ENDURANCE GOLD
CORPORATION

2017 ANNUAL FINANCIAL REPORT
December 31, 2017 and 2016
(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

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Endurance Gold Corporation,

We have audited the accompanying consolidated financial statements of Endurance Gold Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Endurance Gold Corporation as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
April 23, 2018

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

	December 31, 2017	December 31, 2016
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 18,639	$ 68,396
Marketable securities (Note 5)	7,907,569	6,790,051
Prepaid expenses and deposits (Note 6)	11,884	10,640
Property payment receivable (Note 5(a))	-	184,621
Receivables (Note 7)	7,684	15,247
Total current assets	7,945,776	7,068,955
Non-current		
Exploration and evaluation assets (Note 8)	1,246,459	833,518
Total non-current assets	1,246,459	833,518
Total assets	$ 9,192,235	$ 7,902,473
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	$ 121,280	$ 180,098
Total liabilities	121,280	180,098
EQUITY		
Share capital (Note 10)	9,648,588	9,473,588
Reserves (Note 10)	1,503,461	1,386,421
Deficit	(2,081,094)	(3,137,634)
	9,070,955	7,722,375
Total liabilities and equity	$ 9,192,235	$ 7,902,473

Nature of operations (Note 1)
Commitments (Note 17)

Approved and authorized on behalf of the Board of Directors on April 23, 2018:

/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*)

	2017	2016
Expenses		
Business development and property investigation (Note 12)	$ 82,557	$ 23,668
Corporate communications (Note 12)	27,797	12,696
Listing and transfer agent fees	14,293	12,370
Management fees (Note 12)	66,000	60,000
Office and administrative	42,096	56,964
Professional fees (Note 12)	27,172	22,366
Share-based compensation (Note 10)	117,040	80,820
Loss from operations	(376,955)	(268,884)
Other items		
Interest income	560	879
Gain on sale of exploration and evaluation assets (Note 8)	-	1,122,174
Gain on sale of marketable securities (Note 5)	259,892	147,419
Unrealized gain on marketable securities (Note 5)	1,173,043	3,099,580
Write-off of exploration and evaluation assets (Note 8)	-	(1,340,443)
	1,433,495	3,029,609
Comprehensive income for the year	$ 1,056,540	$ 2,760,725
Basic and diluted income per common share	$ 0.01	$ 0.03
Basic and diluted weighted average number of common shares outstanding	101,250,084	96,975,656

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				Total
	No. of Shares	Amount	Reserves	Deficit	Equity
Balance at December 31, 2016	**101,085,700**	**$ 9,473,588**	**$ 1,386,421**	**$ (3,137,634)**	**$ 7,722,375**
Shares issued for:					
Debt settlement	2,500,000	175,000	-	-	175,000
Share-based compensation	-	-	117,040	-	117,040
Comprehensive income for the year	-	-	-	1,056,540	1,056,540
Balance at December 31, 2017	**103,585,700**	**$ 9,648,588**	**$ 1,503,461**	**$ (2,081,094)**	**$ 9,070,955**

	Share Capital				Total
	No. of Shares	Amount	Reserves	Deficit	Equity
Balance at December 31, 2015	**94,291,700**	**$ 9,073,386**	**$ 1,305,601**	**$ (5,898,359)**	**$ 4,480,628**
Shares issued for:					
Private placement	6,494,000	389,640	-	-	389,640
Share issuance costs	-	(8,938)	-	-	(8,938)
Share-based compensation	-	-	80,820	-	80,820
Exploration and evaluation assets	300,000	19,500	-	-	19,500
Comprehensive income for the year	-	-	-	2,760,725	2,760,725
Balance at December 31, 2016	**101,085,700**	**$ 9,473,588**	**$ 1,386,421**	**$ (3,137,634)**	**$ 7,722,375**

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*)

	2017	2016
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net income for the year	$ 1,056,540	$ 2,760,725
Add adjustments:		
Gain on sale of exploration and evaluation assets	-	(1,122,174)
Gain on sale of marketable securities	(259,892)	(147,419)
Share-based compensation	117,040	80,820
Unrealized gain on marketable securities	(1,173,043)	(3,099,580)
Unrealized (gain) loss on property payment receivable	(5,679)	5,679
Write-off of exploration and evaluation assets	-	1,340,443
Interest income	(560)	(879)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(1,244)	(531)
Receivables	7,563	(10,074)
Accounts payable and accrued liabilities	142,563	(623)
Net cash used in operating activities	(116,712)	(193,613)
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets	(439,322)	(576,804)
Proceeds on sale of exploration and evaluation asset	-	75,000
Proceeds from sale of marketable securities	505,717	197,205
Interest received	560	879
Net cash from (used in) investing activities	66,955	(303,720)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	389,640
Share issuance costs	-	(8,938)
Net cash provided by financing activities	-	380,702
Net decrease in cash and cash equivalents during the year	(49,757)	(116,631)
Cash and cash equivalents, beginning of year	68,396	185,027
Cash and cash equivalents, end of year	$ 18,639	$ 68,396

Supplemental disclosures with respect to cash flows (Note 11)

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

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 2600 Oceanic Plaza, 1066 West Hastings Street, Vancouver, British Columbia, Canada V6E 3X1.

The Company is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company has not generated any revenue from operations and will need to seek additional financing to meet its exploration and development objectives. The mineral exploration business involves a high degree of risk. The recoverability of the amounts expended on mineral interests by the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development of its mineral properties and upon future profitable production or proceeds from disposition of its mineral interests.

The Company reported a net income of $1,056,540 for the year ended December 31, 2017 and as of that date the Company's accumulated deficit was $2,081,094. The Company's net working capital position at December 31, 2017 was $7,824,496, inclusive of marketable securities with a fair value of $7,907,569. 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 2018 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 2018.

Refer to Note 13(c).

2. BASIS OF PREPARATION

(a) *Statement of Compliance*

The consolidated financial statements of the Company for the year ended December 31, 2017, 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 23, 2018.

(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).

(c) ***Basis of consolidation***

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

			Equity Interest	
	Jurisdiction	Nature of Operations	2017	2016
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

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired, as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing such financial assets in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statements of comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statements of comprehensive loss.

Available-for-sale – Marketable Securities and other non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in comprehensive income (loss).

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above. Fair value adjustments are inclusive of foreign exchange gains and losses, when and as applicable.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired, as follows:

FVTPL - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing such financial liabilities in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities: This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash and cash equivalents and marketable securities as FVTPL. The Company's receivables, excluding GST receivable, are classified as loans and receivables.

(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.

(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.

(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.

(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, 2017, 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.

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 Not Yet Effective***

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, 2018. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9 *Financial Instruments*, replaces IAS 39 - *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has assessed the impact of this standard and does not expect the Company's consolidated financial statements to be significantly affected by this standard.

- IFRS 16, *Leases*, addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases*. The standard requires lessees to recognize assets and liabilities for all leases unless the lease term is

12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company is currently evaluating the impact of the adoption of this amendments on its consolidated financial statements.

4. CASH AND CASH EQUIVALENTS

	December 31, 2017	December 31, 2016
Cash on deposit	$ 18,639	$ 28,396
Liquid short-term deposit	-	40,000
	$ 18,639	$ 68,396

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, 2017	December 31, 2016
Fair value, beginning	$ 6,790,051	$ 297,757
Additions (Notes 5(a), 5(b))	190,300	3,442,500
Proceeds from sales, net of commission	(505,717)	(197,205)
Gain on sale of marketable securities	259,892	147,419
Unrealized gain on marketable securities	1,173,043	3,099,580
	$ 7,907,569	$ 6,790,051

(a) During fiscal 2015, the Company sold its Rattlesnake Hills Property to GFG Resources Inc. (“GFG”) (formerly GFG Resources (US) Inc.) for 1,400,000 common shares of GFG, a cash payment of US$150,000 and other consideration. The final tranche of 550,000 common shares received during 2017 had been accrued as a receivable of $184,621 at December 31, 2016, and was subsequently recorded on receipt at a value of $190,300.

(b) 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. Although the Company has a right and has designated a member to 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. During the current year, the Company sold 318,500 shares for proceeds of $88,447, and accordingly at December 31, 2017 held 25,181,500 shares at an estimated aggregate market value of $7,554,450.

The Company’s previous joint venture interest was considered to be a joint operation under IFRS and recorded within the Company’s deferred exploration and evaluation costs. Refer to Note 8.

(c) 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, 2017	December 31, 2016
Prepaid rent	$ 2,114	$ 2,114
Insurance	9,770	8,526
	$ 11,884	$ 10,640

7. RECEIVABLES

	December 31, 2017	December 31, 2016
Sales tax receivable	$ 7,684	$ 15,107
Interest receivable	-	140
	$ 7,684	$ 15,247

8. EXPLORATION AND EVALUATION ASSETS

As at December 31, 2017, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Other Properties	TOTAL
Acquisition 12/31/16	**$ 116,412**	**$ -**	**$ -**	**$ 116,412**
Additions:				
Legal and related expenses	620	-	-	620
Option payments	13,079	1,344	6,385	20,808
	13,699	1,344	6,385	21,428
Acquisition 12/31/17	**130,111**	**1,344**	**6,385**	**137,840**
Deferred exploration 12/31/16	**708,197**	**8,909**	**-**	**717,106**
Additions:				
Field expenses	49,858	2,448	-	52,306
Geochemistry	15,248	-	-	15,248
Geological and miscellaneous (note 12)	97,465	17,078	5,973	120,516
Geophysics	137,546	-	-	137,546
Helicopters	38,202	-	-	38,202
Land and recording fees	16,125	11,570	-	27,695
	354,444	31,096	5,973	391,513
Deferred exploration 12/31/17	**1,062,641**	**40,005**	**5,973**	**1,108,619**
Total exploration and evaluation assets 12/31/17	**$ 1,192,752**	**$ 41,349**	**$ 12,358**	**$ 1,246,459**

As at December 31, 2016, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets are as follows:

	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Pardo, Ontario, CANADA	Bandito, Yukon CANADA	Other Properties, CANADA	TOTAL
Acquisition 12/31/15	**$ 76,669**	**$ -**	**$ 369,386**	**$ 462,918**	**$ -**	**$ 908,973**
Additions:						
Legal and related expenses	-	-	148,320	-	-	148,320
Option payments	39,743	-	-	-	-	39,743
	39,743	-	148,320	-	-	188,063
Cost recovery	-	-	(517,706)	-	-	(517,706)
Write-off	-	-	-	(462,918)	-	(462,918)
Acquisition 12/31/16	**116,412**	**-**	**-**	**-**	**-**	**116,412**
Deferred exploration 12/31/15	**251,290**	**-**	**1,874,624**	**808,954**	**65,384**	**3,000,252**
Additions:						
Drilling	124,176	-	-	-	-	124,176
Field expenses	97,385	-	-	-	-	97,385
Geochemistry	19,506	-	-	-	-	19,506
Geological and miscellaneous (note 12)	112,646	1,309	2,995	487	2,700	120,137
Helicopters	90,471	-	-	-	-	90,471
Land and recording fees	12,723	7,600	-	-	-	20,323
	456,907	8,909	2,995	487	2,700	471,998
Cost recovery	-	-	(1,877,619)	-	-	(1,877,619)
Write-off	-	-	-	(809,441)	(68,084)	(877,525)
Deferred exploration 12/31/16	**708,197**	**8,909**	**-**	**-**	**-**	**717,106**
Total exploration and evaluation assets 12/31/16	**$ 824,609**	**$ 8,909**	**$ -**	**$ -**	**$ -**	**$ 833,518**

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 and December 2017. 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) by December 2015, issuing to the vendor 400,000 common shares (issued at a value of $24,125) of the Company by December 2016, and making cash payments totaling US$200,000 (US$95,000 paid, of which US$15,000 paid subsequent to year end) in stages until December 2019. 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 Properties

In March 2017, the Company acquired an option to earn a 100% ownership in the Trout and Wolverine Properties located immediately northeast of the Company's Elephant Property. Under the terms of the letter agreement with Frantz LLC, Endurance can earn a 100% interest in the combined Trout and Wolverine Properties by completing a total of US$200,000 in exploration expenditures, making US$180,000 (US$5,000 paid) in cash payments by December 31, 2024 and delivering 300,000 Endurance common shares 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 in the Fairbanks District of Alaska, USA. Additional mineral claims were staked in 2012, 2013 and 2017. Some of these claims were allowed to lapse in 2015 and 2016.

(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. Under the terms of a 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$1,000 paid) 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 in 2013. 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 wrote off the carrying value of $1,272,360 in acquisition costs and exploration expenditures incurred by the Company on the property in 2016 as 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 20.3% by the Company and 79.7% by MEK.

In addition, the Company retains a 2.5% NSR interest on four other claims owned by a subsidiary of First Mining Finance Corp. in the Dogpaw Lake area.

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.

Pardo Gold Property, Ontario, CANADA (Sold)
Inventus (formerly Ginguro Exploration Inc.) earned its 55% interest in the Pardo Property by completing over $1,000,000 in exploration expenditures and making cash payments totaling $200,000 to the Company. As a result, the 45% (Endurance) and 55% (Inventus) Pardo JV was formed in March 2012.

In June 2014, the parties agreed that Endurance would own a 35.5% interest in the Pardo JV, with Inventus holding the remaining 64.5% interest. The Company maintained its ownership interest by funding approved program activities between 2014 and 2016.

In November 2016, the Company sold its 35.5% JV interest to Inventus for $75,000 in cash and 25.5 million shares of Inventus. As part of the sale transaction, the Company has the right to maintain its then percentage shareholding in any future Inventus financings, and the right to appoint a representative to the board of directors of Inventus for as long as the Company's Inventus shareholding exceeds 10%. However, the Company does not have any influence on Inventus' operations nor any involvement in Inventus' business decision making processes. The Company currently owns 23.35% of Inventus.

Rattlesnake - Natrona Gold Property, Wyoming, USA (Sold – Retained a 2% NSR)
On October 8, 2015, the Company entered into an Asset Purchase Agreement (the "APA"), pursuant to which, GFG acquired all of the Company's Rattlesnake Hills Properties for 1,400,000 common shares of GFG (850,000 shares received on closing at a value of $276,611 and the remaining 550,000 shares received at a value of $190,300 in February 2017), a cash payment of US$150,000 (received) and other consideration. The other consideration consists of two additional bonus share payments aggregating 750,000 common shares that are issuable under certain circumstances. Endurance retains a 2% NSR on production from the federal mining claims and a 1% NSR on production from the State leases, together with a 1% NSR on production from certain private fee simple mineral rights if those rights are acquired by GFG ("Endurance Royalty"). GFG can purchase one half of the Endurance Royalty at any time for a cash payment of US$1,500,000.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		December 31, 2017		December 31, 2016
Trade payables	$	104,330	$	163,298
Accrued liabilities		16,950		16,800
	$	121,280	$	180,098

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

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, 2017: 103,585,700 common shares.

Share issuances

- During the fiscal year ended December 31, 2017, the Company issued 2,500,000 common shares at a price of $0.07 per share to a private company controlled by the Company's President & Chief Executive Officer in settlement of $175,000 of debt arising from the transactions disclosed in Note 12(a).

- During the fiscal year ended December 31, 2016, the Company:

(i) completed a non-brokered private placement financing of 6,494,000 units (each, a "Unit") at a price of $0.06 per Unit for gross proceeds of $389,640 in two tranches. Each Unit consists of one common share and one non-transferable common share purchase warrant (the "Warrant"). Each such Warrant is exercisable into one common share at a price of $0.10 per share for a period of three years from the date of closing (the "Closing"). The Company adopted the residual value approach to bifurcate the fair value of the warrants from the common shares pursuant to the unit offering and determined the fair value at $0.06 for the common share and $0.00 for the warrant. Accordingly, the Company allocated the full amount of the proceeds to Share Capital. The Warrants are subject to an accelerated expiry date which comes into effect when the volume weighted average trading price of the common shares of the Company closes at or above $0.18 per share for twenty consecutive trading days in the period commencing four months after the Closing. In the event that the Company gives an expiry acceleration notice (the "Notice") to holders of the warrants, the expiry date of the Warrants will be 30 days from the date of the Notice. A total of 2,890,000 Units were subscribed by directors and officers of the Company.

(ii) issued 300,000 common shares, with a value of $19,500, as an option payment pursuant to a mineral property agreement on the Elephant Mountain Property in Alaska, USA. See note 8.

(c) Stock Options and Warrants Outstanding

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

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

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2015	**5,350,000**	**$ 0.11**
Options expired	(300,000)	0.21
Options granted	1,800,000	0.05
Outstanding at December 31, 2016	**6,850,000**	**$ 0.09**
Options expired	(1,000,000)	0.10
Options granted	1,900,000	0.07
Outstanding at December 31, 2017	**7,750,000**	**$ 0.08**
Number of options currently exercisable	7,750,000	$ 0.08

At December 31, 2017, the weighted average remaining life of the outstanding options was 2.80 years (2016 – 2.82 years). The following stock options were outstanding and exercisable at December 31, 2017:

Number Outstanding	Exercise Price $	Expiry Date
4,050,000	0.10	August 28, 2019
1,800,000	0.05	May 25, 2021
1,900,000	0.07	August 30, 2022
7,750,000		

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2015	**28,769,114**	$ 0.09
Warrants granted	6,494,000	0.10
Outstanding at December 31, 2016	**35,263,114**	0.10
Warrants expired	(15,333,400)	0.11
Outstanding at December 31, 2017	**19,929,714**	$ 0.08

At December 31, 2017, the weighted average remaining life of the outstanding warrants was 0.97 years (2016 - 1.42 years).

The following warrants to acquire common shares were outstanding at December 31, 2017:

Number Outstanding	Exercise Price $	Expiry Date
6,800,000	0.05	May 29, 2018
2,350,000	0.10	July 11, 2018
2,466,000	0.10	February 27, 2019
1,819,714	0.10	March 12, 2019
3,994,000	0.10	July 22, 2019
2,500,000	0.10	August 22, 2019
19,929,714		

(d) Share-based compensation

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

	2017	**2016**
Description		
Expected dividend yield	0.0%	0.0%
Risk free interest rate	1.51%	0.79%
Expected stock price volatility	137.52%	145.05%
Expected life of options	5 years	5 years
Weighted average fair value	$0.0616	$0.0449

Based on the foregoing, share-based compensation expense of $117,040 (2016 - $80,820) was recorded for options that vested during the year ended December 31, 2017. 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:

	2017	2016
Warrants	$ 409,564	$ 409,564
Share-based compensation	1,093,897	976,857

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

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

	2017	2016
Share-based compensation (note 10)	$ 117,040	$ 80,820
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	$ 45,983	$ 141,364
Shares issued for exploration and evaluation costs (notes 8, 10(b) and 12(a))	$ -	$ 19,500
Marketable securities acquired in exchange for exploration and evaluation asset (note 8)	$ 190,300	$ 3,442,500
Shares issued for debt (note 12 (a))	$ 175,000	$ -

12. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities at December 31, 2017 is $68,322 (2016 - $158,354) 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, 2017, 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 (2016 - $96,000), of which $69,000 (2016 - $76,100) was capitalized as geological project management fees, $27,000 (2016 - $19,750) was expensed as business development and property investigation, and $nil (2016 - $150) was expensed as corporate communication expenses. The Company also issued 2,500,000 common shares at a price of $0.07 per share to CJIL in settlement of $175,000 of debt.

b) Paid or accrued to T.P. Cheng & Company Ltd., a private company controlled by an officer, Teresa Cheng, $66,000 (2016 - $60,000) 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 $3,188 (2016 - $8,094) for professional fees, of which $nil (2016 - $3,063) was capitalized as project consulting fees, $1,375 (2016 - $1,188) was expensed as business development and property investigation, and $1,813 (2016 - $3,843) was expensed as administration consulting fees.

d) Paid share-based compensation relating to directors and officers of $117,040 (2016 - $80,820).

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).

As at December 31, 2017, 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, 2017

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 18,639	$ -	$ -	$ 18,639
Marketable securities	7,907,569	-	-	7,907,569
	$ 7,926,208	$ -	$ -	$ 7,926,208

December 31, 2016

Assets	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 68,396	$ -	$ -	$ 68,396
Marketable securities	6,790,051	-	-	6,790,051
	$ 6,858,447	$ -	$ -	$ 6,858,447

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, 2017, the Company had a cash and cash equivalents of $18,639. 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 $121,280. 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 December 31, 2017, the Company had marketable securities with a fair value of $7,907,569. A ±10% change in the share prices would affect the Company's consolidated financial statements by approximately $790,757.

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.

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:

	2017	2016
Net income (loss) before income taxes	$ 1,056,540	$ 2,760,725
Expected income tax expense (recovery)	274,000	718,000
Non-deductible expenses for tax purposes	(156,000)	(109,000)
Impact of future income tax rates applied versus current statutory rate	5,000	-
Share issue costs	(3,000)	(3,000)
Change in unrecognized deductible temporary differences	(120,000)	(606,000)
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:

	As of December 31,			
	2017	Expiry Dates	2016	Expiry Dates
Share issue costs	$ 14,000	Not applicable	$ 24,000	Not applicable
Allowable capital losses	-	Not applicable	-	Not applicable
Non-capital losses	1,302,000	2032 to 2037	3,283,000	2026 to 2036
Capital assets	10,000	Not applicable	10,000	Not applicable
Exploration and evaluation assets	2,573,000	Not applicable	622,000	Not applicable
Investment tax credits	77,000	2028 to 2034	77,000	2028 to 2035
Marketable securities	(4,167,000)	Not applicable	(3,006,000)	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.

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, 2017	December 31, 2016
Exploration and evaluation assets in:		
- Canada	$ 1,350	$ -
- United States	1,245,109	833,518
TOTAL	$ 1,246,459	$ 833,518

17. COMMITMENTS

The Company's commitment on its current office sub-lease agreement which commenced on June 1, 2016 and will end on April 30, 2019. Future minimum lease payments as at December 31, 2017 are as follows:

2018	$ 24,741
2019	8,259
	$ 33,000