

ENDURANCE GOLD CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
For the three month ended March 31, 2017

This Management's Discussion and Analysis ("**MD&A**") has been prepared as of May 26, 2017 (the "**Report Date**"), and contains information up to and including the Report Date. This MD&A reviews the operating results and financial position of Endurance Gold Corporation and its U.S. subsidiary ("**Endurance**", or the "**Company**") for the three month period ended March 31, 2017 with the comparable period in 2016. It should be read in conjunction with the unaudited condensed interim consolidated financial statements ("**Condensed Interim FS**") of Endurance for the three months ended March 31, 2017 and the related notes, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All monetary amounts are in Canadian dollars. Additional information relating to the Company is available for viewing on the Company's website at www.endurancegold.com or on SEDAR at www.sedar.com.

Overview

Endurance is a company focused on the exploration and development of mineral properties in North America. The Company is a reporting issuer in British Columbia and listed on the TSX Venture Exchange (the "**Exchange**") under the symbol "EDG".

The Company's properties are in the exploration stage and the Company has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets and related deferred exploration expenditures are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the exploration and evaluation assets and upon future profitable production or proceeds from the disposition thereof.

The Company formed a 100% owned U.S. subsidiary, Endurance Resources Inc. ("**ERI**"), on October 28, 2008 to acquire and evaluate several exploration project opportunities in the United States.

Exploration Activities

The Company incurred about \$6,000 in acquisition and exploration expenditures in the current period. The exploration expenditures incurred during the current period were primarily incurred in related to the Company's Elephant Mountain Gold Property in Alaska, USA.

Some effort has been directed at the evaluation of new acquisition opportunities for the Company with such effort focused entirely in North America.

Dollar amounts stated in this document are expressed in Canadian currency unless otherwise indicated.

Elephant Mountain, Trout and Wolverine Gold Properties, Alaska, USA (Option to earn 100% interest)

The Elephant Mountain Property is part of the Company's larger Elephant Mountain Project which also includes the Trout Property and Wolverine Property acquired in March. The Elephant Mountain Property is located in the Rampart and the Manley Hot Springs placer gold mining districts near Eureka, Alaska and can be accessed by the Elliot Highway, mine access roads and trails from Eureka, a placer mining community, located about 76 miles (123 kilometres ("**km**")) west of Fairbanks.

Within these three properties, which collectively encompass 7,680 acres, six (6) km-scale gold targets have been recognized associated with a Cretaceous-aged intrusive complex and related alteration system that extends for at least twelve (12) km from the southwest to the northeast. Two of the gold targets were drill-tested in 2016 resulting in highlights of **4.09 grams per tonne ("gpt") gold over 4.6 metres ("m")** and **0.40 gpt gold over 147.1 m** in drill holes separated by 1.4 km. Four other of the recognized targets remain untested by drilling.

Under the terms of the initial agreement finalized in December 2013, as amended in February 2017, with Frantz LLC,

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Endurance can earn a 100% interest in the Elephant Mountain Property (5,440 acres) by completing a total of US\$200,000 in exploration expenditures (incurred), delivering 400,000 Endurance common shares (issued at a value of \$24,125) and US\$200,000 (US\$75,000 paid) in cash payments by December 31, 2019. The option is subject to a 2% net smelter royalty ("**Elephant NSR**"), and Endurance can purchase half of the Elephant NSR at any time for US\$750,000.

In March 2017, the Company expanded the Elephant Mountain Project with the acquisition of an option to earn a 100% ownership in the 2,240 acre Trout and Wolverine Properties located northeast of the Elephant Mountain 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, US\$180,000 (\$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 ("**Trout-Wolverine NSR**") and Endurance can purchase half of the Trout-Wolverine NSR at any time.

The Elephant Mountain Project area is, in part, drained by Eureka, Pioneer and Quail Creeks. Alluvial gold was first discovered in Eureka Creek in 1898 and Eureka, Pioneer and Quail Creeks are three significant alluvial gold bearing creeks in the Eureka-Hot Springs gold district.

The Elephant Mountain Project area is interpreted to be part of the family of *reduced intrusion-related gold system (RIRG)* similar to Kinross Gold Corp.'s Fort Knox Mine, Ryan Lode and True North deposits and Freegold's Vinasale deposit located in the nearby Fairbanks Gold Mining district in Alaska, as well as the Brewery Creek, Dublin Gulch and Goldcorp Inc.'s Coffee deposits in the Yukon. All of these RIRG deposits are interpreted to be related to late Cretaceous-aged intrusive events within the Tintina Gold Province of Alaska and the Yukon, and are all associated with historic placer gold mining activity. The intrusive host to the six (6) known km-scale exploration targets at the Elephant Mountain Project are multi-phase Cretaceous-aged granodiorite, diorite, syenomonzonite and granite plutons that intrude quartzite, siltstone and shale forming significant alteration haloes of hornfels.

The Elephant Mountain Property was explored for gold by Placer Dome, Inc. ("**PDI**") between 1989 and 1992. PDI identified a large gold-arsenic soil geochemical anomaly over the intrusive that extends for at least 6,000 feet (1,830 m) and up to 1,500 feet (457 m) wide, with peak values in the PDI soil samples up to 1,540 parts per billion ("**ppb**") gold.

On this property, with the 2016 objective of discovering higher grade structures, the Company focused its exploration attention on the **South Zone Soil Anomaly** target which consists of a gold-arsenic-antimony soil anomaly encompassing a 1,000 m by 250 m area with gold values exceeding 100 ppb gold. The highest gold values in rock samples from the Elephant Property come from this target. Prospecting and sampling has resulted in the discovery of gold values in grab samples of quartz vein material from the intrusive including 12.98 gpt, 5.21 gpt, 4.44 gpt, 3.02 gpt, 2.59 gpt and 2.18 gpt gold. PDI collected a stibnite (antimony sulphide) bearing grab sample in 1991 in this area that assayed 12 ounces per ton gold (411.4 gpt gold). PDI drilled two (2) holes in the South Zone in 1992 without explaining the soil anomaly.

The Company completed four diamond drill holes from three setups on the South Zone soil anomaly in 2016 and in October 2016, the Company announced encouraging results from the first two drill holes. Weighted average gold results for the mineralized zone in two closely spaced holes are **4.09 gpt gold over 4.6 m** and **3.87 gpt gold over 4.6 m**. True width is currently unknown.

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Summary of South Zone Intersections - Hole EL16-14A & EL16-14B

Hole	From (m)	To (m)	Interval (m)	Gold (gpt)	Silver (gpt)
EL16 14A	18.3	22.9	4.6	4.09	2.8
<i>Includes</i>	<i>18.3</i>	<i>19.3</i>	<i>1.0</i>	<i>3.82</i>	<i>2.2</i>
<i>Includes</i>	<i>20.7</i>	<i>21.3</i>	<i>0.67</i>	<i>20.39</i>	<i>12.1</i>
EL16 14B	15.2	19.8	4.6	3.87	2.5
<i>Includes</i>	<i>15.2</i>	<i>16.1</i>	<i>0.91</i>	<i>3.75</i>	<i>2.8</i>
<i>Includes</i>	<i>17.8</i>	<i>18.3</i>	<i>0.52</i>	<i>24.90</i>	<i>11.5</i>

The gold mineralization in EL16-14 A&B is related to a zone of inter-layered diorite and syenomonzonite associated with pervasive pyrite-arsenopyrite calcite and silica replacement of the diorite layer with a massive stibnite bearing fault fill that appears to parallel to sub-parallel a contact between a diorite layer and the syenomonzonite with the associated **high grade intercepts of 20.39 gpt and 24.9 gpt gold** correlated at this location in both drill holes. The structure that hosts the massive stibnite is currently interpreted to be a steeply dipping structural zone striking northwest parallel to the eastern margin of the South Zone soil anomaly.

Drill holes EL 16-14 A&B (Azimuth 235 degrees, Dip -45 degrees) were drilled from the same setup on the eastern margin of the South Zone soil anomaly and are the same target hole that was re-drilled after EL 16-14A was lost and re-drilled as EL 16-14B. After re-establishing the hole, it was re-drilled past the same target at an interpreted slightly shallower angle. Thus, these two drill intersections are estimated to be less than three (3) m apart.

The remaining two drill holes (EL 16-15, EL 16-16) that tested the South Zone anomaly have transected primarily sheared and faulted diorite, granodiorite, and/or syenomonzonite with inliers of altered clastic sediments. The South Zone drill hole EL 16-15 (Azimuth 055 degrees, Dip -45 degrees) which underlies the western portion of the South Zone soil anomaly, intersected a wide oxidized and disrupted zone which includes multiple areas of faulting, brecciation and clay gouge. The best assay results include an intersection of **0.52 gpt gold over 3.04 m which includes 1.13 gpt gold over 1.06 m** associated with one of the zones of oxidized clay gouge breccia and fault rubble. Twenty four percent of the core was not recovered through this interval suggesting possible recovery loss of oxidized mineralization.

The South Zone drill hole EL 16-16 (Azimuth 235 degrees, Dip -45 degrees) is located on the east side of the South Zone soil anomaly 249 m north west of EL 16-14 and intersected primarily syenomonzonite, minor diorite, with veinlet zones throughout its entire length with some inliers of altered sediments. The best assay results from this drilling include intersection of **0.59 gpt gold over 2.44 m and 0.48 gpt gold over 2.44 m**. These intersections are associated with minor pyrite and arsenopyrite associated with a quartz veinlet zone in syenomonzonite and a clay gouge zone in silicified and carbonate altered diorite and sediments. It is now interpreted that this hole was collared too far to the west to intersect the interpreted northwestern strike extension of the EL 16-14 South Zone discovery.

On the **North Zone Soil Anomaly**, PDI completed eight (8) drill holes in 1992. On surface, pervasive disseminated pyrite-arsenopyrite with intense sericite alteration of granodiorite covers about one (1) square km outcrop area. The best of the PDI drill holes returned an average grade of **0.015 ounce per ton gold (0.514 gpt gold) over an interval of 326 feet (99.4 m)** and bottomed in mineralization. In September 2016, Endurance completed one diamond drill hole EL 16-13 (Azimuth 180 degrees, Dip -45 degrees) which tested the slightly higher grade core of the best PDI drill hole. EL 16-13 was drilled to a total depth of 180.75 m and encountered silicified and phyllic (sericite) altered granodiorite throughout the entire core length. About 150 m of this length, starting at surface, encountered up to 1.5% pervasive disseminated pyrite and arsenopyrite with arsenopyrite and pyrite bearing quartz veinlets. The entire length of the drill hole is in-part oxidized with the oxidation related to fractures and oxidized quartz-sulphide veinlets. Assay results are **0.40 gpt gold over 147.1 m including a 0.63 gpt gold over 48.2 m**. True width is currently unknown

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although correlation of the greater than 0.50 gpt gold mineralization for the North Zone drill section shows an apparent sub-horizontal orientation.

The **Central Zone Target**, an area of no outcrop, is located between the North and the South Zones and is interpreted to be an area of altered intrusive associated with a regional scale east-west structure that transects the intrusive. PDI completed a gradient induced polarization ("IP") resistivity and dipole-dipole IP geophysical survey which identified a chargeability anomaly with dimensions of about 1,500 m by 500 m between the North and South Zones. This geophysical target has not yet been tested with diamond drilling.

The Elephant Mountain property warrants "step-out" drilling to expand the gold bearing structure along strike and dip at the South Zone Discovery, further drill testing of the North Zone to identify higher grade structures, and initial drill testing of the Central Zone structure which could be a feeder structure for both the South and North Zones. Further IP and magnetics ground geophysics is warranted to better define drill targets. The company is planning for ground IP and magnetics geophysics over the South, Central and North Zones to commence in June followed by plans for drilling in the third quarter.

The Trout Property is located about eleven (11) km northeast of the South Zone Discovery and hosts the most significant of the three newly acquired gold targets. The **Trout Target** consists of a soil anomaly, with values in excess of 100 ppb gold (with soil values up to 1,880 ppb gold) that outline a 1,000 m by 300 m mineralized trend. The best assay results reported included a gold-in-rock grab sample which assayed 9.64 gpt gold associated with a quartz vein hosted within shearing in the intrusive. The Trout Target remains open for expansion in size. Other highly prospective targets on the Trout and Wolverine properties include the **South Fork** and **Wolverine Targets**.

A summer program of soil and rock sampling, and prospecting, is currently being planned for the Trout and Wolverine properties.

McCord Gold Property, Alaska, USA (100% interest)

The 100% owned McCord Property was staked by the Company and currently consists of 20 Alaska State mineral claims located in the Fairbanks Mining District, near Livengood.

The McCord Property is located in the eastern extension of the Livengood Gold District and immediately adjoins International Tower Hill's ("ITH") Livengood Property on the eastern side. ITH has reported in-situ measured and indicated resource of 11.46 million ounces of gold (see the ITH website for complete disclosure).

The Company's historic exploration programs consisted of grid-based and power auger assisted soil sampling (467 soil samples to date), geological mapping, prospecting, and rock sampling (73 rock samples to date). The combined soil sampling programs have identified at least five gold-in-soil anomalies. The two largest multi-element soil anomalies, exceeding 10 ppb gold, are approximately 1,500 m by 400 m, and 1,100 m by 500 m in size. The maximum soil value exceeds 100 ppb gold, which is the upper detection limit for the analytical method used. The Livengood District has not been glaciated and therefore any soil anomalies are interpreted to represent a local source area.

The geology in the McCord Creek area is interpreted to consist of Proterozoic to Paleozoic sedimentary and volcanic rocks near an ophiolitic thrust assemblage of mafic volcanics that has been cross-cut by Cretaceous-aged intrusives. This geological setting is similar to ITH's adjoining property.

The Company is currently in the process of reevaluating this project with the potential for additional exploration activity in 2017. As part of this evaluation, the Company recently acquired an option to earn 100% ownership of nine claims adjoining the property. Under the terms of a letter agreement with the optionors, Endurance can earn a 100% interest in the property by completing a total of US\$50,000 in exploration expenditures and US\$40,000 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.

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Bandito Property, Yukon, Canada (100% interest)

The Bandito Property is now comprised of 177 claims covering about 3,700 hectares.

In 2013, the Company acquired a 100% interest in the Bandito Property by paying the vendor a total of \$175,000 cash payment and five million common shares of the Company. The vendor retains a 1% NSR, one-half of which may be purchased by the Company 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.

Significant heavy rare earth dominant mineralization has been discovered by the company on the Property. The most significant prospects were identified during follow-up to extensive rare earth element ("REE") and niobium soil anomalies. Highlights of prospects within the Red Syenite include:

- highly altered Red Syenite - 3.491% TREO+Y with 76.7% HREO ratio, 0.887% Nb₂O₅, 43.2% ZrO₂.
- highly altered Red Syenite - 1.978% TREO+Y with 74.9% HREO ratio, 0.958% Nb₂O₅, 43.6% ZrO₂.
- Bedrock - hematite altered Red Syenite - 0.698% TREO+Y with 46% HREO ratio.

TREO+Y means total REE oxides plus yttrium oxide.

HERO ratio refers to the percentage of the heavy rare earth oxides (from europium to lutetium plus yttrium) as a percentage of total rare earth oxides.

Other significant rare earth element prospects discovered to date include:

South Fenite trenches		
northern	2.30% TREO+Y	Over 6 m
	Including 3.32% TREO+Y	Over 4 m
southern	1.38% TREO+Y	Over 8 m
	Including 2.08% TREO+Y	Over 5 m

The South Fenite trench (northern) averages 10.8% HREO ratio and 10.8% neodymium oxide (Nd₂O₃) ratio.

In addition to these encouraging REE discoveries reconnaissance scale prospecting and sampling has identified other significant niobium-tantalum prospects, including:

- A grab sample with 1.3% Nb₂O₅, and 0.094% Ta₂O₅ associated with pyrochlore and specular hematite alteration in Red Syenite.
- Rock samples in Red Syenite up to 0.958% Nb₂O₅ (grab), 0.323% Nb₂O₅ (grab), 0.316% Nb₂O₅ (grab), 0.312% Nb₂O₅ (grab), and 0.243% Nb₂O₅ (grab) plus 0.22% Nb₂O₅ over 3.0 m.
- In the North Fenite, South Fenite and Copper Pass Fenite (2.9 km strike) about thirty (30) samples returned values greater than 1,000 ppm niobium (>0.143% Nb₂O₅) including values up to 0.429% Nb₂O₅ over 1.0 m and 0.21% Nb₂O₅ over 6 m.

The elevated rare earth and niobium values in rock samples fall within at least a two (2) square km area underlain by the metasomatized and red coloured syenite. The area is largely tree covered with poor outcrop exposures and underlain by the extensive REE, Nb, Tantalum and Zirconium soil anomalies which anomalies remain open to expansion. In addition, encouraging values up to 11.35% nickel and 1.22% copper have been identified on the property but they are seemingly unrelated to the rare-earth niobium mineralization.

Based on a comprehensive review completed in 2013, a program of additional soil sampling, trenching and drilling

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is justified to advance this rare earth-niobium-zircon target to the discovery stage.

In 2013, the Government of the Yukon issued the Mining Land Use Approval (MLUA) document for a Class 3 Land Use Permit that will allow for a multi-year trenching and drilling program.

The Company is currently considering all of its strategic options to either divest its interest or fund a significant exploration program on this project. No exploration is planned for the 2017 field season.

Other Properties

Flint Lake (Dogpaw) JV Gold Project, Ontario, Canada (21% JV interest)

The Flint Lake (Dogpaw) JV Property is located approximately 58 km southeast of Kenora in northwestern Ontario. The property is now comprised of 14 mining claims all situated within the Kenora Mining Division.

In 2007 Endurance entered into an option agreement with Metals Creek Resources Corp. ("**MEK**"), whereby MEK could acquire a 75% interest in the Dogpaw Lake and Flint Lake areas of northwestern Ontario. Since that date, MEK has earned its 75% interest through issuing 450,000 shares to EDG and completing \$450,000 in exploration expenditures, and a JV was formed in 2010. MEK is appointed as the Operator.

In 2012, the Flint Lake (Dogpaw) JV completed a trenching program. The Company elected to not participate in funding of the trenching program and as a result its JV interest was reduced. The program was successful in upgrading the Stephens Lake occurrence. The best trenching results from the Stephens Lake occurrence returned a surface channel cut of 1.43 gpt gold over 21 m hosted in altered granodiorite. The Stephens Lake occurrence is located about 11 km east of Highway 71. Trenching also discovered 7.80 gpt gold over 3.1 m on the strike extension of the Flint Central Zone.

A JV program of claim geo-referencing and prospecting was completed in 2014 for which the Company elected to participate in funding. A modest 2015 program of additional geo-referencing and prospecting was completed and Endurance elected not to contribute to the 2015 exploration program.

In 2016, the Operator of the JV proposed and completed a program of prospecting and trenching primarily focused on the Stephens Lake intrusive hosted target to which the Company elected not to participate. Eight trenches/pits were completed in the Stephens Lake area with one new trench returning channel sample results of **1.12 gpt gold over 9.0 m** hosted within altered granodiorite with disseminated sulphides.

Dogpaw Royalty, Ontario, Canada (2.5% NSR)

In the Dogpaw Lake area, Endurance also retains a 2.5% NSR on four claims controlled by First Mining Finance Limited ("**First Mining**") who acquired the royalty obligation in May 2016 from Chalice Gold Mines Limited.

Nechako Gold Property, British Columbia, Canada (76% JV interest)

The Nechako Gold Property, British Columbia is owned 76% by Endurance and 24% by Amarc Resources Ltd. No further exploration is recommended on the Nechako Gold Project.

Pardo JV Property, Ontario, Canada (35.5 percent JV interest sold in 2016)

Endurance formerly held a 35.5% interest in the Pardo joint venture (the "**Pardo JV**") which owned the 33 square km Pardo JV Property, located 65 km northeast of Sudbury, in east-central Ontario. The other 64.5% JV interest was held by a wholly-owned subsidiary of Inventus Mining Corp. (formerly Ginguro Exploration Inc. ("**Inventus**")). The property is subject to a 3% net smelter returns royalty ("**NSR**"), of which one-half can be purchased for \$1,500,000 at any time (the "**Purchase Right**"). The NSR was created in 2005 when Endurance first acquired the Pardo claims from the vendors at the time, and in the period from 2010 through early 2016, the NSR was owned by unrelated parties. The Pardo JV was notified in February 2016 of the assignment of the NSR. At that time, the NSR was directly acquired from the unrelated party by two private companies which are controlled by two directors of the Company.

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Gold mineralization defined to date on the Pardo Property is spatially associated with Precambrian aged pyrite pebble bearing portions of conglomerates at the base of the Huronian Supergroup near a major regional unconformity within the Cobalt Embayment. Geological studies have demonstrated that the geologic processes on the Pardo Property were similar to those that created the world's largest gold deposits in the Witwatersrand Basin of South Africa. Pardo constitutes the discovery of the first confirmed Precambrian-aged paleo-placer gold prospect in Ontario. The most significant gold intersections from the drilling to-date and the surface channel sampling are related to detrital pyrite, gold, including visible gold "clustered" in fluvial traps that are interstitial to the boulders in the conglomerates. The best zones discovered on surface are interpreted to represent preserved braided river boulder conglomerate channels of Precambrian-age which outcrop as shallow dipping to sub horizontal polymictic conglomerate units.

The Pardo Property has seen nearly continuous annual exploration activity between 2007 and 2016 including significant amounts of vertical drilling to explore the host conglomerate sequences on the property. The most significant surface discoveries to date are located at Trench 1 area, Trench 2 area, 007 Zone, Eastern Reef, and Godzilla Zone. Highlights from these surface zones based on consecutive cut channel samples of 0.5 m each in flat-lying pyritic conglomerate include:

- 007 Zone - **40.1 gpt gold over 22.5 m** with an estimated true width of 2 m.
- Eastern Reef Zone - **4.4 gpt gold over 42.5 m** with an estimated true width of 3 to 6 m.
- Godzilla zone - **10.4 gpt gold over 29 m.** with 1.5 to 2.0 m estimated true thickness.

In 2009, the Company entered into an option agreement with a wholly-owned subsidiary of Inventus on the original sixteen (16) claims for the Pardo property. Under the terms of the option agreement, Inventus earned a 55% interest in the property by completing over \$1,000,000 in exploration expenditures and making cash payments totaling \$200,000 to Endurance over a three year period. As a result, the 45% (Endurance) and 55% (Inventus) Pardo JV was formed in March 2012.

In June 2014, after an arbitration process initiated in late 2013, the parties reached an agreement to settle their dispute on the 2012 and 2013 Program. Under the terms of the settlement agreement, it was agreed that Endurance would own a 35.5% interest in the Pardo JV, with Inventus holding the remaining 64.5% interest.

In November 2016, after a further arbitration process, the Company announced that Inventus had agreed to purchase the Company's 35.5% JV interest for \$75,000 in cash and 25.5 million shares of Inventus and the parties further agreed to cease the 2016 arbitration proceedings. As part of the sale transaction, the Company, as a 25.4% shareholder of Inventus, has the right to appoint a representative to the board of directors of Inventus for as long as the Company's shareholding exceeds 10%.

Between January and May 2017, Inventus has completed further additional drilling primarily targeted within an area west of Trench 1 and Trench 2 and north of the 007 Zone Discovery. Drilling of 55 drill holes included the completion of assays on thirty two (32) holes with highlights including 8.97 gpt gold over 3.2 m, 3.92 gpt gold over 2.85 m, 3.97 gpt gold over 1.07 m, 4.68 gpt gold over 1.25 m, 3.97 gpt gold over 1.07 m, 7.19 gpt gold over 0.97m, and 19.45 gpt gold over 0.60 m at vertical depths of between about 8 m and 28 m below surface defining a sub horizontal higher grade target area of approximately 475 by 300 meters which remains open for expansion.

Rattlesnake-Natrona Gold Project, Wyoming, USA (100% interest sold – Retained a 2% NSR)

The Company, through ERI, formerly owned a 100% interest, and an option to earn a 100% interest in contiguous federal lode mining claims and Wyoming State leases for a total of about 7,000 acres in the Rattlesnake Hills area of Wyoming ("**Endurance Property**"). The Endurance Property and other adjoining properties were purchased and consolidated by GFG Resources (US) Inc. ("**GFGUS**") in 2015 and 2016 and thus GFGUS (a private company incorporated in the State of Nevada) acquired control of the entire Rattlesnake Hills district. The geologic setting of the Rattlesnake Hills district is similar to large scale alkalic intrusive hosted gold deposits within the Rocky Mountain alkalic gold province that includes Cripple Creek in Colorado. The Cripple Creek District has produced 21 million

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ounces of gold to date.

In October 2015, the Company sold the Endurance Property with the execution of a sale agreement ("**Sale**") with GFGUS. Under the terms of the Sale, GFGUS acquired the Endurance Property through the payment of US\$150,000 in cash (received), issuing to Endurance 1,400,000 GFGUS common shares (850,000 common shares received at a value of \$276,611 with the remaining 550,000 common shares received in February, 2017). Two additional bonus share payments aggregating 750,000 common shares are issuable under certain circumstances. The Company retains a 2% NSR on production from the unpatented lode mining claims and a 1% NSR on production from the State leases included in the Sale, and a 1% NSR on production from certain private fee simple mineral rights if those rights are acquired by GFGUS (collectively, the "**Endurance Royalty**"). GFGUS can purchase one-half of the Endurance Royalty prior to December 31, 2017 for a cash payment of US\$750,000, and thereafter, at any time, for a cash payment of US\$1,500,000.

In June 2016, pursuant to a Plan of Arrangement, GFGUS and GFG Resources Inc. ("**GFG Resources**"), a private British Columbia company, reached an agreement whereby GFG Resources acquired all of the issued and outstanding shares of GFGUS, in exchange for common shares of GFG Resources ("**GFG Shares**") on a one for one equivalent basis. In September 2016, Crest Petroleum Corp. ("**Crest**"), a capital pool company whose shares were listed on the TSX Venture Exchange, entered into a Plan of Arrangement agreement with GFG Resources to acquire 100% of the issued and outstanding GFG Shares, in exchange for shares of Crest on a one for one basis, which would result in a reverse take-over of Crest by GFG Resources (the "**RTO Transaction**").

The RTO Transaction was approved by the Crest and GFG Resources shareholders on October 14, 2016 and the company commenced trading as GFG Resources on October 27, 2016. All of the rights, privileges and obligations of GFGUS arising from its October 8, 2015 agreement with the Company are now held by GFG Resources.

As a result of the transaction the Company remains exposed to future discoveries in the entire Rattlesnake Hills District through its equity ownership in GFG Resources, potential bonus shares, and the Endurance Royalty. In the first quarter, GFG announced that drilling had resulted in the discovery of a new zone of mineralization northeast of the Antelope deposit with a drill intersection of 0.84 gpt gold over 38.1 m. GFG also completed a \$5 million bought deal financing in the first quarter and thus is funded for completion of a exploration program to expand the Rattlesnake District with drill testing of new targets.

Results of Operations

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The Company incurred a net loss of \$500,942 or \$0.01 per common share, as compared to a net loss of \$68,538 or \$0.00 per common share for the same period in 2016.

The net loss in the current period is inclusive of interest income of \$50 (2016 - \$214); and an unrealized loss on marketable securities of \$441,958 (2016 - \$16,069).

General and administrative expenses before other items for the current period totaled \$59,034 (2016 - \$52,683), \$6,351 higher than comparable expenses incurred in the same period in 2016. The variance was mainly attributable to:

- Business development and property investigation expenses increased by \$16,455 to \$25,448 (2016 - \$8,993) due to increased activities in the current period. During the current period, an additional \$19,950 (2016 - \$7,000) in management fees were included in business development and property investigation expenses.
- Corporate communications totaled \$5,252 (2016 - \$180), an increase of \$5,072. The increase was primarily

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due to increased investors relations activities in the current period.

- Management fees totaled \$16,500 (2016 - \$15,000). During the current period, an additional \$24,000 (2016 - \$24,000) in management fees were capitalized to exploration and evaluation assets, and included in business development and property investigation expenses.
- Office and administrative totaled \$5,756 (2016 - \$22,334), a decrease of \$16,578. The office and administrative expenses included office rent and service expenses of \$7,413 (2016 - \$6,131) and an unrealized foreign exchange gain of \$5,644 (2016 - a loss of \$12,303). The unrealized foreign exchange gain was due to foreign exchange rate change on the recorded value of the 550,000 GFG shares received in the current period.

Summary of Quarterly Results

Results for the eight most recent quarters ending with the last quarter for the three months ending on March 31, 2017 are summarized in the table below.

Quarter Ended:	IFRS							
	Mar. 31 2017	Dec. 31 2016	Sept. 30 2016	June 30 2016	Mar. 31 2016	Dec. 31 2015	Sept. 30 2015	June 30 2015
Net sales or total revenue (\$000s)	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Income (loss) from continuing operations:								
(i) in total (000s)	\$ (501)	\$ 2,996	\$ (30)	\$ (136)	\$ (69)	\$ (85)	\$ (33)	\$ (39)
(ii) per share ⁽¹⁾	\$ (0.01)	\$ 0.03	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Net income or loss:								
(i) in total (000s)	\$ (501)	\$ 2,996	\$ (30)	\$ (136)	\$ (69)	\$ (85)	\$ (33)	\$ (39)
(ii) per share ⁽¹⁾	\$ (0.01)	\$ 0.03	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

(1) Basic and diluted losses per share are the same, as the effect of potential issuances of shares under stock option agreements would be anti-dilutive.

- The net loss reported in the first quarter of 2017 includes an unrealized loss on marketable securities of \$441,958 and an unrealized foreign exchange gain of \$5,644.
- The net income reported in the fourth quarter of 2016 includes a realized gain on the sale of an exploration and evaluation asset of \$1,122,174; a gain on sale of marketable securities of \$147,419; an unrealized gain on marketable securities of \$3,114,508 and a write-off of exploration and evaluation asset of \$1,340,443.
- The net loss reported in the third quarter of 2016 includes an unrealized gain on marketable securities of \$1,736 and an unrealized foreign exchange gain of \$2,539.
- The net loss reported in the second quarter of 2016 includes share-based compensation of \$80,820 incurred as a result of the vesting of 1,800,000 stock options; an unrealized loss on marketable securities of \$595 and an unrealized foreign exchange loss of \$1,083.
- The net loss reported in the first quarter of 2016 includes an unrealized loss on marketable securities of \$16,069 and an unrealized foreign exchange loss of \$12,303.
- The net loss reported in the fourth quarter of 2015 includes a realized gain on the sale of an exploration and evaluation asset of \$7,530; an unrealized foreign exchange gain of \$343; an unrealized gain on marketable securities of \$18,175 and a write-off of exploration and evaluation asset of \$61,198.
- The net loss reported in the third quarter of 2015 includes an unrealized loss on marketable securities of \$3,429.
- The net loss reported in the second quarter of 2015 includes an unrealized foreign exchange loss of \$52.

The Company's operations and business are not driven by seasonal trends, but rather the achievement of project

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milestones such as various geological, technical, environmental and socio-economic objectives as well as receipt of financings to fund these projects.

The operating results of junior exploration companies typically demonstrate wide variations from period to period. These variances arise from fluctuations in such costs as share-based compensation, exploration costs expensed or written down, professional fees, listing and transfer agent fees, corporation communications and office expenses. Management of the Company believe that meaningful information about our operations cannot be derived from an analysis of quarterly fluctuations unless the reader examines in more detail the information presented in the quarterly and annual financial statements. See "Results of Operations".

Liquidity and Capital Resources

The exploration and evaluation assets of the Company are in the exploration stage and, as a result, the Company has no operations that generate cash flow. The Company finances its activities primarily by the sale of its equity securities or from the sale of an interest in its properties in whole or in part.

The Company does not use debt financing to fund its property acquisitions and exploration activities and has no current plans to use debt financing.

The Company has no stand-by credit facilities, or any off-balance sheet arrangements and it does not use hedges or other financial derivatives.

Cash and Financial Conditions

The Company's cash position was \$39,872 at March 31, 2017 (\$68,396 at December 31, 2016), a decrease of \$28,524. The Company had working capital of \$6,381,787 at March 31, 2017, as compared to \$6,888,857 at December 31, 2016.

The Company's working capital at March 31, 2017 includes marketable securities valued at \$6,538,393 and thus, if the Company does not sell a portion or all of its marketable securities, the Company's current working capital will not provide it with sufficient liquidity to meet current and future exploration activities. To the extent that the Company is unable to realize upon the value of its marketable securities, the development of the Company's properties will depend upon the Company's ability to obtain financing through the equity markets. There can be no assurance that the Company will succeed in obtaining additional financing. An inability to generate cash through the sale of its marketable securities or failure to raise additional financing on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its properties.

Investing Activities

During the current three month period ended March 31, 2017, the Company's cash flow used for investing activities in exploration and evaluation assets was \$32,992 (2016 - \$22,889), all of which represented acquisition and exploration costs that were capitalized.

Financing Activities

There was no financing activity during the three month periods ended March 31, 2017 and 2016.

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Outstanding share data as at the Report Date:

On the Report Date, the Company had 101,085,700 common shares outstanding or 138,698,814 shares on a fully diluted basis as follows:

	No. of Shares	Exercise Price	Expiry Date
Stock Options	6,850,000	\$0.05 - \$0.10	August 22, 2017 to May 25, 2021
Warrants	30,763,114	\$0.05 - \$0.12	October 30, 2017 to August 22, 2019

Transactions with related parties

Key Management Personnel

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

The Company entered into the following transactions with related parties and key management personnel during the three month period ended March 31, 2017:

Paid or accrued the following to Cooper Jack Investments Limited, a private company controlled by Robert T. Boyd, the President, Chief Executive Officer and director of the Company:

	<u>2017</u>	<u>2016</u>
Geological & consulting fees	\$ 24,000	\$ 24,000

Paid or accrued the following to T.P. Cheng & Company Ltd., a private company controlled by Teresa Cheng, the Chief Financial Officer of the Company:

	<u>2017</u>	<u>2016</u>
Management fees	\$ 16,500	\$ 15,000

Paid or accrued the following to Adera Company Management Inc., a private company controlled by J. Christopher Mitchell, a non-executive director of the Company:

	<u>2017</u>	<u>2016</u>
Consulting fees	\$ -	\$ 1,563

Included in accounts payable and accrued liabilities at March 31, 2017 is \$186,242 (2016 - \$102,517) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

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

FINANCIAL ACCOUNTING POLICY CHANGES ISSUED BUT NOT YET IN EFFECT

The following new standard is not yet effective and has not been applied in preparing the Condensed Interim FS for the three month period ended March 31, 2017. The following have not yet been adopted by the Company and is being evaluated to determine their impact.

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- IFRS 9 *Financial Instruments*, replaced 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.

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 March 31, 2017, the Company's financial instruments are comprised of cash and cash equivalents, marketable securities, excluding receivables, and accounts payable and accrued liabilities. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these financial instruments.

Risk Management

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

Credit risk

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

The Company's cash and cash equivalents are held through a Canadian chartered bank, which is a high-credit quality financial institution.

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 March 31, 2017, the Company had a cash and cash equivalents of \$39,872. Without selling some of its marketable securities holdings, it may not have sufficient cash balances to settle its current liabilities of \$206,316. 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.

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 risk or foreign currency risk. The Company is exposed to price risk with respect to its investment in securities. A 10% change in the share prices would affect the investments and comprehensive loss by approximately \$653,839.

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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.

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.

Risk Factors Relating to the Company's Business

As a company active in the mineral resource exploration and development industry, the Company is exposed to a number of risks.

Exploration Stage Operations

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of exploration and evaluation assets. The Company has implemented comprehensive safety and environmental measures designed to comply with government regulations and ensure safe, reliable and efficient operations in all phases of its operations. The Company maintains liability insurance, where reasonably available, in such amounts it considers prudent. The Company may become subject to liability for hazards against which it cannot insure or which it may elect not to insure against because of high premium costs or other reasons.

All of the Company's properties are still in the exploration stage. Mineral exploration and exploitation involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to avoid. Few properties that are explored are ultimately developed into producing mines.

Mineral exploration in various jurisdictions may involve consultation with First Nations groups. The Company endeavours to consult with such groups on a good faith basis, however, there are no guarantees the consultation process will result in decisions acceptable to all parties. The risk of unforeseen aboriginal title claims and disputes could affect the Company's existing operations as well as development projects and future acquisitions.

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Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, extreme weather events, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the material processed and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

There is no assurance that commercial quantities of ore will be discovered. Even if commercial quantities of ore are discovered, there is no assurance that the properties will be brought into commercial production or that the funds required to exploit mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices. Most of the above factors are beyond the control of the Company.

There can be no assurance that the Company's mineral exploration activities will be successful. In the event that such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realize value or may even be required to abandon its business and fail as a "going concern".

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with other companies with greater technical and financing resources than itself with respect to acquire properties of merit, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Commitments

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

2017	\$	18,500
2018		24,741
2019		<u>8,259</u>
	\$	<u>51,500</u>

Outlook

The Company will need to raise additional funds to advance its property portfolio and to fund 2017 exploration field programs for the Elephant Mountain Project in Alaska. Furthermore, the Company is evaluating the acquisition of new properties and this activity will need to be funded. The Company will also need to raise additional funds to meet its future overhead expenditures. The Company is working to secure those funds from conventional equity financing sources, from private investors, through farm-outs or sale of existing properties in the Company's portfolio, through sale of its existing equity portfolio, and from strategic partnerships. Failure to raise such funds on a timely basis could cause the Company to suspend its operations and eventually to forfeit or sell its interest in its properties.

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Forward-Looking Statements

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Securities Acts in British Columbia and Ontario. This includes statements concerning the Company's plans at its exploration and evaluation assets, which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking information, including, without limitation, the ability of the Company to continue to be able to access the capital markets for the funding necessary to acquire and maintain exploration properties and to carry out its desired exploration programs; inability to fund the Company's share of costs incurred under JV agreements to which it is a party, and reduction or elimination of its JV interest as a result; competition within the minerals industry to acquire properties of merit, and competition from other companies possessing greater technical and financial resources; difficulties in executing exploration programs on the Company's proposed schedules and within its cost estimates, whether due to weather conditions in the areas where it operates, increasingly stringent environmental regulations and other permitting restrictions, or other factors related to exploring of its properties, such as the availability of essential supplies and services; factors beyond the capacity of the Company to anticipate and control, such as government regulations relating to health, safety and the environment, and the scale and scope of royalties and taxes on production; the availability of experienced contractors and professional staff to perform work in a competitive environment and the resulting adverse impact on costs and performance and other risks and uncertainties, including those described in each management's discussion and analysis of financial condition and results of operations. In addition, forward-looking information is based on various assumptions including, without limitation, assumptions associated with exploration results and costs and the availability of materials and skilled labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking information. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new information, future events or otherwise.