ENDURANCE GOLD
CORPORATION

2016 SECOND QUARTER REPORT
JUNE 30, 2016
(Expressed in Canadian dollars)

Unaudited Condensed Interim Consolidated Financial Statements

- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Loss
- Consolidated Statements of Changes in Equity
- Consolidated Statements of Cash Flows
- Notes to the Condensed Interim Consolidated Financial Statements

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2016 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

	June 30, 2016	December 31, 2015
ASSETS		
Current		
Cash and cash equivalents	$ 93,721	$ 185,027
Marketable securities (Note 4)	281,093	297,757
Prepaid expenses and deposits	6,478	10,109
Receivables	2,694	5,173
Total current assets	383,986	498,066
Non-current		
Property payment receivable (Note 5)	177,609	190,300
Exploration and evaluation assets (Note 5)	3,947,510	3,909,225
Total non-current assets	4,125,119	4,099,525
Total assets	$ 4,509,105	$ 4,597,591
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 152,127	$ 116,963
Total liabilities	152,127	116,963
EQUITY		
Share capital (Note 6)	9,073,386	9,073,386
Reserves (Note 6)	1,386,421	1,305,601
Deficit	(6,102,829)	(5,898,359)
	4,356,978	4,480,628
Total liabilities and equity	$ 4,509,105	$ 4,597,591

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 August 25, 2016:

/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 June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Expenses				
Business development and property investigation	$ 10,925	$ 197	$ 19,918	$ 23,375
Corporate communications	9,403	7,089	9,583	9,373
Listing and transfer agent fees	4,328	5,530	10,304	11,524
Management fees	15,000	15,000	30,000	30,000
Office and administrative	13,966	9,618	36,300	26,137
Professional fees	981	1,290	1,181	2,479
Stock-based compensation (Note 6)	80,820	-	80,820	-
Loss before other items	(135,423)	(38,724)	(188,106)	(102,888)
Other items				
Interest income	86	326	300	346
Unrealized loss on marketable securities (Note 4)	(595)	-	(16,664)	(1,600)
	(509)	326	(16,364)	(1,254)
Comprehensive loss for the period	$ (135,932)	$ (38,398)	$ (204,470)	$ (104,142)
Basic and diluted loss per common share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Basic and diluted weighted average number of common shares outstanding	94,291,700	89,957,634	94,291,700	88,731,479

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				Total
	No. of Shares	**Amount**	**Reserves**	**Deficit**	**Equity**
Balance at December 31, 2015	**94,291,700**	**$ 9,073,386**	**$ 1,305,601**	**$ (5,898,359)**	**$ 4,480,628**
Share-based compensation	-	-	80,820	-	80,820
Comprehensive loss for the period	-	-	-	(204,470)	(204,470)
Balance at June 30, 2016	**94,291,700**	**$ 9,073,386**	**$ 1,386,421**	**$ (6,102,829)**	**$ 4,356,978**

	Share Capital				Total
	No. of Shares	**Amount**	**Reserves**	**Deficit**	**Equity**
Balance at December 31, 2014	**87,491,700**	**$ 8,736,917**	**$1,305,601**	**$ (5,676,059)**	**$ 4,366,459**
Shares issued for cash:					
Private placement	6,800,000	340,000	-	-	340,000
Share issuance costs	-	(3,531)	-	-	(3,531)
Comprehensive gain for the period	-	-	-	(104,142)	(104,142)
Balance at June 30, 2015	**94,291,700**	**$ 9,073,386**	**$1,305,601**	**$ (5,780,201)**	**$ 4,598,786**

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 June 30,		Six months ended June 30,	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Net gain (loss) for the period	$ (135,932)	$ (38,398)	$ (204,470)	$ (104,142)
Add adjustments:				
Share-based compensation	80,820	-	80,820	-
Unrealized loss on marketable securities	595	-	16,664	1,600
Unrealized loss on property payment receivable	962	-	12,691	-
Interest income	(86)	(326)	(300)	(346)
Changes in non-cash working capital items:				
Prepaid expenses and deposits	542	3,763	3,631	12,633
Receivables	647	(1,585)	2,479	35,681
Accounts payable and accrued liabilities	27,728	(24,079)	21,617	4,191
Net cash used in operating activities	(24,724)	(60,625)	(66,868)	(50,383)
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation assets	(1,849)	(119,805)	(24,738)	(125,777)
Interest received	86	326	300	346
Net cash used in investing activities	(1,763)	(119,479)	(24,438)	(125,431)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	-	340,000	-	340,000
Share issuance costs	-	(3,531)	-	(3,531)
Net cash provided by financing activities	-	336,469	-	336,469
Net increase (decrease) in cash and cash equivalents during the period	(26,487)	156,365	(91,306)	160,655
Cash and cash equivalents, beginning of period	120,208	62,120	185,027	57,830
Cash and cash equivalents, end of period	$ 93,721	$ 218,485	$ 93,721	$ 218,485

Supplemental disclosures with respect to cash flows (Note 7)

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

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 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 mining exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests. The Company has not generated revenue from operations. The Company incurred a net loss of $204,470 during the six months ended June 30, 2016 and as of that date the Company's deficit was $6,102,829. The Company does not have sufficient funds to continue for the next 12 months, and will have to raise additional funds to continue operations and to complete its 2016 exploration programs.

These unaudited condensed interim consolidated financial statements ("Condensed Interim FS") include the financial statements of the Company and its wholly-owned subsidiary. These 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 realize its assets and discharge its liabilities in the normal course of business. The factors described above suggest that there is currently substantial doubt as to the Company's ability to continue as a going concern. However, these Condensed Interim FS do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

a) Statement of Compliance

These 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 Condensed Interim FS were authorized for issue by the Audit Committee and Board of Directors on August 25, 2016 and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015.

The policies applied in these 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, 2015.

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 Condensed Interim FS for the six month period ended June 30, 2016. 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.

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. At June 30, 2016, the Company owned 45,714 (45,714 at December 31, 2015) common shares of a publicly-traded entity and 850,000 (850,000 at December 31, 2015) common shares of a private entity.

		June 30, 2016		December 31, 2015
Marketable securities – fair value	$	281,093	$	297,757
Marketable securities - cost	$	391,107	$	391,107

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

5. EXPLORATION AND EVALUATION ASSETS

As at June 30, 2016, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Pardo, Ontario, CANADA	Bandito, Yukon CANADA	Other Properties, CANADA	Elephant Mountain, Alaska, USA	TOTAL
Acquisition 12/31/15	**$ 369,386**	**$ 462,918**	**$ -**	**$ 76,669**	**$ 908,973**
Additions:					
Legal and related expenses	28,811	-	-	-	28,811
Acquisition 6/30/16	**398,197**	**462,918**	**-**	**76,669**	**937,784**
Deferred Exploration 12/31/15	**1,874,624**	**808,954**	**65,384**	**251,290**	**3,000,252**
Additions:					
Geological and miscellaneous	8,100	450	900	24	9,474
Deferred Exploration 6/30/16	**1,882,724**	**809,404**	**66,284**	**251,314**	**3,009,726**
Total Exploration and evaluation assets 6/30/16	**$ 2,280,921**	**$ 1,272,322**	**$ 66,284**	**$ 327,983**	**$ 3,947,510**

As at December 31, 2015, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Pardo, Ontario, CANADA	Bandito, Yukon CANADA	Other Properties, CANADA	Elephant Mountain, Alaska, USA	Rattlesnake-Natrona, Wyoming, USA	McCord, Alaska, USA	TOTAL
Acquisition 12/31/14	**$ 366,973**	**$ 462,918**	**$ -**	**$ 57,060**	**$ 82,711**	**$ (29,066)**	**$ 940,596**
Additions:							
Legal and related expenses	2,413	-	-	-	20,536	-	22,949
Option payments	-	-	-	19,609	-	-	19,609
	2,413	-	-	19,609	20,536	-	42,558
Cost recovery	-	-	-	-	(103,247)	-	(103,247)
Write-off	-	-	-	-	-	29,066	29,066
Acquisition 12/31/15	**369,386**	**462,918**	**-**	**76,669**	**-**	**-**	**908,973**
Deferred exploration 12/31/14	**1,751,398**	**806,483**	**59,834**	**146,112**	**518,447**	**80,173**	**3,362,447**
Additions:							
Drilling	26,627	-	-	1,891	-	-	28,518
Field expenses	10,817	-	-	18,859	-	-	29,676
Geochemistry	8,980	56	-	10,456	-	-	19,492
Geological and miscellaneous (note 12)	76,639	2,415	5,550	66,624	32,384	1,750	185,362
Land and recording fees	163	-	-	7,348	776	8,341	16,628
	123,226	2,471	5,550	105,178	33,160	10,091	279,676
Cost recovery	-	-	-	-	(551,607)	-	(551,607)
Write-off	-	-	-	-	-	(90,264)	(90,264)
Deferred exploration 12/31/15	**1,874,624**	**808,954**	**65,384**	**251,290**	**-**	**-**	**3,000,252**
Total exploration and evaluation assets 12/31/15	**$ 2,244,010**	**$ 1,271,872**	**$ 65,384**	**$ 327,959**	**$ -**	**$ -**	**$ 3,909,225**

Pardo Joint Venture ("JV") Property, Ontario, CANADA

The Company acquired a 100% interest in the Pardo Property located northeast of Sudbury, Ontario, by making payments of $100,000 in cash and issuing 200,000 common shares valued at $18,750. The property is subject to a 3% net smelter returns royalty ("**NSR**"), of which one-half can be purchased for $1,500,000 at any time (the "**Purchase Right**"). The NSR was created in 2005 when Endurance first acquired the Pardo claims, and since 2010 it has been owned by unrelated parties. The Pardo JV was notified in February 2016 of the assignment of the NSR. At that time, the NSR was directly acquired from the unrelated parties by two private companies which are controlled by two directors of the Company. Except for the Purchase Right (which right is now held by the Pardo JV) the Company has no contractual rights or ownership of the NSR.

In 2012, Inventus Mining Corp. (formerly Ginguro Exploration Inc., ("**Inventus**")), through its wholly-owned private subsidiary, Mount Logan Resources Ltd., earned a 55% interest in the Pardo Property by completing $1,000,000 in exploration expenditures and making cash payments totaling $200,000 to the Company. As a result, a 45% (the Company) and 55% (Inventus) Pardo JV was formed in March 2012. Inventus is the operator ("**Operator**") of the JV.

In April 2012, the Pardo JV Management Committee approved a program with a budget of approximately $1 million (the "2012 Program"). The Company elected not to participate in its pro-rata share of the approved 2012 program. After the 2012 Program was completed, the Company alleged that the Operator initiated a 2013 program without submitting that program to the Management Committee for its consideration and approval, and did not provide the Company the opportunity to participate in the 2013 program, and, due to significant under-expenditures in 2012, did not provide the Company the option to retroactively fund its proportionate share of the 2012 Program as provided in the Pardo JV Agreement.

In October 2013, Inventus commenced arbitration proceedings against the Company to enforce its allegation that it had earned approximately 71% JV ownership. In June 2014, the parties reached an agreement to settle the dispute concerning the Pardo JV expenditures for the period between April 2012 and April 2014. The terms of the settlement agreement resulted in Endurance holding a 35.5% JV interest, with Inventus holding the remaining 64.5% JV interest.

In December 2015 the Company commenced an arbitration proceeding against Inventus to enforce the registration of the Company's legal ownership agreed pursuant to the earlier settlement agreement amongst the Parties reached in June 2014, and to concurrently seek compensation for alleged improper assignment of joint venture assets without the approval of or compensation to the JV. On February 11, 2016, the parties reached an agreement to defer an arbitration resolution regarding the alleged improper assignment of joint venture assets in exchange for Inventus concurrently executing a legal transfer and registration of the Company's 35.5% ownership interest and agreeing to cease further assignment of joint venture assets. The Transfer of Unpatented Mining Claims form was recorded with the Ontario Ministry of Northern Development and Mines immediately following the agreement.

Bandito Property, Yukon, CANADA

The Company acquired a 100% interest in the Bandito Property, located in the Watson Lake District, Yukon Territory, from True North Gems Inc. ("**True North**") by making total cash payments of $175,000 and issuing 5,000,000 common shares valued at $250,000 in 2013. True North 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 True North 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 President and CEO of the Company also serves on the board of directors of True North and abstained from voting on approval of both the Option and Acquisition Agreements.

Elephant Mountain Gold Property, Alaska, USA

In December 2013, the Company entered into an option agreement (the "**Option Agreement**") with Frantz LLC, which replaced a letter agreement signed in December 2011. Pursuant to the terms of the Option Agreement, the Company can earn a 100% interest in the Elephant Mountain 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 (100,000 common shares currently issued at a value of $4,625) of the Company by December 2016, and making cash payments totaling US$200,000 (US$60,000 paid) in stages until December 2017. The option is subject to a 2% NSR interest, one-half of which can be purchased by the Company at any time for US$750,000.

Rattlesnake - Natrona Gold Property, Wyoming, USA

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 (the "**Option Agreement**") with a private vendor (the "**Vendor**"). Pursuant to the terms of the Option Agreement, the Company could earn a 100% interest in certain federal mining claims and Wyoming state leases located in Natrona County, Wyoming, USA by completing a total of US$300,000 in exploration expenditures in the district, making US$100,000 ($30,000 paid) in cash payments, and issuing 1.2 million common shares (400,000 common shares issued at a value of $19,000) of the Company prior to December 31, 2016. These mineral claims and state leases immediately adjoin the Company's 100% owned claims. The Vendor retains a 1% NSR on both the Vendor's and the Company's federal lode mining claims. One-half of the NSR can be purchased by the Company for US$500,000 at any time.

On October 8, 2015, the Company entered into an Asset Purchase Agreement ("the "**Agreement**") whereby the Company sold its 100% interest in the Rattlesnake Hills Property to GFG Resources (US) Inc. ("**GFGUS**"), a private company incorporated in the United States. Under the terms of the Agreement, GFGUS acquired the Company's Rattlesnake Hills Property through the payment of US$150,000 in cash (received), issuing to the Company 1,400,000 common shares of GFGUS (850,000 shares received at a value of $276,611 with the remaining 550,000 shares deliverable on or before February 6, 2017). Two additional bonus share payments aggregating 750,000 common shares are issuable under certain circumstances and, in addition, GFGUS assumed the Company's obligations under the Option Agreement to make further cash and share payments to the Vendor. 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**"). GFGUS 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. As part of the sale transaction GFGUS covenanted to use its reasonable commercial efforts to seek a listing of GFG shares on a public exchange by March 31, 2016.

In June, 2016 GFG Resources Inc. ("**GFG Resources**"), a private British Columbia company, reached an agreement in principle to acquire all of the issued and outstanding shares of GFGUS in exchange for common shares of GFG Resources ("**GFG Shares**"), on a one share for one share equivalent basis. On June 27, 2016, Crest Petroleum Corp. ("**Crest**"), a capital pool company whose shares are listed on the TSX Venture Exchange, announced that it had signed a binding letter of intent (the "**LOI**") with GFG Resources to acquire 100% of the issued and outstanding GFG Shares in exchange for shares of Crest ("**Crest Shares**") that will result in a reverse takeover of Crest by the shareholders of GFG Resources ("**RTO Transaction**"). Under the RTO Transaction the shareholders of GFG

Resources will exchange their GFG Shares for common shares of Crest ("**Crest Shares**") on the basis of one GFG Share for one Crest Share.

Trading in the Crest Shares is currently halted, pending completion of the RTO Transaction. Assuming that all required shareholder, regulatory and Court approvals are obtained, it is expected that trading of the Crest Shares on the TSX Venture Exchange will resume early in the Fourth Quarter 2016. Crest has indicated that it will change its name to GFG Resources Inc. or other such name that Crest shareholders agree ("GFG").

During fiscal year 2015, the Company recorded an aggregate of $662,384 cash and non-cash proceeds in connection with the Agreement, of which $190,300 is representative of the estimated fair value of the 550,000 shares of GFG still to be received; and recorded an income amount of $7,530 after applying the proceeds realized against the related balance of its historic deferred costs incurred on this property of $654,854.

McCord Gold Property, Alaska, USA

In 2010, the Company acquired by staking a 100% interest in certain Alaska State mineral claims located in the Fairbanks District in Alaska, USA. Further mineral claims were staked in 2012 and 2013. The Company wrote off the carrying value of $61,197 in acquisition costs and exploration expenditures incurred by the Company on the property in fiscal 2015, as it has no current plans to conduct exploration on this property.

Other Properties, CANADA

Fuego Property, Yukon, CANADA
In March 2011, the Company acquired by staking a 100% interest in certain mineral claims located in the Watson Lake District, Yukon Territory. The Company wrote off the carrying value of $24,692 in acquisition costs and exploration expenditures incurred on the property in fiscal 2014, as it has no further plans to conduct exploration on this property.

Flint Lake (Dogpaw) JV Gold Property, Ontario, CANADA
Metals Creek Resources Corp. ("**MEK**") earned its 75% interest in the Flint Lake (Dogpaw) property 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 22% by the Company and 78% by MEK.

In addition, the Company retains a 2.5% NSR interest on four other claims near the Flint Lake (Dogpaw) JV Property.

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.

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 June 30, 2016: 94,291,700 common shares.

Share issuances

No shares were issued during the six month period ended June 30, 2016.

During the six month period ended June 30, 2015, the Company completed a non-brokered private placement financing of 6,800,000 units at a price of $0.05 per unit for gross proceeds of $340,000. Each unit ("Unit") is comprised of one common share and one non-transferable common share purchase warrant ("Warrant"). Each Warrant is exercisable into one common share at a price of $0.05 per share for a period of 3 years from the date of closing. The Company adopted the residual value approach to bifurcate the fair value of the warrants from the common shares pursuant to the unit offering, and determined the fair value at $0.05 for the common share and $0.00 for the warrant. Accordingly, the Company allocated the full amount of the proceeds to Share Capital. The financing was fully subscribed by directors, an officer and a private company controlled by a director 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, 2014	**6,600,000**	$ 0.11
Options expired	(1,250,000)	0.10
Outstanding at December 31, 2015	**5,350,000**	0.10
Options expired	(300,000)	0.21
Options granted	1,800,000	0.05
Outstanding at June 30, 2016	**6,850,000**	$ 0.09

The following stock options were outstanding and exercisable at June 30, 2016:

Number Outstanding	Exercise Price $	Expiry Date
1,000,000	0.10	August 22, 2017
4,050,000	0.10	August 28, 2019
1,800,000	0.05	May 25, 2021
6,850,000		

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2014	**21,969,114**	$ 0.10
Warrants granted	6,800,000	0.05
Outstanding at December 31, 2015	**28,769,114**	0.10
Outstanding at June 30, 2016	**28,769,114**	$ 0.10

The following warrants to acquire common shares were outstanding at June 30, 2016:

Number Outstanding	Exercise Price $	Expiry Date
4,500,000	0.10	May 24, 2017
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
28,769,114		

(d) Share-based compensation

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

Description	**2016**	**2015**
Expected dividend yield	0.0%	-
Risk free interest rate	0.79%	-
Expected stock price volatility	145.05%	-
Expected life of options	5 years	-
Weighted average fair value	0.0449	-

Based on the foregoing, share-based compensation expense of $80,820 (2015 - $nil) was recorded for options that vested during the six month period ended June 30, 2016. The off-setting credit was recorded in Reserves.

(e) Reserves

The following is a summary of changes in Reserves from December 31, 2015 to June 30, 2016:

	June 30, 2016	December 31, 2015
Warrants	$ 409,564	$ 409,564
Stock options	$ 976,857	$ 896,037
Total Reserves	$ 1,386,421	$ 1,305,601

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

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

	2016	2015
Exploration and evaluation assets expenditures in accounts payable and accrued liabilities	$ 91,153	$ 70,653
Share-based compensation (note 6)	$ 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 six month periods ended June 30 are as follows:

	2016	2015
Fees	$ 81,344	$ 77,638
TOTAL	$ 81,344	$ 77,638

Included in accounts payable and accrued liabilities at June 30, 2016 is $134,444 (2015 - $65,900) 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 June 30, 2016, 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.

Financial instruments measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as follows:

June 30, 2016

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 93,721	$ -	$ -	$ 93,721
Marketable securities	281,093	-	-	281,093
Total	$ 374,814	$ -	-	$ 374,814

December 31, 2015

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 185,027	$ -	$ -	$ 185,027
Marketable securities	297,757	-	-	297,757
Total	$ 482,784	$ -	-	$ 482,784

Risk Management

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

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meets 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 June 30, 2016, the Company had a cash and cash equivalents of $93,721, and it does not have sufficient cash balance to settle its current liabilities of $152,127. 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.

Market risk

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

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

(b) 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. The Company also owns shares which are denominated in US dollars. 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.

Based on its knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market 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.

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.

Geographic information is as follows:

	June 30, 2016	December 31, 2015
Exploration and evaluation assets in:		
- Canada	$ 3,619,527	$ 3,581,266
- United States	327,983	327,959
TOTAL	$ 3,947,510	$ 3,909,225

12. COMMITMENTS

The Company entered into a new office sub-lease agreement commenced on June 1, 2016 which will end on April 30, 2019. Future minimum lease payments as at June 30, 2016 are as follows:

2016	$ 12,085
2017	24,170
2018	24,575
2019	8,259
	$ 69,089

13. EVENTS AFTER THE REPORTING DATE

From July 1 to August 25, 2016:

a) the Company completed a non-brokered private 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.