



2023 ANNUAL FINANCIAL REPORT
December 31, 2023 and 2022
(Expressed in Canadian dollars)

Independent Auditor's Report

Consolidated Financial Statements

- Consolidated Statements of Financial Position
- Consolidated Statements of Comprehensive Loss
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Independent Auditor’s Report

To the Shareholders of Endurance Gold Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Endurance Gold Corporation (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has incurred losses since inception, has no recurring source of revenue, and has an accumulated deficit of \$11,648,002 and net working capital of \$2,293,010 as at December 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in *Material Uncertainty Related to Going Concern* section, we have determined that there is the following key audit matter to communicate in our auditor’s report:

<i>Key audit matter:</i>	<i>How our audit addressed the key audit matter:</i>
<p>Assessment of impairment indicators of Exploration and evaluation assets.</p> <p><i>Refer to note 3(d) – Accounting policy: Exploration and evaluation assets; note 3(p) – Significant accounting judgments and estimates; and note 8 – Exploration and evaluation assets</i></p> <p>Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgment in assessing whether indicators of impairment exist that necessitate</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <p>Evaluated the reasonableness of management’s assessment of impairment indicators, which included the following:</p> <ul style="list-style-type: none"> • Assessed the Company’s market capitalization in comparison to the Company’s net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including

<p>impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment.</p> <p>We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.</p>	<p>consideration of evidence obtained in other areas of the audit.</p> <ul style="list-style-type: none"> • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets. • Assessed the reasonability of the Company's overall financial statement disclosure in respect to its exploration and evaluation assets.
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Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is William Nichols.

CHARTERED PROFESSIONAL ACCOUNTANTS

De Visser Gray LLP

Vancouver, BC, Canada
April 29, 2024

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

AS AT

	December 31, 2023	December 31, 2022
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 401,761	\$ 1,862,445
Marketable securities (Note 5)	400,873	1,058,940
Prepaid expenses and deposits (Note 6)	28,067	25,497
Receivables (Note 7)	1,742,944	1,729,804
Total current assets	2,573,645	4,676,686
Non-current		
Exploration and evaluation assets (Note 8)	9,538,659	7,279,937
Property and equipment (Note 9)	15,300	-
Reclamation bonds (Note 10)	130,000	37,000
Total non-current assets	9,683,959	7,316,937
Total assets	\$ 12,257,604	\$ 11,993,623
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 11 and 14)	\$ 280,635	\$ 171,522
Total liabilities	280,635	171,522
EQUITY		
Share capital (Note 12)	20,117,807	18,950,971
Reserves (Note 12)	3,507,164	3,407,661
Deficit	(11,648,002)	(10,536,531)
	11,976,969	11,822,101
Total liabilities and equity	\$ 12,257,604	\$ 11,993,623

Nature of operations and going concern (Note 1)**Commitments** (Note 19)**Events after the reporting date** (Note 20)**Approved and authorized on behalf of the Board of Directors on April 29, 2024:**

/s/ Robert T. Boyd Director
Robert T. Boyd

/s/ J. Christopher Mitchell Director
J. Christopher Mitchell

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Year Ended December 31,

(Expressed in Canadian dollars)

	2023	2022
Expenses		
Business development and property investigation (Note 14)	\$ 2,199	\$ 11,994
Corporate communications (Note 14)	250,089	244,773
Listing and transfer agent fees	29,910	24,621
Management fees (Note 14)	78,000	76,000
Office and administrative	90,625	88,751
Professional fees (Note 14)	38,831	53,596
Share-based compensation (Notes 12 and 14)	63,355	678,365
Loss from operations	(553,009)	(1,178,100)
Other items		
Interest income	86,432	41,376
Gain (loss) on sale of marketable securities (Note 5)	(23,792)	1,710
Unrealized loss on marketable securities (Note 5)	(602,447)	(1,180,295)
Write-off of exploration and evaluation assets (Note 8)	(76,555)	(6,845)
Flow-through share premium received (Note 12)	57,900	-
	(558,462)	(1,144,054)
Comprehensive loss for the year	\$ (1,111,471)	\$ (2,322,154)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.02)
Basic and diluted weighted average number of common shares outstanding	146,541,156	136,395,198

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31,

(Expressed in Canadian dollars)

	Share Capital			Reserves	Deficit	Total Equity
	No. of Shares	Amount				
Balance at December 31, 2022	145,379,342	\$18,950,971	\$ 3,407,661	\$ (10,536,531)	\$11,822,101	
Shares issued for:						
Exploration and evaluation assets	960,000	192,000	-	-	192,000	
Private placement	4,756,700	1,092,794	-	-	1,092,794	
Share issuance costs	-	(60,058)	36,148	-	(23,910)	
Flow-through premium	-	(57,900)	-	-	(57,900)	
Share-based compensation	-	-	63,355	-	63,355	
Comprehensive loss for the year	-	-	-	(1,111,471)	(1,111,471)	
Balance at December 31, 2023	151,096,042	\$20,117,807	\$ 3,507,164	\$ (11,648,002)	\$11,976,969	

	Share Capital			Reserves	Deficit	Total Equity
	No. of Shares	Amount				
Balance at December 31, 2021	127,120,990	\$13,171,719	\$ 2,339,536	\$ (8,214,377)	\$ 7,296,878	
Shares issued for:						
Exploration and evaluation assets	1,070,000	384,600	-	-	384,600	
Exercise of stock options	1,700,000	113,000	-	-	113,000	
Fair value of options exercised	-	95,000	(95,000)	-	-	
Exercise of warrants	2,995,290	748,823	-	-	748,823	
Private placement	12,493,062	4,643,169	451,167	-	5,094,336	
Share issuance costs	-	(205,340)	33,593	-	(171,747)	
Share-based compensation	-	-	678,365	-	678,365	
Comprehensive loss for the year	-	-	-	(2,322,154)	(2,322,154)	
Balance at December 31, 2022	145,379,342	\$18,950,971	\$ 3,407,661	\$ (10,536,531)	\$11,822,101	

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31,

(Expressed in Canadian dollars)

	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net loss for the year	\$ (1,111,471)	\$ (2,322,154)
Add adjustments:		
Loss (gain) on sale of marketable securities	23,792	(1,710)
Share-based compensation	63,355	678,365
Unrealized loss on marketable securities	602,447	1,180,295
Write-off of exploration and evaluation assets	76,555	6,845
Flow-through share premium	(57,900)	-
Interest income	(86,432)	(41,376)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(2,570)	327
Receivables	659,484	(92,311)
Accounts payable and accrued liabilities	24,934	21,702
Net cash from (used in) operating activities	<u>192,194</u>	<u>(570,017)</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets	(2,711,930)	(3,896,504)
Proceeds from sale of marketable securities	31,828	5,760
Purchase of property and equipment	(18,000)	-
Reclamation bond	(93,000)	-
Interest received	69,340	24,927
Net cash used in from investing activities	<u>(2,721,762)</u>	<u>(3,865,817)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	1,092,794	5,956,159
Share issuance costs	(23,910)	(171,747)
Net cash from financing activities	<u>1,068,884</u>	<u>5,784,412</u>
Net change in cash and cash equivalents during the year	(1,460,684)	1,348,578
Cash and cash equivalents, beginning of year	<u>1,862,445</u>	<u>513,867</u>
Cash and cash equivalents, end of year	<u>\$ 401,761</u>	<u>\$ 1,862,445</u>

Supplemental disclosures with respect to cash flows (Note 13)

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

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 1212, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8. The Company’s registered address and records office is Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

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 will need to seek additional financing to meet its exploration and development objectives. The mineral property 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 the necessary financing to complete the exploration and development of its mineral properties and upon future profitable production or proceeds from the disposition of its property interests.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception and has no recurring source of revenue. At December 31, 2023, the Company had an accumulated deficit of \$11,648,002 and net working capital of \$2,293,010 which was inclusive of marketable securities with an estimated fair value of \$400,873. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company’s continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION

(a) *Statement of Compliance*

The consolidated financial statements of the Company for the year ended December 31, 2023, including comparative for the prior year, have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary; and were authorized for issue by the Audit Committee and Board of Directors on April 29, 2024.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

2. BASIS OF PREPARATION – *continued*

(b) *Basis of Measurement*

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss or available for sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the application of policies and reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Although management uses historical experience and its best knowledge of the amounts, events or actions to form the basis for judgments and estimates, actual results could differ from these estimates. See also Note 3 (p).

(c) *Basis of Consolidation*

These consolidated financial statements include the accounts of the parent company, Endurance Gold Corporation, and its subsidiary as listed below:

	Jurisdiction	Nature of Operations	Equity Interest	
			2023	2022
Endurance Resources Inc.	Virginia, USA	Exploration	100%	100%

The financial statements of the Company's subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions have been eliminated.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) *Foreign currencies*

The functional currency of the Company and its subsidiary is the Canadian dollar and unless otherwise specified, all dollar amounts in these consolidated financial statements are expressed in Canadian dollar. The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statement of comprehensive loss.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

(b) *Financial instruments*

Financial assets

Financial assets are classified and measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The Company has classified its cash and cash equivalents and marketable securities as measured at FVTPL. The Company's receivables, excluding goods and services tax and mining exploration tax credit receivables, are classified as measured at amortized cost.

Financial liabilities

Financial liabilities are initially recognized on the date they are originated and are derecognized when the contractual obligations are discharged or cancelled or expired. These financial liabilities are recognized initially at fair value and subsequently are measured at amortized costs using the effective interest method, when materially different from the initial amount. Fair value is determined based on the present value of future cash flows, discounted at the market rate of interest.

The Company's financial liabilities, which consist primarily of accounts payable and accrued liabilities, are classified as measured at amortized cost.

(c) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and highly liquid investments having maturity dates of one year or less from the date of acquisition, which are readily convertible to known amounts of cash.

(d) *Exploration and evaluation assets*

Once the legal right to explore a property has been acquired, the acquisition costs, including legal and other directly related fees, and the costs directly related to exploration and evaluation assets are recognized and capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors. Costs not directly attributable to exploration and evaluation asset activities, including general administrative costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of its mineral interest to a third party (the "Farmee"), as consideration, for an agreement by the Farmee to meet certain exploration and evaluation asset expenditures which would have otherwise been undertaken by the Company.

The Company does not record any expenditures made by the Farmee on its behalf. Any cash or other consideration received from the Farmee is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess accounted for as proceeds received in excess of costs incurred and recorded as a gain on the consolidated statement of comprehensive income and loss.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation asset expenditures in respect of that project are deemed to be impaired. As a result, those exploration

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

(d) *Exploration and evaluation assets – continued*

and evaluation asset expenditures in excess of estimated recoveries are written off to the consolidated statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mine under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized costs.

Option agreements

From time to time, the Company may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. As options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation expenditures or recoveries when the payments are made or received.

(e) *Reclamation bonds*

Cash which is subject to contractual restrictions on use imposed by government agencies as a condition of granting permits in connection with exploration and evaluation assets is classified separately as reclamation bonds. Reclamation bonds are classified as held-to-maturity.

(f) *Impairment of assets (excluding goodwill)*

At the end of each reporting period, the Company’s assets are reviewed to determine whether there is any indication that those assets may be impaired. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

(g) *Income taxes*

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affects neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it is probable that a deferred tax asset will be recovered, deferred tax assets are not accrued.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(h) *Share capital*

Common shares issued by the Company are recorded to share capital at the value of proceeds received, net of share issuance costs. Common shares issued as consideration for exploration and evaluation assets or other non-monetary consideration are recorded at their fair market value based upon the date of share issuance.

The Company adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the most easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(i) *Flow-through shares*

The Company from time to time may issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the applicable flow-through share subscription agreements, the tax deductibility of qualifying resource expenditures funded from the proceeds of the sales of such shares is transferred to the investors who purchased the flow-through shares. Under IFRS, on issuance of such shares, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. As the related exploration expenditures are incurred, the Company derecognizes the liability and recognized an income tax recovery.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

(i) **Flow-through shares – *continued***

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the “Look-back” Rule, in accordance with flow-through regulations pursuant to the *Income Tax Act (Canada)*. When applicable, this tax is accrued as a financial expense until paid.

(j) **Share-based payment transactions**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees, consultants and management company employee.

The fair value of stock options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned based on graded vesting. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is credited to share capital and the related share-based payments reserve is transferred to share capital.

(k) **Loss per share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted (loss) per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

(l) **Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company’s estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company’s estimates of reclamation costs, are charged to profit or loss for the period. At December 31, 2023, the Company does not have any provision for environmental rehabilitation.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

(m) **Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(n) **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, leases and other commitments are recognized at the best estimates of the expenditures required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful life of the related asset. The increase in the provision due to the passage of time is recognized as an accretion expense.

(o) **Mining exploration program and tax credits**

The Company may qualify for certain government assistance on mining exploration program and tax credits based on qualifying expenditures incurred. Such credits are recorded when the amounts involved, and the collection thereof, are considered to be reasonably determinable. These amounts offset the deferred costs to which they relate or are included in operations if such costs have been expensed.

(p) **Significant accounting judgments and estimates**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the determination that the Company will continue as a going concern for the next year;
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable; and
- the determination that the functional currency of Endurance Resources Inc. is the Canadian dollar.

The Company has also made a significant judgment in respect to the classification of its marketable securities as

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION – *continued*

(p) *Significant accounting judgments and estimates – continued*

current assets, given that the timing of the future realization of current carrying amounts is subject to uncertainties, such as the future market values of the investments, and is ultimately dependent upon the discretion of management.

(q) *Property and equipment*

Purchased property and equipment are carried at acquisition cost less subsequent depreciation and impairment losses. Depreciation is recognized on a declining balance basis to write down the cost or valuation less estimated residual value of property and equipment. The periods generally applicable are:

Furniture and fixtures and general equipment	20%
Computer equipment	55%
Computer software	100%
Automobile	30%

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within “other income” or “other expenses.”

(r) *Interest*

Interest income and expenses are reported on an accrual basis using the effective interest method.

(s) *Changes to International Financial Reporting Standards*

The Company does not expect that the changes to IFRS that are effective as of January 1, 2024 will have a material impact on the Company’s results of operations or financial position.

4. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash on deposit	\$ 28,055	\$ 14,494
Liquid short-term deposit	373,706	1,847,951
	<u>\$ 401,761</u>	<u>\$ 1,862,445</u>

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

5. MARKETABLE SECURITIES

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

	December 31, 2023	December 31, 2022
Fair value, beginning of the year	\$ 1,058,940	\$ 2,243,285
Proceeds from sales, net of commission	(31,828)	(5,760)
Gain (loss) on sale of marketable securities	(23,792)	1,710
Unrealized loss on marketable securities	(602,447)	(1,180,295)
	\$ 400,873	\$ 1,058,940

With its main business focus being mineral exploration, the Company does not generally intend to hold its investments in marketable securities for long-term periods, and accordingly these are classified as current assets. All of the Company's investments in marketable securities are also classified as FVTPL. Refer to Note 15(c).

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2023	December 31, 2022
Prepaid rent	\$ 2,601	\$ 2,601
Insurance	22,201	19,625
Trade advance payment	3,265	3,271
	\$ 28,067	\$ 25,497

7. RECEIVABLES

	December 31, 2023	December 31, 2022
Goods and services tax receivable	\$ 36,954	\$ 125,241
B.C. mining exploration tax credit receivable	1,672,449	1,573,726
Yukon mineral exploration program	-	14,387
Interest receivable	33,541	16,450
	\$ 1,742,944	\$ 1,729,804

Subsequent to December 31, 2023, the Company received a total of \$1,098,449 from B.C. mining exploration tax, goods and services tax and interest receivable.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

8. EXPLORATION AND EVALUATION ASSETS

Expenditures incurred on these property interests during the comparative year were as follows:

	Reliance, BC, CANADA	Bandito, Yukon, CANADA	Elephant Mountain, Alaska, USA	McCord, Alaska USA	Other	TOTAL
Acquisition 12/31/22	\$ 611,815	\$ -	\$ 467,703	\$ 19,850	\$ -	\$1,099,368
Additions:						
Legal and related expenses	264	-	-	-	-	264
Option payments	267,000	-	54,836	-	-	321,836
	267,264	-	54,836	-	-	322,100
Acquisition 12/31/23	879,079	-	522,539	19,850	-	1,421,468
Deferred exploration 12/31/22	4,383,860	31,906	1,620,726	144,077	-	6,180,569
Additions:						
Drilling	1,163,821	-	-	-	-	1,163,821
Field expenses	841,744	-	329	-	-	842,073
Geochemistry	119,987	-	-	-	-	119,987
Geological and miscellaneous	428,835	18,871	5,361	2,663	250	455,980
Geophysics	22,500	-	-	-	-	22,500
Land and recording fees	140	-	44,807	16,101	-	61,048
	2,577,027	18,871	50,497	18,764	250	2,665,409
Deferred exploration 12/31/23	6,960,887	50,777	1,671,223	162,841	250	8,845,978
B.C. mining exploration tax credit	(652,232)	-	-	-	-	(652,232)
Write-off	-	-	-	(76,305)	(250)	(76,555)
Total exploration and evaluation assets 12/31/23	\$7,187,734	\$ 50,777	\$2,193,762	\$ 106,386	\$ -	\$9,538,659

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

8. EXPLORATION AND EVALUATION ASSETS – *continued*

Expenditures incurred on these property interests for the year ended December 31, 2022 were as follows:

	Reliance, BC, CANADA	Bandito, Yukon, CANADA	Elephant Mountain, Alaska, USA	McCord, Alaska USA	Other	TOTAL
Acquisition 12/31/21	\$ 280,632	\$ -	\$ 362,428	\$ 13,005	\$ -	\$ 656,065
Additions:						
Legal and related expenses	5,683	-	50	-	-	5,733
Option payments	325,500	-	105,225	6,845	6,845	444,415
	331,183	-	105,275	6,845	6,845	450,148
Acquisition 12/31/22	611,815	-	467,703	19,850	6,845	1,106,213
Deferred exploration 12/31/21	1,827,173	-	1,562,423	123,359	-	3,512,955
Additions:						
Drilling	1,821,147	-	-	-	-	1,821,147
Field expenses	1,095,865	-	323	-	-	1,096,188
Geochemistry	267,979	-	-	-	-	267,979
Geological and miscellaneous	364,824	22,493	4,915	2,668	-	394,900
Geophysics	-	23,800	-	-	-	23,800
Land and recording fees	764	-	53,065	18,050	-	71,879
	3,550,579	46,293	58,303	20,718	-	3,675,893
Deferred exploration 12/31/22	5,377,752	46,293	1,620,726	144,077	-	7,188,848
B.C. mining exploration tax credit	(993,892)	-	-	-	-	(993,892)
Yukon mineral exploration Program	-	(14,387)	-	-	-	(14,387)
Write-off	-	-	-	-	(6,845)	(6,845)
Total exploration and evaluation assets 12/31/22	\$ 4,995,675	\$ 31,906	\$2,088,429	\$163,927	\$ -	\$7,279,937

Reliance Gold Project, British Columbia, CANADA (Option to earn 100%)

(a) Reliance Gold Property

In June 2020, the Company finalized an option agreement (the “Reliance Gold Option Agreement”) with two private vendors (collectively, the “Optionors”) which replaced a letter agreement signed in September 2019. Under the terms of the Reliance Gold Option Agreement, the Company can earn a 100% interest in the Reliance Gold Property located near Gold Bridge, British Columbia, for cash consideration in the aggregate amount of \$300,000 (\$140,000 paid to date), the completion of exploration expenditures in the aggregate amount of \$3,000,000 (incurred) by December 31, 2024, and the issuance of up to 4,000,000 common shares in stages (2,000,000 common shares issued at a value of \$464,500) by December 31, 2025. The option is subject to a 2.5% Net Smelter Return (“NSR”) royalty, three-fifths of which (1.5% NSR) can be purchased by the Company at any time for \$1,000,000. In addition, the Company issued 200,000 common shares with a value of \$19,000 to PI Financial Corp. for introducing the Optionors to the Company.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

8. EXPLORATION AND EVALUATION ASSETS – *continued*

(b) Olympic Property

In October 2022, the Company finalized an option agreement (the “Avino Option Agreement”) with Avino Silver & Gold Mines Limited (“Avino”) which replaced a letter agreement signed in April 2022. Under the terms of the Avino Option Agreement, the Company has an option to earn a 100% interest in the Olympic Property located immediately adjoining and contiguous with the Company’s Reliance Gold Property in southern British Columbia for aggregate consideration of \$100,000 in cash payments (\$55,000 paid), the issuance of 1,500,000 common shares of the Company (600,000 common shares issued at a value of \$152,000) and the completion of \$300,000 (incurred) in exploration expenditures on or before December 31, 2024. The option is subject to a 2.0% NSR royalty, one-half of which (1% NSR) can be purchased by the Company for \$750,000, and the remaining balance purchased for \$1,000,000, at any time prior to the commencement of Commercial Production.

As part of the final requirement to earn its interest, the Company has agreed to grant Avino 750,000 share purchase warrants by December 31, 2024 (the “Warrants Payment”), subject to future Exchange acceptance. In addition, if the Company is successful in defining a mineral resource of at least 500,000 gold-equivalent ounces calculated in accordance with the disclosure requirements of National Instrument 43-101 on the Olympic Property by December 31, 2024, the Company will pay Avino a \$1,000,000 discovery bonus. Any shares or Warrants issued will be subject to a four-month hold period from the date of issuance in accordance with the policies of the Exchange.

(c) Sanchez Claims

In October 2022, the Company entered into a letter agreement (the “Sanchez Agreement”) with a private vendor whereby the Company has an option to earn a 100% interest in the Sanchez claims, which adjoin the eastern boundary of the Company’s Reliance Gold Property, for aggregate consideration of \$10,000 (paid) in cash payments by January 31, 2023 and the issuance of 300,000 common shares of the Company on or before December 31, 2025 (100,000 issued at a value of \$28,000).

Elephant Mountain Project, Alaska, USA

(a) Elephant Property (100% owned)

In December 2020, the Company acquired a 100% interest in the Elephant Property located in the Manley Hot Springs placer gold mining district in Alaska by completing all of the obligations to earn its interest, including incurred exploration expenditures of US\$200,000, issued to the vendor 400,000 common shares of the Company with a value of \$24,125 and paid cumulative cash payments totaling US\$200,000. The property interest is subject to a 2% NSR, one-half of which can be purchased by the Company at any time for US\$750,000.

(b) Trout and Wolverine Property (Option to earn 100%)

In April 2018, the Company entered into an option agreement (the “Trout-Wolverine Option Agreement”) with Frantz LLC, replacing the letter agreement signed in March 2017. Pursuant to the terms of the Trout-Wolverine Option Agreement, the Company can earn a 100% interest in the Trout-Wolverine Property, located immediately northeast of the Company’s Elephant Property, by completing a total of US\$200,000 (incurred) in exploration expenditures, cash payment of US\$180,000 (US\$120,000 paid to date) in stages until December 31, 2024, and issuing to the vendor 300,000 common shares (issued at a value of \$83,375) of the Company 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.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

8. EXPLORATION AND EVALUATION ASSETS – *continued*

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 near Livengood in the Fairbanks District of Alaska, USA. Further mineral claims were staked and certain mineral claims were allowed to lapse between 2012 and 2019, resulting in a current total holding of 15 Alaska State claims.

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

In 2023, the Company terminated its option on the McCord Creek Property and has written off related acquisitions and deferred costs aggregating \$76,305.

Other Properties

(a) *Bandito Rare Earth Elements-Niobium-Nickel Property, Yukon, CANADA (100% owned)*

In 2013, 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. The vendor retains a 1% NSR, one-half of which may be purchased by the Company at any time for \$1,000,000. The Company has written off related deferred costs aggregating \$1,282,491.

(b) *Flint Lake JV Gold Property, Ontario, CANADA*

Metals Creek Resources Corp. (“MEK”) earned its 75% interest in the Flint Lake property (formerly “Dogpaw”), from the Company, 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 as to 18.7% by the Company and 81.3% by MEK.

In addition, the Company retains a 2.5% NSR interest on 33 claims, owned by Cameron Gold Operations Ltd., a wholly-owned subsidiary of First Mining Gold Corp. (“First Mining”), located in the Dogpaw Lake area. First Mining can purchase up to a total of 1.5% NSR at any time for a cash payment of \$500,000 per each 0.5% NSR.

(c) *Rattlesnake Hills Royalty, Wyoming, USA*

The Company retains certain NSRs over unpatented mining claims and State leases (the “Endurance Royalty”) owned by GFG Resources Inc. in the Rattlesnake Hills area, Wyoming. GFG can purchase one half of the Endurance Royalty at any time for a cash payment of US\$1,500,000.

9. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	December 31, 2023
Field Equipment	\$ 18,000	\$ 2,700	\$ 15,300
	\$ 18,000	\$ 2,700	\$ 15,300

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

10. RECLAMATION BONDS

The Company has provided reclamation bonds as security against potential future reclamation work relating to its Reliance Gold Project. As at December 31, 2023, a total of \$130,000 (2022 - \$37,000) has been provided in the form of Guaranteed Investment Certificates ("GIC") posted with the B.C. Ministry of Finance for the benefit of the provincial Ministry of Energy, Mines and Low-Carbon Innovation.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are broken down as follows:

	December 31, 2023	December 31, 2022
Trade payables	\$ 256,590	\$ 152,622
Accrued liabilities	24,045	18,900
	<u>\$ 280,635</u>	<u>\$ 171,522</u>

All payables and accrued liabilities for the Company fall due within the next 12 months.

12. 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 December 31, 2023: 151,096,042 common shares.

Share issuances

- During the fiscal year ended December 31, 2023:
 - (i) The Company completed a first tranche of a non-brokered private placement on September 27, 2023, receiving gross proceeds of \$748,000 by issuing 3,400,000 units (each, a "Unit") at a price of \$0.22 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each such Warrant is exercisable into one common share at a price of \$0.42 per share until September 27, 2025. 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 \$0.21 for the common share and \$0.01 for the warrant. Accordingly, the Company allocated \$714,000 of the proceeds to Share Capital and \$34,000 to Reserves. Insiders of the Company subscribed for a total of 2,550,000 Units. In connection with the first tranche, the Company paid a cash finder's fee of \$2,640 and issued 6,000 finder warrants (the "Finder Warrants") to an eligible finder. Each Finder Warrant will entitle the holder to purchase one common share at an exercise price of \$0.42 until September 27, 2025.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

12. SHARE CAPITAL – *continued*

- (ii) The Company completed a second tranche of a non-brokered private placement on October 26, 2023, receiving gross proceeds of \$344,794 by issuing 1,158,000 flow-through (“**FT**”) shares at a price of \$0.26 per FT share and 198,700 units (each, a “**Unit**”) at a price of \$0.22 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a “**Warrant**”). Each such Warrant is exercisable into one common share at a price of \$0.42 per share for a period of two 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 \$0.21 for the common share and \$0.01 for the warrant. Accordingly, the Company allocated \$41,727 of the proceeds to Share Capital and \$1,987 to Reserves. Insiders of the Company purchased an aggregate of 219,000 FT shares in the second tranche. In connection with the completion of the second tranche, the Company paid cash finders’ fees of \$9,360 to an eligible finder.

Upon issuance of the FT shares on October 26, 2023, the Company recognized a premium valued at \$57,900. The Company had incurred the full qualifying resource expenditures and, therefore, recorded the premium received as other income in the Company’s consolidated statement of comprehensive loss for the year ended December 31, 2023.

- (iii) The Company issued 500,000 common shares, with a value of \$100,000, as consideration for the acquisition of the Reliance Gold Property; 400,000 common shares, with a value of \$80,000, as consideration for the acquisition of the Olympic Property; 60,000 common shares, with a value of \$12,000, as consideration for the acquisition of the Sanchez Property. See note 8 Reliance Gold Project.

- During the fiscal year ended December 31, 2022:

- (i) The Company completed a non-brokered private placement on February 11, 2022, receiving gross proceeds of \$3,055,000 by issuing 7,637,500 units (each, a “**Unit**”) at a price of \$0.40 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a “**Warrant**”). Each such Warrant is exercisable into one common share at a price of \$0.55 per share until February 12, 2024. 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 \$0.36 for the common share and \$0.04 for the warrant. Accordingly, the Company allocated an amount of \$2,749,500 of the proceeds to Share Capital and \$305,500 to Reserves. Insiders of the Company subscribed for a total of 937,500 Units. In connection with the Financing, the Company paid aggregate cash finders’ fees of \$132,000 and issued an aggregate of 165,000 finder warrants (the “**Finder Warrants**”) to eligible finders. Each Finder Warrant will entitle the holder to purchase one common share at an exercise price of \$0.40 until February 12, 2024.

- (ii) The Company completed a non-brokered private placement on November 1, 2022, receiving gross proceeds of \$2,039,336 by issuing 4,855,562 units (each, a “**Unit**”) at a price of \$0.42 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a “**Warrant**”). Each such Warrant is exercisable into one common share at a price of \$0.55 per share for a period of two 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 \$0.39 for the common share and \$0.03 for the warrant. Accordingly, the Company allocated an amount of \$1,893,669 of the proceeds to Share Capital and \$145,667 to Reserves. Insiders of the Company subscribed for a

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

12. SHARE CAPITAL – continued

total of 2,054,012 Units. In connection with the Financing, the Company paid cash finders' fees of \$3,055 and issued 3,577 finder warrants (the "Finder Warrants") to eligible finder. Each Finder Warrant will entitle the holder to purchase one Share at an exercise price of \$0.55 per Share until November 1, 2024.

- (iii) 1,700,000 stock options were exercised for proceeds of \$113,000. \$95,000 was transferred from reserves to share capital, being the fair value of the stock options exercised.
- (iv) 2,995,290 warrants were exercised for proceeds of \$748,823.
- (v) The Company issued 200,000 common shares, with a value of \$72,000, as consideration for the acquisition of the Olympic Property; 40,000 common shares, with a value of \$16,000, as consideration for the acquisition of the Sanchez Property; 130,000 common shares, with a value of \$48,100, as per an Exploration agreement with the Bridge River Indian Band and 500,000 common shares, with a value of \$177,500, as consideration for the acquisition of the Reliance God Property. See note 8 Reliance Gold Project.
- (vi) issued 200,000 common shares, with a value of \$71,000, as consideration for the acquisition of the Trout-Wolverine Property. See note 8.

(c) Stock Options and Warrants Outstanding

The Company has an incentive stock option plan that conforms to the requirements of the 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, 2021	6,700,000	\$ 0.18
Options exercised	(1,700,000)	0.07
Options granted	2,900,000	0.32
Outstanding at December 31, 2022	7,900,000	\$ 0.26
Options granted	300,000	0.24
Outstanding at December 31, 2023	8,200,000	\$ 0.26
Number of options currently exercisable	8,200,000	\$ 0.26

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

12. SHARE CAPITAL – continued(c) Stock Options and Warrants Outstanding – *continued*

At December 31, 2023, the weighted average remaining life of the outstanding options was 2.36 years (2022 – 3.28 years). The following stock options were outstanding at December 31, 2023:

Number Outstanding	Exercise Price \$	Expiry Date
2,100,000	0.05	August 30, 2024
2,900,000	0.34	April 26, 2026
2,900,000	0.32	May 24, 2027
300,000	0.24	August 23, 2028
<u>8,200,000</u>		

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2021	7,699,650	\$ 0.37
Investor warrants exercised	(2,995,290)	0.25
Investor warrants expired	(1,000,000)	0.25
Investor warrants granted	6,246,531	0.55
Finder warrants granted	165,000	0.40
Finder warrants granted	3,577	0.55
Outstanding at December 31, 2022	10,119,468	0.53
Investor warrants expired	(3,410,000)	0.50
Investor warrants granted	1,799,350	0.42
Finder warrants expired	(119,940)	0.50
Finder warrants expired	(174,420)	0.41
Finder warrants granted	6,000	0.42
Outstanding at December 31, 2023	8,220,458	\$ 0.52

At December 31, 2023, the weighted average remaining life of the outstanding warrants was 0.64 year (2022 – 0.95 year).

The following warrants to acquire common shares were outstanding at December 31, 2023:

Number Outstanding	Exercise Price \$	Expiry Date
165,000	0.40	February 12, 2024*
3,818,750	0.55	February 12, 2024*
2,431,358	0.55	November 1, 2024
1,706,000	0.42	September 27, 2025
99,350	0.42	October 26, 2025
<u>8,220,458</u>		

*See Note 20.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

12. SHARE CAPITAL – *continued*

(d) Share-based compensation

The fair value of stock options reported as compensation expense during the year ended December 31, has been estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

Description	2023	2022
Expected dividend yield	0.0%	0.0%
Risk free interest rate	3.90%	2.62%
Expected stock price volatility	104.71%	97.44%
Expected life of options	5 years	5 years
Weighted average fair value	\$0.1785	\$0.2373

Based on the foregoing, the Company recognized share-based compensation expense of \$63,355 (2022 - \$678,365) was recorded for options that vested during the year ended December 31, 2023. The offsetting credit was recorded in Reserves.

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.

(e) Reserves

The following is a summary of amounts in Reserves at December 31:

	2023	2022
Warrants	\$ 994,267	\$ 958,119
Share-based compensation	2,512,897	2,449,542

13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities during the year ended December 31:

	2023	2022
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	\$ 184,360	\$ 100,181
Share-based compensation (note 12)	\$ 63,355	\$ 678,365
Shares issued for exploration and evaluation costs (notes 8 and 12)	\$ 192,000	\$ 384,600

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

14. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2023, the Company entered into the following related party transactions:

- a) Paid or accrued to Cooper Jack Investments Limited, a private company controlled by the President, CEO and director, Robert Boyd, an aggregate amount of \$144,000 (2022 - \$136,000), of which \$97,000 (2022 - \$105,250) was capitalized as geological project management fees, \$nil (2022 - \$8,700) was expensed as business development and \$47,000 (2022 - \$22,050) was expensed as corporate communication.
- b) Paid or accrued to T.P. Cheng & Company Ltd., a private company controlled by an officer, Teresa Cheng, \$78,000 (2022 - \$76,000) for administration management fees.
- c) Paid or accrued to O'Brien Geological Consulting Inc., a private company controlled by the VP, Exploration, Darren O'Brien, an aggregate amount of \$125,693 (2022 - \$107,200) for geological project management fees. Mr. O'Brien was appointed as VP, Exploration of the Company on May 24, 2022.
- d) Paid or accrued to Adera Company Management Inc., a private company controlled by a director, J. Christopher Mitchell, an aggregate amount of \$906 (2022 - \$1,688) for professional fees, all of which were expensed as administration consulting fees.
- e) Paid share-based compensation relating to directors and officers of \$nil (2022 - \$616,980).

**Share-based compensation consists of the fair value of options that were granted to related parties during the current period. The fair value has been calculated using the Black-Scholes Option Pricing Model as set out in Note 12(d) and does not represent actual amounts received by the related parties.*

The amounts charged to the Company for the transactions provided have been determined by negotiations amongst 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.

Included in accounts payable and accrued liabilities at December 31, 2023 is \$140,119 (2022 - \$67,340) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

15. 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 December 31, 2023, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, receivables excluding goods and services tax, B.C. mining exploration tax credit receivable, 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.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

15. FINANCIAL INSTRUMENTS AND RISK – *continued*

Fair value – continued

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

December 31, 2023

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 401,761	\$ -	\$ -	\$ 401,761
Marketable securities	400,873	-	-	400,873
	\$ 802,634	\$ -	\$ -	\$ 802,634

December 31, 2022

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,862,445	\$ -	\$ -	\$ 1,862,445
Marketable securities	1,058,940	-	-	1,058,940
	\$ 2,921,385	\$ -	\$ -	\$ 2,921,385

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 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, receivables and reclamation bonds.

The Company's cash and cash equivalents and marketable securities are held through a Canadian chartered bank and brokerage firms, which are high-credit quality financial institutions. The Company's receivables primarily consist of exploration tax credit due from the B.C. Government and goods and services tax rebates due from the Government of Canada.

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 December 31, 2023, the Company had a cash and cash equivalents of \$401,761 to settle current liabilities of \$280,635. 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.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

15. FINANCIAL INSTRUMENTS AND RISK – *continued*

Risk Management – continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk may arise from changes in market factors such as interest rate, foreign exchange rate and price risks.

(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. 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.

(c) 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 or foreign currency risks. At December 31, 2023, the Company had marketable securities with a fair value of \$400,873. A $\pm 10\%$ change in the share prices would affect the Company's consolidated financial statements by approximately \$40,087.

The net realizable values of the Company's marketable securities are also subject to impairment resulting from insufficient market liquidity. The extent of such potential impairment is not readily determinable.

16. 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 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.

ENDURANCE GOLD CORPORATION

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Year ended December 31, 2023

16. CAPITAL MANAGEMENT – *continued*

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.

17. DEFERRED TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2023	2022
Net income (loss) before income taxes	\$ (1,111,471)	\$ (2,322,154)
Expected income tax recovery	(300,100)	(627,000)
Non-deductible expenses for tax purposes	168,800	193,300
Impact of future income tax rates applied versus current statutory rate	-	-
Share issue costs	(6,400)	(58,500)
True up of prior year amounts	(29,900)	(53,800)
Change in unrecognized deductible temporary differences	167,600	546,000
Deferred tax expense (recovery)	\$ -	\$ -

The significant components of the Company's deductible and taxable temporary differences and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	<i>As of December 31,</i>			
	2023	Expiry Dates	2022	Expiry Dates
Share issue costs	\$ 179,000	Not applicable	\$ 261,000	Not applicable
Non-capital losses	3,601,000	2032 to 2043	3,050,000	2032 to 2041
Capital assets	10,000	Not applicable	10,000	Not applicable
Exploration and evaluation assets	2,246,000	Not applicable	2,596,000	Not applicable
Investment tax credits	77,000	2028 to 2034	77,000	2028 to 2034
Marketable securities	1,478,000	Not applicable	875,000	Not applicable

Subject to certain restrictions, the Company's resource exploration expenditures are available to reduce taxable income of future years. Deferred tax benefits which may arise as a result of these losses and resource deductions have not been recognized in these financial statements. Tax attributes are subject to review, and potential adjustment, by tax authorities.

Flow-through Liability

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.

On October 26, 2023, the Company raised \$301,800 from the issuance of flow-through shares. At December 31, 2023, \$301,800 of qualified expenditures had been incurred.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2023

18. 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:

	December 31, 2023	December 31, 2022
Exploration and evaluation assets in:		
- Canada	\$ 7,238,511	\$ 5,027,581
- United States	2,300,148	2,252,356
TOTAL	\$ 9,538,659	\$ 7,279,937

19. COMMITMENTS

As of December 31, 2023, the Company's aggregate commitments are as follows:

	< 1 year	1 – 3 years	4 – 6 years	Total
Accounts payable and accrued liabilities	\$ 280,635	\$ -	\$ -	\$ 280,635
Office lease	3,709	-	-	3,709
Totals	\$ 284,344	\$ -	\$ -	\$ 284,344

20. EVENTS AFTER THE REPORTING DATE

- 3,983,750 warrants expired on February 12, 2024 without exercise.
- 850,000 stock options were exercised for aggregate proceeds of \$42,500.