

2020 SECOND QUARTER REPORT
JUNE 30, 2020
(Expressed in Canadian dollars)

Unaudited Condensed Interim Consolidated Financial Statements

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

The accompanying unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2020 of **Endurance Gold Corporation** (“the Company”) have been prepared by the Company’s management and have not been reviewed by the Company’s independent auditor.

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

AS AT

	June 30, 2020	December 31, 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 828,061	\$ 52,180
Marketable securities (Note 4)	1,872,567	3,183,409
Prepaid expenses and deposits	6,104	13,268
Receivables	17,599	3,965
Total current assets	<u>2,724,331</u>	<u>3,252,822</u>
Non-current		
Exploration and evaluation assets (Note 5)	1,903,455	1,772,355
Total non-current assets	<u>1,903,455</u>	<u>1,772,355</u>
Total assets	<u>\$ 4,627,786</u>	<u>\$ 5,025,177</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 187,182	\$ 175,260
Total liabilities	<u>187,182</u>	<u>175,260</u>
EQUITY		
Share capital (Note 6)	9,995,463	9,995,463
Reserves (Note 6)	1,603,058	1,598,991
Deficit	<u>(7,157,917)</u>	<u>(6,744,537)</u>
Total liabilities and equity	<u>\$ 4,627,786</u>	<u>\$ 5,025,177</u>

Nature and continuance of operations (Note 1)

Commitments (Note 12)

Events after the reporting date (Note 13)

Approved and authorized on behalf of the Board of Directors on August 26, 2020:

/s/ Robert T. Boyd

Director

/s/ J. Christopher Mitchell

Director

Robert T. Boyd

J. Christopher Mitchell

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Expenses				
Business development and property investigation	\$ -	\$ 7,726	\$ 937	\$ 23,707
Corporate communications	3,852	2,997	28,842	3,837
Listing and transfer agent fees	1,176	1,138	10,436	9,901
Management fees	16,500	16,500	33,000	33,000
Office and administrative	12,311	11,957	25,408	24,067
Professional fees	1,643	-	1,643	-
Stock-based compensation (Note 6)	4,067	-	4,067	-
Loss before other items	(39,549)	(40,318)	(104,333)	(94,512)
Other items				
Interest income	4,054	534	7,598	1,169
Loss on sale of marketable securities (Note 4)	-	(1,300)	(355,803)	(1,300)
Unrealized gain (loss) on marketable securities (Note 4)	(31,040)	(348,946)	39,158	(236,881)
	(26,986)	(349,712)	(309,047)	(237,012)
Comprehensive loss for the period	\$ (66,535)	\$ (390,030)	\$ (413,380)	\$ (331,524)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Basic and diluted weighted average number of common shares outstanding	110,610,700	110,410,700	110,610,700	110,410,700

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

(Unaudited, Prepared by Management)

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
Balance at December 31, 2019	110,610,700	\$ 9,995,463	\$ 1,598,991	\$ (6,744,537)	\$ 4,849,917
Share-based compensation	-	-	4,067	-	4,067
Comprehensive loss for the period	-	-	-	(413,380)	(413,380)
Balance at June 30, 2020	110,610,700	\$ 9,995,463	\$ 1,603,058	\$ (7,157,917)	\$ 4,440,604

	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
Comprehensive loss for the period	-	-	-	(331,524)	(331,524)
Balance at June 30, 2019	110,410,700	\$ 9,990,463	\$ 1,503,461	\$ (6,827,429)	\$ 4,666,495

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
CASH FLOWS FROM (TO) OPERATING ACTIVITIES				
Net loss for the period	\$ (66,535)	\$ (390,030)	\$ (413,380)	\$ (331,524)
Add adjustments:				
Loss on sale of marketable securities	-	1,300	355,803	1,300
Share-based compensation	4,067	-	4,067	-
Unrealized (gain) loss on marketable securities	31,040	348,946	(39,158)	236,881
Interest income	(4,054)	(534)	(7,598)	(1,169)
Changes in non-cash working capital items:				
Prepaid expenses and deposits	3,602	3,507	7,164	7,031
Receivables	(9,289)	695	(13,634)	657
Accounts payable and accrued liabilities	9,671	6,494	(27,208)	17,268
Net cash used in operating activities	(31,498)	(29,622)	(133,944)	(69,556)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES				
Exploration and evaluation assets	(42,545)	(7,109)	(91,970)	(39,582)
Proceeds from sale of marketable securities	-	4,720	994,197	4,720
Interest received	4,054	534	7,598	1,169
Net cash from (used in) investing activities	(38,491)	(1,855)	909,825	(33,693)
Net increase in cash and cash equivalents during the period	(69,989)	(31,477)	775,881	(103,249)
Cash and cash equivalents, beginning of period	898,050	208,767	52,180	280,539
Cash and cash equivalents, end of period	\$ 828,061	\$ 177,290	\$ 828,061	\$ 177,290

Supplemental disclosures with respect to cash flows (Note 7)

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

(Unaudited, Prepared by Management)

1. NATURE AND CONTINUANCE OF OPERATIONS

Endurance Gold Corporation (the “Company”) was incorporated under the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. The head office and principal address of the Company is at Suite 520, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The Company’s registered address and records office is at 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 any revenue from operations and will need to seek additional financing to meet its exploration and development objectives. These unaudited condensed consolidated interim financial statements (“Condensed Interim FS”) do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

For the six months ended June 30, 2020, the Company reported a net loss of \$413,380 and as of that date the Company’s deficit was \$7,157,917. The Company’s net working capital position at June 30, 2020 was \$2,537,149, inclusive of marketable securities with a fair value of \$1,872,567. 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 future exploration programs. While the Company has been successful in the past in raising capital, there is no assurance that such financing will be available on a timely basis and under terms acceptable to the Company.

2. BASIS OF PREPARATION

a) Statement of Compliance

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

These unaudited Condensed Interim FS were authorized for issue by the Audit Committee and Board of Directors on August 26, 2020 and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these unaudited Condensed Interim FS are consistent with the policies disclosed in Notes 2 and 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2019.

4. MARKETABLE SECURITIES

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

(Unaudited, Prepared by Management)

	June 30, 2020	December 31, 2019
Fair value, beginning	\$ 3,183,409	\$ 3,201,155
Proceeds from sales, net of commission	(994,197)	(59,490)
Gain (loss) on sale of marketable securities	(355,803)	(24,626)
Unrealized gain on marketable securities	39,158	66,370
	\$ 1,872,567	\$ 3,183,409

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 fair value through profit and loss ("FVTPL").

5. EXPLORATION AND EVALUATION ASSETS

As at June 30, 2020, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets for that period were as follows:

	Reliance, BC, CANADA	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Other Properties	TOTAL
Acquisition 12/31/19	\$ 16,550	\$ 224,049	\$ 5,312	\$ 19,510	\$ 265,421
Additions:					
Legal and related expenses	296	-	-	-	296
Option payments	500	-	-	-	500
	796	-	-	-	796
Acquisition 6/30/20	17,346	224,049	5,312	19,510	266,217
Deferred exploration 12/31/19	38,407	1,350,974	73,819	43,734	1,506,934
Additions:					
Field expenses	23,303	-	-	-	23,303
Geochemistry	3,159	-	-	-	3,159
Geological and miscellaneous	78,516	5,022	450	-	83,988
Geophysics	19,854	-	-	-	19,854
	124,832	5,022	450	-	130,304
Deferred exploration 6/30/20	163,239	1,355,996	74,269	43,734	1,637,238
Total exploration and evaluation assets 6/30/20	\$ 180,585	\$ 1,580,045	\$ 79,581	\$ 63,244	\$ 1,903,455

ENDURANCE GOLD CORPORATION

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For the six month period ended June 30, 2020

(Unaudited, Prepared by Management)

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
Geological and miscellaneous	21,165	6,785	37,352	25,414	90,716
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

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. Also see Note 13.

One additional single unit contiguous claim was purchased by the Company pursuant to a May 20, 2020 purchase agreement in which the Company paid \$500 on signing, with a further \$1,000 payment payable on or before December 31, 2020 to vest final ownership. Once this claim is acquired, the Company has agreed with the Optionors to include this contiguous claim as part of the Property as defined in the formal option agreement.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

(Unaudited, Prepared by Management)

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.

(b) *Trout and Wolverine Property*

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 and 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 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.

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.

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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 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 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 JV property is currently owned 76% by the Company and 24% by Amarc Resources Ltd. The JV has agreed that no further exploration will be undertaken on this property.

6. SHARE CAPITAL

- (a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.
- (b) Issued and outstanding at June 30, 2020: 110,610,700 common shares.

Share issuances

No shares were issued during the current six month period ended June 30, 2020 and its comparative period in 2019.

- (c) Stock Options and Warrants Outstanding

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

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

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 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
Options granted*	300,000	0.05
Outstanding at June 30, 2020	8,100,000	\$ 0.05
Number of options currently exercisable	7,875,000	\$ 0.05

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(Unaudited, Prepared by Management)

*These stock options were granted to an investor relations consultant and will vest as to 75,000 options every 3 months commencing May 18, 2020.

The following stock options were exercisable at June 30, 2020:

Number Outstanding	Exercise Price \$	Expiry Date
1,800,000	0.05	May 25, 2021
75,000	0.05	February 18, 2022
1,900,000	0.07	August 30, 2022
4,100,000	0.05	August 30, 2024
<u>7,875,000</u>		

(d) Share-based compensation

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

Description	2020	2019
Expected dividend yield	0.0%	-
Risk free interest rate	1.50%	-
Expected stock price volatility	113.64%	-
Expected life of options	2 years	-
Weighted average fair value	0.0292	-

Based on the foregoing, the Company recognized share-based compensation expense of \$4,067 (2019 - \$nil) during the six month period ended June 30, 2020. The off-setting credit was recorded in Reserves.

(e) Reserves

The following is a summary of changes in Reserves at:

	June 30, 2020	December 31, 2019
Warrants	\$ 409,564	\$ 409,564
Share-based compensation	1,193,494	1,189,427

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

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

	2020	2019
Exploration and evaluation assets expenditures in accounts payable and accrued liabilities	\$ 138,931	\$ 51,721
Shares-based compensation (note 6)	\$ 4,067	\$ -

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(Unaudited, Prepared by Management)

8. RELATED PARTY TRANSACTIONS

Key Management Personnel

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

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

	2020		2019	
Fees	\$	81,000	\$	81,000
TOTAL	\$	81,000	\$	81,000

Included in accounts payable and accrued liabilities at June 30, 2020 is \$134,132 (2019 - \$83,007) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

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

9. FINANCIAL INSTRUMENTS AND RISK

Fair value

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

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

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

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

As at June 30, 2020, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, receivables excluding GST receivables, and accounts payable and accrued liabilities. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk Management

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

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

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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 June 30, 2020, the Company had a cash and cash equivalents of \$828,061 to settle its current liabilities of \$187,182. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk 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 June 30, 2020, the Company had marketable securities with a fair value of \$1,872,567. A $\pm 10\%$ change in the share prices would affect the Company's consolidated financial statements by approximately \$187,257.

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.

10. CAPITAL MANAGEMENT

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

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

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

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

11. SEGMENTED INFORMATION

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

12. COMMITMENTS

The Company entered into a new office sub-lease agreement commencing 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 sub-lease agreement is \$13,417.

13. EVENTS AFTER THE REPORTING DATE

Subsequent to June 30, 2020, the Company and the Optionors of the Reliance Gold Property executed a formal option agreement and the Company paid a further \$10,000 option payment to the Optionors and issued 100,000 common shares (issued at a value of \$5,000) to the Finder.