



2019 ANNUAL FINANCIAL REPORT
December 31, 2019 and 2018
(Expressed in Canadian dollars)

Independent Auditor's Report

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 Consolidated Financial Statements

Independent Auditor's Report

To the Shareholders of Endurance Gold Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Endurance Gold Corporation (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2019 and 2018, 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 audit 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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.

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 financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.

A handwritten signature in cursive script that reads "De Visser Gray LLP".

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 29, 2020

ENDURANCE GOLD CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT

	December 31, 2019	December 31, 2018
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 52,180	\$ 280,539
Marketable securities (Note 5)	3,183,409	3,201,155
Prepaid expenses and deposits (Note 6)	13,268	12,309
Receivables (Note 7)	3,965	4,487
Total current assets	<u>3,252,822</u>	<u>3,498,490</u>
Non-current		
Exploration and evaluation assets (Note 8)	1,772,355	1,588,199
Total non-current assets	<u>1,772,355</u>	<u>1,588,199</u>
Total assets	<u>\$ 5,025,177</u>	<u>\$ 5,086,689</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	\$ 175,260	\$ 88,670
Total liabilities	<u>175,260</u>	<u>88,670</u>
EQUITY		
Share capital (Note 10)	9,995,463	9,990,463
Reserves (Note 10)	1,598,991	1,503,461
Deficit	(6,744,537)	(6,495,905)
	<u>4,849,917</u>	<u>4,998,019</u>
Total liabilities and equity	<u>\$ 5,025,177</u>	<u>\$ 5,086,689</u>

Nature of operations (Note 1)
Commitments (Note 17)
Events after the reporting date (Note 18)

Approved and authorized on behalf of the Board of Directors on April 29, 2020:

/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)

	2019	2018
Expenses		
Business development and property investigation (Note 12)	\$ 29,707	\$ 13,965
Corporate communications	6,296	8,922
Listing and transfer agent fees	12,603	14,239
Management fees (Note 12)	66,000	66,000
Office and administrative	48,152	48,932
Professional fees (Note 12)	20,217	26,902
Share-based compensation (Note 10)	95,530	-
Loss from operations	(278,505)	(178,960)
Other items		
Interest income	2,049	2,832
Gain (loss) on sale of marketable securities (Note 5)	(24,626)	118,160
Unrealized gain (loss) on marketable securities (Note 5)	66,370	(4,348,743)
Write-off of exploration and evaluation assets (Note 8)	(13,920)	(8,100)
	29,873	(4,235,851)
Comprehensive loss for the year	\$ (248,632)	\$ (4,414,811)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.04)
Basic and diluted weighted average number of common shares outstanding	110,411,248	107,701,042

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, 2018	110,410,700	\$ 9,990,463	\$ 1,503,461	\$ (6,495,905)	\$ 4,998,019	
Shares issued for:						
Exploration and evaluation assets	200,000	5,000	-	-	5,000	
Share-based compensation	-	-	95,530	-	95,530	
Comprehensive loss for the year	-	-	-	(248,632)	(248,632)	
Balance at December 31, 2019	110,610,700	\$ 9,995,463	\$ 1,598,991	\$ (6,744,537)	\$ 4,849,917	

	Share Capital			Reserves	Deficit	Total Equity
	No. of Shares	Amount				
Balance at December 31, 2017	103,585,700	\$ 9,648,588	\$ 1,503,461	\$ (2,081,094)	\$ 9,070,955	
Shares issued for:						
Exercise of warrants	6,800,000	340,000	-	-	340,000	
Exploration and evaluation assets	25,000	1,875	-	-	1,875	
Comprehensive loss for the year	-	-	-	(4,414,811)	(4,414,811)	
Balance at December 31, 2018	110,410,700	\$ 9,990,463	\$ 1,503,461	\$ (6,495,905)	\$ 4,998,019	

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)

	2019	2018
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the year	\$ (248,632)	\$ (4,414,811)
Add adjustments:		
Loss (gain) on sale of marketable securities	24,626	(118,160)
Share-based compensation	95,530	-
Unrealized (gain) loss on marketable securities	(66,370)	4,348,743
Write-off of exploration and evaluation assets	13,920	8,100
Interest income	(2,049)	(2,832)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(959)	(425)
Receivables	522	3,197
Accounts payable and accrued liabilities	42,662	(42,500)
Net cash used in operating activities	<u>(140,750)</u>	<u>(218,688)</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets	(149,148)	(338,075)
Proceeds from sale of marketable securities	59,490	475,831
Interest received	2,049	2,832
Net cash (used in) from investing activities	<u>(87,609)</u>	<u>140,588</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	340,000
Net cash provided by financing activities	<u>-</u>	<u>340,000</u>
Net increase (decrease) in cash and cash equivalents during the year	(228,359)	261,900
Cash and cash equivalents, beginning of year	<u>280,539</u>	<u>18,639</u>
Cash and cash equivalents, end of year	<u>\$ 52,180</u>	<u>\$ 280,539</u>

Supplemental disclosures with respect to cash flows (Note 11)

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, 2019

1. NATURE OF OPERATIONS

Endurance Gold Corporation (the “Company”) was incorporated under the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. The head office and principal address of the Company is at Suite 520, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The Company’s registered address and records office is Suite 2500, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8.

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.

At December 31, 2019, the Company had an accumulated deficit of \$6,744,537 and working capital of \$3,077,562 which was inclusive of marketable securities with an estimated fair value of \$3,183,409. If the Company does not or cannot sell a portion or all of the marketable securities at current market values, it may have to raise additional funds to continue operations and to complete its 2020 exploration programs. However, management is of the view that sufficient liquidity and value can be realized from these securities that such additional financing will likely not be required in 2020. Refer also to note 5 (a).

2. BASIS OF PREPARATION

(a) *Statement of Compliance*

The consolidated financial statements of the Company for the year ended December 31, 2019, 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, 2020.

(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 (o).

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

(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	
			2019	2018
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. **SIGNIFICANT ACCOUNTING POLICIES**

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 statement of comprehensive loss.

(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 GST receivable, are classified as measured at amortized cost.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

(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.

(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 indication exists, the recoverable amount of the asset is estimated in order 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.

(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.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

(h) **Share capital**

Common shares issued for non-monetary consideration are recorded at their fair market value based upon the date of share issuance. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(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.

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 and consultants.

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.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

(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, 2018, the Company does not have any provision for environmental rehabilitation.

(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) 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.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

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 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.

(p) ***Standards, amendments and interpretations effective for the current year***

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. The following have been adopted by the Company during the current year and have not resulted in any adjustments to previously reported figures:

- IFRS 16, *Leases* was issued in January 2016 and replaced IAS 17, *Leases*. The standard requires lessees to recognize a right-of-use of asset and a lease obligation at the lease commencement date. The Company assessed the impact of the new standard on its systems and processes and evaluated the practical expedients and policy choices that are available under the standard. As such, the Company concluded that the adoption of the standard did not have an impact on its financial statements.

4. CASH AND CASH EQUIVALENTS

	December 31, 2019		December 31, 2018	
Cash on deposit	\$	32,180	\$	30,539
Liquid short-term deposit		20,000		250,000
	\$	52,180	\$	280,539

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

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, 2019	December 31, 2018
Fair value, beginning	\$ 3,201,155	\$ 7,907,569
Proceeds from sales, net of commission	(59,490)	(475,831)
Gain (loss) on sale of marketable securities	(24,626)	118,160
Unrealized gain (loss) on marketable securities	66,370	(4,348,743)
	\$ 3,183,409	\$ 3,201,155

- (a) During fiscal 2016, the Company sold its 35.5% Pardo joint venture interest to Inventus Mining Corp. (“Inventus”) for \$75,000 cash and 25,500,000 shares (representing 25.4% of the then total outstanding shares) of Inventus, the common shares of which are listed on the TSX Venture Exchange. Although the Company has exercised its right to designate a member of the Board of Directors of Inventus, the Company does not have any influence on Inventus’ operations since the Company, by agreement, has no involvement in Inventus’ business decision making processes, no interchange of management personnel, and does not receive any technical information not made available to all shareholders. Accordingly, the Company accounted for its investment in Inventus initially at cost, and subsequently at current fair value. Subsequent to December 31, 2019, the Company sold 10,000,000 shares for gross proceeds of \$1,004,800, and at around the same time Inventus completed a financing in which the Company did not participate. The Company now retains ownership of 12,978,000 shares, representing approximately 10.58% of the issued and outstanding common shares of Inventus.
- (b) 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 13(c).

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2019	December 31, 2018
Prepaid rent	\$ 2,980	\$ 2,114
Insurance	10,288	10,195
	\$ 13,268	\$ 12,309

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

7. RECEIVABLES

	December 31, 2019		December 31, 2018	
Sales tax receivable	\$	3,804	\$	3,057
Interest receivable		161		1,430
	\$	3,965	\$	4,487

8. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2019, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets for that year were as follows:

	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Reliance, BC, CANADA	Other Properties	TOTAL
Acquisition 12/31/18	\$ 177,643	\$ 2,664	\$ -	\$ 12,890	\$ 193,197
Additions:					
Legal and related expenses	-	-	1,550	-	1,550
Option payments	46,406	2,648	15,000	6,620	70,674
	46,406	2,648	16,550	6,620	72,224
Acquisition 12/31/19	224,049	5,312	16,550	19,510	265,421
Deferred exploration 12/31/18	1,305,504	57,258	-	32,240	1,395,002
Additions:					
Field expenses	318	-	1,055	-	1,373
Geochemistry	-	-	-	-	-
Geological and miscellaneous (note 12)	21,165	6,785	37,352	25,414	90,716
Geophysics	-	-	-	-	-
Helicopters	-	-	-	-	-
Land and recording fees	23,987	9,776	-	-	33,763
	45,470	16,561	38,407	25,414	125,852
Write-off	-	-	-	(13,920)	(13,920)
Deferred exploration 12/31/19	1,350,974	73,819	38,407	43,734	1,506,934
Total exploration and evaluation assets 12/31/19	\$ 1,575,023	\$ 79,131	\$ 54,957	\$ 63,244	\$ 1,772,355

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

As at December 31, 2018, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets for that year were as follows:

	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Other Properties	TOTAL
Acquisition 12/31/17	\$ 130,111	\$ 1,344	\$ 6,385	\$ 137,840
Additions:				
Option payments	47,532	1,320	6,505	55,357
	47,532	1,320	6,505	55,357
Acquisition 12/31/18	177,643	2,664	12,890	193,197
Deferred exploration 12/31/17	1,062,641	40,005	5,973	1,108,619
Additions:				
Field expenses	18,053	-	240	18,293
Geochemistry	15,363	-	-	15,363
Geological and miscellaneous (note 12)	169,923	7,123	34,127	211,173
Helicopters	18,163	-	-	18,163
Land and recording fees	21,361	10,130	-	31,491
	242,863	17,253	34,367	294,483
Write-off	-	-	(8,100)	(8,100)
Deferred exploration 12/31/18	1,305,504	57,258	32,240	1,395,002
Total exploration and evaluation assets 12/31/18	\$ 1,483,147	\$ 59,922	\$ 45,130	\$ 1,588,199

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

The Company entered into an option agreement (the "Option Agreement") with Frantz LLC in December 2013, as amended in March 2017, December 2017, December 2018 and September 2019. Pursuant to the terms of the Option Agreement, the Company can earn a 100% interest in the Elephant Property located in the Manley Hot Springs placer gold mining district in Alaska by completing exploration expenditures of US\$200,000 (incurred), issuing to the vendor 400,000 common shares (previously issued at a value of \$24,125) of the Company, and making cash payments totaling US\$200,000 (US\$130,000 paid to date) in stages until December 2020. The option is subject to a 2% net smelter return royalty ("NSR") interest, one-half of which can be purchased by the Company at any time for US\$750,000.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

(b) Trout and Wolverine Properties

In April 2018, the Company entered into an option agreement (the "Option Agreement") with Frantz LLC, replacing the letter agreement signed in March 2017. Pursuant to the terms of the 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\$25,000 paid to date) in stages until December 31, 2024 and issuing to the vendor 300,000 common shares (25,000 common shares issued at a value of \$1,875 in 2018) 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.

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 May 2017, the Company acquired an option to earn a 100% interest in nine Alaska State mineral claims adjoining the Company's McCord Property near Livengood. Under the terms of the letter agreement with the optionors, the Company can earn a 100% interest in these McCord Creek claims by completing a total of US\$50,000 in exploration expenditures and making US\$40,000 (US\$4,000 paid to date) in cash payments by December 31, 2024. The option is subject to a 2% NSR interest, one-half of which can be purchased by Endurance at any time for US\$200,000.

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

The Company entered into a letter agreement with two private vendors (collectively, the "Optionors") in September 2019. Under the terms of the letter agreement, the Company can earn a 100% interest in the Reliance Gold Property (the "Option") located near Gold Bridge, British Columbia, for cash consideration in the aggregate amount of \$300,000 (\$10,000 paid to date) and the completion of exploration expenditures in the aggregate amount of \$3,000,000 by December 31, 2024; and the allotment and issuance of up to a total of 4,000,000 common shares (200,000 common shares issued at a value of \$5,000) of the Company by December 31, 2025. The Option is subject to a 2.5% NSR, of which 1.5% NSR can be purchased by the Company at any time for \$1,000,000. In addition, the Company agreed to issue up to a maximum of 200,000 common shares to PI Financial Corp. (the "Finder") which introduced the Optionors to the Company. These shares will be issued to the Finder in two tranches. The initial 100,000 common shares will be issued on execution of a formal option agreement between the Optionors and the Company, and the second tranche of 100,000 common shares will be issued on or before January 31, 2021 provided that the Option remains in good standing on December 31, 2020.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

Other Properties

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

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. A further cash bonus payment of \$500,000 will be payable in two tranches, with the initial \$150,000 payable upon completion and filing of a bankable feasibility study, and the balance of \$350,000 to be paid after project financing has been obtained to place the Bandito Property into commercial production. The Company has written off all related deferred costs aggregating \$1,272,360 in 2016 and \$6,750 in 2018, and it has no current plans to conduct exploration on this property.

Flint Lake JV Gold Property, Ontario, CANADA

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

Rattlesnake Hills Royalty, Wyoming, USA

The Company retains a 2.0% NSR on 7,000 acres of unpatented mining claims and a 1.0 % NSR on four 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.

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 property is currently owned as to 76% by the Company and 24% by Amarc Resources Ltd.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	December 31, 2019	December 31, 2018
Trade payables	\$ 157,883	\$ 72,120
Accrued liabilities	17,377	16,550
	<u>\$ 175,260</u>	<u>\$ 88,670</u>

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

10. 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, 2019: 110,610,700 common shares.

Share issuances

- During the fiscal year ended December 31, 2019, the Company issued 200,000 common shares, with a value of \$5,000, as consideration for the acquisition of the Reliance Property. See note 8.
 - During the fiscal year ended December 31, 2018, the Company:
 - (i) issued 25,000 common shares, with a value of \$1,875, as consideration for the acquisition of the Trout-Wolverine Property. See note 8.
 - (ii) issued 6,800,000 common shares in connection with the exercise of 6,800,000 share purchase warrants at \$0.05 per share, which generated cash proceeds of \$340,000.
- (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, 2017	7,750,000	\$ 0.08
Outstanding at December 31, 2018	7,750,000	\$ 0.08
Options expired	(4,050,000)	0.10
Options granted	4,100,000	0.05
Outstanding at December 31, 2019	7,800,000	\$ 0.05
Number of options currently exercisable	7,800,000	\$ 0.05

At December 31, 2019, the weighted average remaining life of the outstanding options was 3.43 years (2018 – 1.80 years). The following stock options were outstanding and exercisable at December 31, 2019:

Number Outstanding	Exercise Price \$	Expiry Date
1,800,000	0.05	May 25, 2021
1,900,000	0.07	August 30, 2022
4,100,000	0.05	August 30, 2024
7,800,000		

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2017	35,263,114	\$ 0.10
Warrants exercised	(6,800,000)	0.05
Warrants expired	(2,350,000)	0.10
Outstanding at December 31, 2018	10,779,714	0.10
Warrants expired	(10,779,714)	0.10
Outstanding at December 31, 2019	-	\$ -

At December 31, 2019, the weighted average remaining life of the outstanding warrants was Nil year (2018 - 0.42 years).

There were no warrants outstanding at December 31, 2019.

(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	2019	2018
Expected dividend yield	0.0%	-
Risk free interest rate	1.18%	-
Expected stock price volatility	120.15%	-
Expected life of options	5 years	-
Weighted average fair value	\$0.0233	-

Based on the foregoing, share-based compensation expense of \$95,530 (2018 - \$nil) was recorded for options that vested during the year ended December 31, 2019. The off-setting 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:

	2019	2018
Warrants	\$ 409,564	\$ 409,564
Share-based compensation	1,189,427	1,093,897

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

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

	2019	2018
Share-based compensation (note 10)	\$ 95,530	\$ -
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	\$ 99,801	\$ 55,873
Shares issued for exploration and evaluation costs (note 8)	\$ 5,000	\$ 1,875

12. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at December 31, 2019 is \$149,558 (2018 - \$33,564) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended December 31, 2019, the Company entered into the following related party transactions:

- a) Paid or accrued to Cooper Jack Investments Limited ("CJIL"), a private company controlled by the President, CEO and director, Robert Boyd, an aggregate amount of \$96,000 (2018 - \$96,000), of which \$69,000 (2018 - \$94,600) was capitalized as geological project management fees, \$27,000 (2018 - \$1,400) was expensed as business development.
- b) Paid or accrued to T.P. Cheng & Company Ltd., a private company controlled by an officer, Teresa Cheng, \$66,000 (2018 - \$66,000) for administration management fees.
- c) Paid or accrued to Adera Company Management Inc., a private company controlled by a director, J. Christopher Mitchell, an aggregate amount of \$1,781 (2018 - \$2,438) for professional fees
- d) Paid share-based compensation relating to directors and officers of \$95,530 (2018 - \$nil).

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.

13. 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).

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

As at December 31, 2019, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, receivables excluding GST 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.

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

December 31, 2019

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 52,180	\$ -	\$ -	\$ 52,180
Marketable securities	3,183,409	-	-	3,183,409
	\$ 3,235,589	\$ -	\$ -	\$ 3,235,589

December 31, 2018

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 280,539	\$ -	\$ -	\$ 280,539
Marketable securities	3,201,155	-	-	3,201,155
	\$ 3,481,694	\$ -	\$ -	\$ 3,481,694

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, and receivables.

The Company's cash and cash equivalents and marketable securities are held in accounts with a Canadian chartered bank and brokerage firms, which are high-credit quality financial institutions.

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, 2019, the Company had a cash and cash equivalents of \$52,180. Without completing an equity financing or selling some of its marketable securities holdings, it may not have sufficient cash balances to settle its current liabilities of \$175,260. 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, 2019

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, 2019, the Company had marketable securities with a fair value of \$3,183,409. A $\pm 10\%$ change in the share prices would affect the Company's consolidated financial statements by approximately \$318,341.

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.

14. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

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.

15. DEFERRED TAXES

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

	2019	2018
Net income (loss) before income taxes	\$ (248,632)	\$ (4,414,811)
Expected income tax recovery	(67,000)	(1,192,000)
Non-deductible expenses for tax purposes	32,000	571,000
Impact of future income tax rates applied versus current statutory rate	-	-
Share issue costs	(1,000)	(2,000)
Change in unrecognized deductible temporary differences	36,000	623,000
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>			
	2019	Expiry Dates	2018	Expiry Dates
Share issue costs	\$ 2,000	Not applicable	\$ 4,000	Not applicable
Allowable capital losses	-	Not applicable	-	Not applicable
Non-capital losses	1,526,000	2032 to 2039	1,450,000	2032 to 2038
Capital assets	10,000	Not applicable	10,000	Not applicable
Exploration and evaluation assets	2,635,000	Not applicable	2,706,000	Not applicable
Investment tax credits	77,000	2028 to 2034	77,000	2028 to 2034
Marketable securities	105,000	Not applicable	67,000	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.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2019

16. 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, 2019	December 31, 2018
Exploration and evaluation assets in:		
- Canada	\$ 54,957	\$ -
- United States	1,717,398	1,588,199
TOTAL	\$ 1,772,355	\$ 1,588,199

17. COMMITMENTS

The Company entered into a new office sub-lease agreement commenced on May 1, 2019 which will end on April 30, 2022. The sub-lease agreement has a rolling 6-month termination notice clause and thus the Company's commitment on the new sub-lease agreement is \$13,105.

18. EVENTS AFTER THE REPORTING DATE

On February 7, 2020, the Company entered into an investor and public relations consulting agreement with an arm's-length third-party consultant. Pursuant to this agreement, the consultant is to be paid \$4,000 for investor and public relations consulting services provided to the Company in February and March 2020, \$4,000 per month for five months ending on or before December 31, 2020 and 300,000 share purchase options exercisable at \$0.05 per share for two years which expires on February 18, 2022. The agreement is cancellable by the consultant or by the Company with 60 days' notice, or the payment by the Company of one month's fee in lieu of notice.