



2022 THIRD QUARTER REPORT
SEPTEMBER 30, 2022
(Expressed in Canadian dollars)

Unaudited Condensed Interim Consolidated Financial Statements

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

The accompanying unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022, of **Endurance Gold Corporation** (“the Company”) have been prepared by the Company’s management and have not been reviewed by the Company’s independent auditor.

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

AS AT

	September 30, 2022	December 31, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 747,860	\$ 513,867
Marketable securities (Note 4)	931,221	2,243,285
Prepaid expenses and deposits	14,039	25,824
Receivables	676,969	612,765
Total current assets	<u>2,370,089</u>	<u>3,395,741</u>
Non-current		
Exploration and evaluation assets (Note 5)	7,158,901	4,169,020
Reclamation bond	37,000	37,000
Total non-current assets	<u>7,195,901</u>	<u>4,206,020</u>
Total assets	<u>\$ 9,565,990</u>	<u>\$ 7,601,761</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 588,198	\$ 304,883
Total liabilities	<u>588,198</u>	<u>304,883</u>
EQUITY		
Share capital (Note 6)	16,565,254	13,171,719
Reserves (Note 6)	2,939,009	2,339,536
Deficit	(10,526,471)	(8,214,377)
Total liabilities and equity	<u>\$ 9,565,990</u>	<u>\$ 7,601,761</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 November 28, 2022:

/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

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

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2022	2021	2022	2021
Expenses				
Business development and property investigation	\$ -	\$ 361	\$ 10,994	\$ 81,561
Corporate communications	42,047	40,237	176,002	155,445
Listing and transfer agent fees	2,417	1,609	22,355	11,539
Management fees	19,500	16,500	56,500	49,500
Office and administrative	28,931	14,962	67,049	49,296
Professional fees	10,477	5,763	31,229	10,048
Stock-based compensation (Note 6)	20,631	-	661,341	826,599
Loss before other items	(124,003)	(79,432)	(1,025,470)	(1,183,988)
Other items				
Interest income	8,143	1,693	19,680	3,820
Gain on sale of marketable securities (Note 4)	-	-	1,710	-
Unrealized gain (loss) on marketable securities (Note 4)	(394,247)	127,037	(1,308,014)	(1,562,760)
	(386,104)	128,730	(1,286,624)	(1,558,940)
Comprehensive income (loss) for the period	\$ (510,107)	\$ 49,298	\$ (2,312,094)	\$ (2,742,928)
Basic and diluted income (loss) per common share	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ (0.02)
Basic and diluted weighted average number of common shares outstanding	132,786,636	124,320,990	134,590,827	122,064,213

The accompanying notes are an integral part of these 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, 2021	127,120,990	\$13,171,719	\$ 2,339,536	\$ (8,214,377)	\$ 7,296,878
Shares issued for:					
Exploration and evaluation assets	100,000	36,500	-	-	36,500
Exercise of stock options	1,700,000	113,000	-	-	113,000
Fair value of options exercised	-	95,000	(95,000)	-	-
Exercise of warrants	1,124,000	281,000	-	-	281,000
Private placement	7,637,500	3,055,000	-	-	3,055,000
Share issuance costs	-	(186,965)	33,132	-	(153,833)
Share-based compensation	-	-	661,341	-	661,341
Comprehensive loss for the period	-	-	-	(2,312,094)	(2,312,094)
Balance at September 30, 2022	137,682,490	\$16,565,254	\$ 2,939,009	\$ (10,526,471)	\$ 8,977,792

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
Balance at December 31, 2020	115,340,990	\$10,690,647	\$ 1,607,362	\$ (5,192,048)	\$ 7,105,961
Shares issued for:					
Exercise of stock options	2,000,000	104,000	-	-	104,000
Fair value of options exercised	-	93,140	(93,140)	-	-
Exercise of warrants	160,000	40,000	-	-	40,000
Private placement	6,820,000	2,114,200	-	-	2,114,200
Share issuance costs	-	(196,348)	63,795	-	(132,553)
Share-based compensation	-	-	826,599	-	826,599
Comprehensive loss for the period	-	-	-	(2,742,928)	(2,742,928)
Balance at September 30, 2021	124,320,990	\$12,845,639	\$ 2,404,616	\$ (7,934,976)	\$ 7,315,279

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
	2022	2021	2022	2021
CASH FLOWS FROM (TO) OPERATING ACTIVITIES				
Net income (loss) for the period	\$ (510,107)	\$ 49,298	\$ (2,312,094)	\$ (2,742,928)
Add adjustments:				
(Gain) on sale of marketable securities	-	-	(1,710)	-
Share-based compensation	20,631	-	661,341	826,599
Unrealized (gain) loss on marketable securities	394,247	(127,037)	1,308,014	1,562,760
Interest income	(8,143)	(1,693)	(19,680)	(3,820)
Changes in non-cash working capital items:				
Prepaid expenses and deposits	303,604	(8,323)	11,785	2,921
Receivables	(41,407)	-	(64,204)	(3,579)
Accounts payable and accrued liabilities	(39,975)	26,594	35,687	1,133
Net cash used in operating activities	118,850	(61,161)	(380,861)	(356,914)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES				
Exploration and evaluation assets	(1,558,185)	(351,396)	(2,705,753)	(1,138,750)
Proceeds from sale of marketable securities	-	-	5,760	-
Reclamation bond	-	-	-	(22,000)
Interest received	8,143	1,693	19,680	3,820
Net cash from (used in) investing activities	(1,550,042)	(349,703)	(2,680,313)	(1,156,930)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital	295,250	-	3,449,000	2,258,200
Share issuance costs	-	-	(153,833)	(132,553)
Net cash provided by financing activities	295,250	-	3,295,167	2,125,647
Net increase in cash and cash equivalents during the period	(1,135,942)	(410,864)	233,993	611,803
Cash and cash equivalents, beginning of period	1,883,802	1,527,866	513,867	505,199
Cash and cash equivalents, end of period	\$ 747,860	\$ 1,117,002	\$ 747,860	\$ 1,117,002

Supplemental disclosures with respect to cash flows (Note 7)

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

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 1900, 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9. The Company’s registered address and records office is at Suite 1600, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2.

The Company is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company has not generated revenue from operations and will need to seek additional financing to meet its exploration and development objectives. 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 nine months ended September 30, 2022, the Company reported a net loss of \$2,312,094 and as of that date the Company’s deficit was \$10,526,471. The Company’s net working capital position at September 30, 2022 was \$1,781,891, inclusive of marketable securities with a fair value of \$931,221. 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

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 November 28, 2022 and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021.

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, 2021.

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 CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

	September 30, 2022	December 31, 2021
Fair value, beginning	\$ 2,243,285	\$ 3,934,225
Proceeds from sales, net of commission	(5,760)	-
Gain on sale of marketable securities	1,710	-
Unrealized gain (loss) on marketable securities	(1,308,014)	(1,690,940)
	\$ 931,221	\$ 2,243,285

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 September 30, 2022, 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 12/31/21	\$ 280,632	\$ 362,428	\$ 13,005	\$ -	\$ 656,065
Additions:					
Legal and related expenses	3,522	-	-	-	3,522
Option payments	46,500	-	-	-	46,500
	50,022	-	-	-	50,022
Acquisition 9/30/22	330,654	362,428	13,005	-	706,087
Deferred exploration 12/31/21	1,827,173	1,562,423	123,359	-	3,512,955
Additions:					
Drilling	1,634,824	-	-	-	1,634,824
Field expenses	865,735	-	-	-	865,735
Geochemistry	128,391	-	-	-	128,391
Geological and miscellaneous	287,274	1,064	500	8,573	297,411
Geophysics	-	-	-	13,090	13,090
Land and recording fees	408	-	-	-	408
	2,916,632	1,064	500	21,663	2,939,859
Deferred exploration 9/30/22	4,743,805	1,563,487	123,859	21,663	6,452,814
Total exploration and evaluation assets 9/30/22	\$ 5,074,459	\$ 1,925,915	\$ 136,864	\$ 21,663	\$ 7,158,901

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS

Expenditures incurred on these property interests for the year ended December 31, 2021 were as follows:

	Reliance, BC, CANADA	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Other Properties	TOTAL
Acquisition 12/31/20	\$ 110,335	\$ 343,086	\$ 9,136	\$ 25,884	\$ 488,441
Additions:					
Legal and related expenses	297	-	-	-	297
Option payments	170,000	19,342	3,869	6,448	199,659
	170,297	19,342	3,869	6,448	199,956
Acquisition 12/31/21	280,632	362,428	13,005	32,332	688,397
Deferred exploration 12/31/20	467,729	1,490,319	102,243	44,784	2,105,075
Additions:					
Drilling	858,360	-	-	-	858,360
Excavation & trenching	41,945	-	-	-	41,945
Field expenses	504,599	299	-	-	504,898
Geochemistry	128,880	2,467	-	-	131,347
Geological and miscellaneous (note 13)	267,732	5,166	3,698	3,381	279,977
Geophysics	134,860	-	-	-	134,860
Land and recording fees	408	64,172	17,418	-	81,998
	1,936,784	72,104	21,116	3,381	2,033,385
Deferred exploration 12/31/21	2,404,513	1,562,423	123,359	48,165	4,138,460
B.C. mining exploration tax credit	(577,340)	-	-	-	(577,340)
Write-offs	-	-	-	(80,497)	(80,497)
Total exploration and evaluation assets 12/31/21	\$ 2,107,805	\$ 1,924,851	\$ 136,364	\$ -	\$ 4,169,020

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

(a) Reliance Gold Property

In June 2020, the Company finalized an option agreement (the "Option Agreement") with two private vendors (collectively, the "Optionors") which replaced a letter agreement signed in September 2019. Under the terms of the Option Agreement, the Company can earn a 100% interest in the Reliance Gold Property located near Gold Bridge, British Columbia, for cash consideration in the aggregate amount of \$300,000 (\$70,000 paid to date), the completion of exploration expenditures in the aggregate amount of \$3,000,000 (incurred) by December 31, 2024, and the issuance of up to 4,000,000 common shares in stages (1,000,000 common shares issued at a value of \$187,000) by December 31, 2025. The option is subject to a 2.5% Net Smelter Return ("NSR") royalty, three-fifths of which (1.5% NSR) can be purchased by the Company at any time for \$1,000,000. In addition, the Company issued 200,000 common shares with a value of \$19,000 to PI Financial Corp. for introducing the Optionors to the Company.

(b) Olympic Property

The Company entered into a letter agreement dated April 28, 2022 (the "Agreement") with Avino Silver & Gold

ENDURANCE GOLD CORPORATION

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(Unaudited, Prepared by Management)

Mines Limited ("**Avino**"), whereby the Company has an option to earn a 100% interest in the Olympic Property located immediately adjoining and contiguous with the Company's Reliance Gold Property in southern British Columbia (the "Property") for an aggregate consideration of \$100,000 (\$10,000 paid) in cash payments, 1,500,000 common shares (100,000 common shares issued at a value of \$36,500) of the Company and incurring \$300,000 in exploration expenditures on or before December 31, 2024. The option is subject to a 2.0% NSR royalty, one-half of which (1% NSR) can be purchased by the Company for \$750,000 and the remaining balance of the NSR royalty can be purchased for \$1,000,000 at any time prior to the commencement of Commercial Production.

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

Elephant Mountain Project, Alaska, USA

(a) *Elephant Property (100% owned)*

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

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

In April 2018, the Company entered into an option agreement (the "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\$55,000 paid to date) in stages until December 31, 2024, and issuing to the vendor 300,000 common shares (100,000 common shares issued at a value of \$12,375) of the Company by December 31, 2022. The option is subject to a 2% NSR interest, one-half of which can be purchased by the Company at any time for US\$500,000.

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 (incurred) in exploration expenditures and making US\$40,000 (US\$10,000 paid to date) in cash payments by December 31, 2024. An additional bonus cash payment of US\$20,000 is payable if the Company wishes to exercise the option earlier than October 1, 2024. The option is subject to a 2% NSR interest, one-half of which can be purchased by the Company at any time for US\$200,000.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

Other Properties

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

In 2013, the Company acquired a 100% interest in the Bandito Property, located in the Watson Lake District, Yukon Territory, by making total cash payments of \$175,000 and issuing 5,000,000 common shares valued at \$250,000. The vendor retains a 1% NSR, one-half of which may be purchased by the Company at any time for \$1,000,000. The Company has written off deferred costs aggregating \$1,282,491.

Flint Lake JV Gold Property, Ontario, CANADA

Metals Creek Resources Corp. ("MEK") earned its 75% interest in the Flint Lake property (formerly "Dogpaw"), from the Company, by incurring exploration expenses of \$450,000 and issuing 450,000 common shares of MEK with a value of \$161,000. A joint venture as to 25% (the Company) and 75% (MEK) was formed in January 2010. The JV property is currently owned as to 18.7% by the Company and 81.3% by MEK.

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

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.

6. SHARE CAPITAL

- (a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.
- (b) Issued and outstanding at September 30, 2022: 137,682,490 common shares.

Share issuances

- During the current nine month period ended September 30, 2022:
 - (i) The Company completed a non-brokered private placement on February 11, 2022, receiving gross proceeds of \$3,055,000 by issuing 7,637,500 units (each, a "Unit") at a price of \$0.40 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each such Warrant is exercisable into one common share at a price of \$0.55 per share until February 12, 2024. Insiders of the Company subscribed for a total of 937,500 Units.

In connection with the Financing, the Company paid aggregate cash finders' fees of \$132,000 and issued an aggregate of 165,000 finder warrants (the "Finder Warrants") to eligible finders. Each Finder Warrant will entitle the holder to purchase one common share at an exercise price of \$0.40 until February 12, 2024.
 - (ii) 1,700,000 stock options were exercised for proceeds of \$113,000. \$95,000 was transferred from reserves to share capital, being the fair value of the stock options exercised.
 - (iii) 1,124,000 warrants were exercised for proceeds of \$281,000.
 - (iv) The Company issued 100,000 common shares, with a value of \$36,500, as consideration for the acquisition of the Olympic Property. See note 5.
- During the nine month period ended September 30, 2021:

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

- (i) The Company completed a non-brokered private placement on March 12, 2021, receiving gross proceeds of \$2,114,200 by issuing 6,820,000 units (each, a “Unit”) at a price of \$0.31 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a “Warrant”). Each such Warrant is exercisable into one common share at a price of \$0.50 per share for a period of two years from the date of closing. Insiders of the Company subscribed for a total of 215,000 Units.

In connection with the Financing, the Company paid aggregate cash finders’ fees of \$91,252 and issued an aggregate of 294,360 finder warrants (the “Finder Warrants”) to eligible finders. Each Finder Warrant will entitle the holder to purchase one Share. A total of 119,940 Finder Warrants are exercisable at a price of \$0.50 per Share, and a total of 174,420 Finder Warrants are exercisable at a price of \$0.41 per Share, in each case until March 12, 2023.

- (ii) 2,000,000 stock options were exercised for proceeds of \$104,000. \$93,140 was transferred from reserves to share capital, being the fair value of the stock options exercised.
- (iii) 160,000 warrants were exercised for proceeds of \$40,000.

(c) Stock Options, Warrants and Finder 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, 2020	8,100,000	\$ 0.05
Options exercised	(4,300,000)	0.05
Options granted	2,900,000	0.34
Outstanding at December 31, 2021	6,700,000	\$ 0.18
Options exercised	(1,700,000)	0.07
Options granted*	2,900,000	0.32
Outstanding at September 30, 2022	7,900,000	\$ 0.26
Number of options currently exercisable	7,750,000	\$ 0.26

*200,000 of these stock options were granted to an investor relations consultant and are subject to vesting term. 25% of these options will be vested every 3 months commencing August 24, 2022.

The following stock options were outstanding and exercisable at September 30, 2022:

Number Outstanding	Exercise Price \$	Expiry Date
2,100,000	0.05	August 30, 2024
2,900,000	0.34	April 26, 2026
2,750,000	0.32	May 24, 2027
<u>7,750,000</u>		

ENDURANCE GOLD CORPORATION

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For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2020	4,155,290	\$ 0.25
Investor warrants exercised	(160,000)	0.25
Investor warrants granted	3,410,000	0.50
Finder warrants granted	119,940	0.50
Finder warrants granted	174,420	0.41
Outstanding at December 31, 2021	7,699,650	0.37
Investor warrants exercised	(1,124,000)	0.25
Investor warrants granted	3,818,750	0.55
Finder warrants granted	165,000	0.40
Outstanding at September 30, 2022	10,559,400	\$ 0.45

The following warrants to acquire common shares were outstanding at September 30, 2022:

Number Outstanding	Exercise Price \$	Expiry Date
2,871,290	0.25	December 11, 2022
3,529,940	0.50	March 12, 2023
174,420	0.41	March 12, 2023
165,000	0.40	February 12, 2024
3,818,750	0.55	February 12, 2024
10,559,400		

(d) Share-based compensation

The Company recognized share-based compensation expense of \$661,341 (2021 - \$826,599) for options that vested during the nine month period ended September 30, 2022. The offsetting credit was recorded in Reserves.

The fair value of stock options reported as compensation expense during the nine months period ended September 30, 2022 was determined using the Black-Scholes Option Pricing Model using the following assumptions: volatility of 97.44%, expected life of 5 years, risk-free interest rate of 2.62% and expected dividends of nil.

(e) Reserves

The following is a summary of amounts in Reserves at:

	September 30, 2022	December 31, 2021
Warrants	\$ 506,491	\$ 473,359
Share-based compensation	2,432,518	1,866,177

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

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

	2022	2021
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	\$ 502,872	\$ 322,002
Share-based compensation (note 6)	\$ 661,341	\$ 826,599
Shares issued for exploration and evaluation costs (note 5)	\$ 36,500	\$ -

8. RELATED PARTY TRANSACTIONS

During the nine months period ended September 30, 2022, the Company entered into the following related party transactions:

- a) Paid or accrued to Cooper Jack Investments Limited, a private company controlled by the President, CEO and director, Robert Boyd, an aggregate amount of \$100,000 (2021 - \$72,000), of which \$81,750 (2021 - \$68,700) was capitalized as geological project management fees, \$8,700 (2021 - \$2,700) was expensed as business development and \$9,550 (2021 - \$600) was expensed as corporate communication.
- b) Paid or accrued to T.P. Cheng & Company Ltd., a private company controlled by the Chief Financial Officer, Teresa Cheng, \$56,500 (2021 - \$49,500) for administration management fees.
- c) Paid or accrued to O'Brien Geological Consulting Inc., a private company controlled by the VP, Exploration, Darren O'Brien, an aggregate amount of \$80,435 (2021 - \$nil) for geological project management fees. Mr. O'Brien was appointed as VP, Exploration of the Company on May 24, 2022.
- d) Paid or accrued to Adera Company Management Inc., a private company controlled by a director, J. Christopher Mitchell, \$1,063 (2021 - \$1,000) for administration consulting fees.
- e) Paid share-based compensation* relating to directors and officers of \$616,980 (2021 - \$655,270).

**Share-based compensation consists of the fair value of options that were granted to related parties during the current period. The fair value has been calculated using the Black-Scholes Option Pricing Model as set out in Note 6(d) and does not represent actual amounts received by the related parties.*

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

Included in accounts payable and accrued liabilities at September 30, 2022 is \$139,212 (2021 - \$37,138) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

ENDURANCE GOLD CORPORATION

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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).

The Company's financial instruments are comprised of cash and cash equivalents, marketable securities, receivables excluding GST and BC METC receivable, and accounts payable and accrued liabilities. The carrying value of receivables, reclamation bond 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 statement of financial position as at September 30, 2022 and as at December 31, 2021 are classified as Level 1.

Risk Management

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash and cash equivalents of \$747,860 to settle current liabilities of \$588,198. 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.

ENDURANCE GOLD CORPORATION

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For the nine months ended September 30, 2022

(Unaudited, Prepared by Management)

(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 September 30, 2022, the Company had marketable securities with a fair value of \$931,221. A $\pm 10\%$ change in the share prices would affect the Company's consolidated financial statements by approximately \$93,122.

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 share value.

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

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

11. SEGMENTED INFORMATION

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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12. COMMITMENTS

The Company entered into a new office sub-lease agreement that commenced on April 1, 2022 which will end on September 30, 2023. The sub-lease agreement may be terminated at any time with a 30-day written notice and the Company's commitment on the sub-lease agreement is \$4,800.

13. EVENTS AFTER THE REPORTING DATE

- The Company entered into a letter agreement (the "Agreement") with a private vendor whereby the Company has an option to earn a 100% interest in the Sanchez claims. The Sanchez claims adjoin the eastern boundary of the Company's Reliance Gold Property in southern British Columbia for an aggregate consideration of \$10,000 (\$5,000 paid) in cash payments by January 31, 2023, 300,000 common shares (40,000 common shares issued at a value of \$16,000) of the Company on or before December 31, 2025.
- The Company signed an exploration agreement with the Bridge River Indian Band ("Xwísten"). As compensation for impacts of the Company's exploration activities on Xwísten's traditional territory the Company, among other things, issued 130,000 common shares (issued at a value of \$48,100) of the Company to Xwísten.
- The Company completed a non-brokered private placement on November 1, 2022, receiving gross proceeds of \$2,039,336 by issuing 4,855,562 units (each, a "Unit") at a price of \$0.42 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each such Warrant is exercisable into one common share at a price of \$0.55 per share for a period of two years from the date of closing. Insiders of the Company subscribed for a total of 2,054,012 Units. In connection with the Financing, the Company paid cash finders' fees of \$3,055 and issued 3,577 finder warrants (the "Finder Warrants") to eligible finder. Each Finder Warrant will entitle the holder to purchase one Share at an exercise price of \$0.55 per Share until November 1, 2024.
- 615,000 common shares were issued upon the exercise of a like number of warrants for proceeds of \$153,750.