstanding at December 31, 2016	35,263,114	0.10
Warrants expired	(4,500,000)	0.10
Outstanding at September 30, 2017	30,763,114	\$ 0.10

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The following warrants to acquire common shares were outstanding at September 30, 2017:

Number Outstanding	Exercise Price \$	Expiry Date
10,833,400	0.12	October 30, 2017
6,800,000	0.05	May 29, 2018
2,350,000	0.10	July 11, 2018
2,466,000	0.10	February 27, 2019
1,819,714	0.10	March 12, 2019
3,994,000	0.10	July 22, 2019
2,500,000	0.10	August 22, 2019
<u>30,763,114</u>		

(d) Share-based compensation

The fair value of stock options reported as compensation expense during the nine month periods ended September 30, has been estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

Description	2017	2016
Expected dividend yield	0.0%	0.0%
Risk free interest rate	1.51%	0.79%
Expected stock price volatility	137.52%	145.05%
Expected life of options	5 years	5 years
Weighted average fair value	0.0616	0.0449

Based on the foregoing, share-based compensation expense of \$117,040 (2016 - \$80,820) was recorded for options that vested during the nine month period ended September 30, 2017. The off-setting credit was recorded in Reserves.

(e) Reserves

The following is a summary of changes in Reserves from December 31, 2016 to September 30, 2017:

	September 30, 2017	December 31, 2016
Warrants	\$ 409,564	\$ 409,564
Stock options	1,093,897	976,857
Total Reserves	\$ 1,503,461	\$ 1,386,421

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities during the nine month periods ended September 30:

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	2017	2016
Exploration and evaluation assets expenditures in accounts payable and accrued liabilities	\$ 263,111	\$ 312,587
Share-based compensation (note 6)	\$ 117,040	\$ 80,820

8. RELATED PARTY TRANSACTIONS

Key Management Personnel

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management personnel for services rendered during the nine month periods ended September 30 are as follows:

	2017	2016
Fees	\$ 121,500	\$ 121,844
TOTAL	\$ 121,500	\$ 121,844

Included in accounts payable and accrued liabilities at September 30, 2017 is \$197,817 (2016 - \$155,985) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

The amounts charged to the Company for the transactions provided have been determined by negotiations amongst the parties. These transactions were in the normal course of operations and management believes that they were incurred on the same basis as similar transactions with non-related parties.

9. FINANCIAL INSTRUMENTS AND RISK

Fair value

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2017, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, excluding receivables, and accounts payable and accrued liabilities. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

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Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and cash equivalents, marketable securities and receivables.

The Company's cash and cash equivalents are held through a Canadian chartered bank, which is a high-credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had a cash and cash equivalents of \$65,669. Without completing an equity financing or selling some of its marketable securities holdings, it may not have sufficient cash balances to settle its current liabilities of \$263,111. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is exposed to price risk with respect to its investment in securities. A 10% change in the share prices would affect the investments and comprehensive loss by approximately \$629,081.

Foreign currency rate risk

While the Company is domiciled in Canada and its capital is raised in Canadian dollars, a portion of its business is conducted in the United States of America. As such, it is subject to risk due to fluctuations in the exchange rate between the Canadian and US dollars. Management believes the foreign exchange risk derived from currency conversions is insignificant and therefore does not hedge its foreign exchange risk.

10. CAPITAL MANAGEMENT

The Company manages its cash and cash equivalents, and common shares as capital. The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the on-going business objectives including, but not limited to, pursuing the exploration of its exploration and evaluation assets, funding of future growth opportunities, and pursuit of new acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company manages its capital structure by issuing new shares, adjusting capital spending or disposing of assets. In addition, management of the Company's capital structure is facilitated through its financial and operational forecasting processes. The forecast of the Company's future cash flows is based on estimates of capital and operating expenditures, and other investing and financing activities. The forecast is regularly updated based on changes that the Company views as material to the accuracy of the forecast.

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The Company's capital management objectives, policies and processes have not been changed over the period presented. The Company is not subject to any externally imposed capital requirements.

11. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in Canada and the United States.

12. COMMITMENTS

The Company's commitment on its current office sub-lease agreement which commenced on June 1, 2016 and will end on April 30, 2019. Future minimum lease payments as at September 30, 2017 are as follows:

2017	\$ 6,167
2018	24,741
2019	<u>8,259</u>
	<u>\$ 39,167</u>

13. EVENTS AFTER THE REPORTING DATE

From October 1 to November 28, 2017:

- a) 10,833,400 warrants expired on October 30, 2017 without exercise.