



2022 FIRST QUARTER REPORT
MARCH 31, 2022
(Expressed in Canadian dollars)

Unaudited Condensed Interim Consolidated Financial Statements

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

The accompanying unaudited condensed interim consolidated financial statements for the three months ended March 31, 2022 of **Endurance Gold Corporation** (“the Company”) have been prepared by the Company’s management and have not been reviewed by the Company’s independent auditor.

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

AS AT

	March 31, 2022	December 31, 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 3,097,568	\$ 513,867
Marketable securities (Note 4)	1,987,714	2,243,285
Prepaid expenses and deposits	45,948	25,824
Receivables	588,097	612,765
Total current assets	5,719,327	3,395,741
Non-current		
Exploration and evaluation assets (Note 5)	4,233,078	4,169,020
Reclamation bond	37,000	37,000
Total non-current assets	4,270,078	4,206,020
Total assets	\$ 9,989,405	\$ 7,601,761
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 75,038	\$ 304,883
Total liabilities	75,038	304,883
EQUITY		
Share capital (Note 6)	16,143,514	13,171,719
Reserves (Note 6)	2,363,908	2,339,536
Deficit	(8,593,055)	(8,214,377)
Total liabilities and equity	\$ 9,989,405	\$ 7,601,761

Nature of operations (Note 1)

Commitments (Note 12)

Events after the reporting date (Note 13)

Approved and authorized on behalf of the Board of Directors on May 24, 2022:

/s/ Robert T. Boyd

Director

Robert T. Boyd

/s/ J. Christopher Mitchell

Director

J. Christopher Mitchell

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the three-month periods ended March 31

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

	2022	2021
Expenses		
Business development and property investigation (Note 8)	\$ 8,064	\$ 76,200
Corporate communications (Note 8)	65,506	95,560
Listing and transfer agent fees	9,750	9,818
Management fees (Note 8)	17,500	16,500
Office and administrative	12,743	20,760
Professional fees	18,381	4,285
Share-based compensation (Note 6)	-	389
Loss from operations	<u>(131,944)</u>	<u>(223,512)</u>
Other items		
Interest income	3,077	897
Gain on sale of marketable securities (Note 4)	1,710	-
Unrealized gain (loss) on marketable securities (Note 4)	<u>(251,521)</u>	<u>(1,692,083)</u>
	<u>(246,734)</u>	<u>(1,691,186)</u>
Comprehensive loss for the period	\$ (378,678)	\$ (1,914,698)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.02)
Basic and diluted weighted average number of common shares outstanding	131,634,212	117,770,768

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31,

(Expressed in Canadian dollars)

(Unaudited, Prepared by Management)

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
Balance at December 31, 2021	127,120,990	\$13,171,719	\$ 2,339,536	\$ (8,214,377)	\$ 7,296,878
Shares issued for:					
Exercise of stock options	300,000	15,000	-	-	15,000
Exercise of warrants	320,000	80,000	-	-	80,000
Fair value of options exercised	-	8,760	(8,760)	-	-
Private placement	7,637,500	3,055,000	-	-	3,055,000
Share issuance costs	-	(186,965)	33,132	-	(153,833)
Comprehensive loss for the period	-	-	-	(378,678)	(378,678)
Balance at March 31, 2022	135,378,490	\$16,143,514	\$ 2,363,908	\$ (8,593,055)	\$ 9,914,367

	Share Capital		Reserves	Deficit	Total Equity
	No. of Shares	Amount			
Balance at December 31, 2020	115,340,990	\$10,690,647	\$ 1,607,362	\$ (5,192,048)	\$ 7,105,961
Shares issued for:					
Exercise of stock options	1,600,000	82,000	-	-	82,000
Fair value of options exercised	-	73,510	(73,510)	-	-
Private placement	6,820,000	2,114,200	-	-	2,114,200
Share issuance costs	-	(195,602)	63,795	-	(131,807)
Share-based compensation	-	-	389	-	389
Comprehensive loss for the period	-	-	-	(1,914,698)	(1,914,698)
Balance at March 31, 2021	123,760,990	\$12,764,755	\$ 1,598,036	\$ (7,106,746)	\$ 7,256,045

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

ENDURANCE GOLD CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31,

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

	2022	2021
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the period	\$ (378,678)	\$ (1,914,698)
Add adjustments:		
Gain on sale of marketable securities	(1,710)	-
Share-based compensation	-	389
Unrealized loss on marketable securities	251,521	1,692,083
Interest income	(3,077)	(897)
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(20,124)	(4,640)
Receivables	24,668	(6,509)
Accounts payable and accrued liabilities	3,480	34,132
Net cash used in operating activities	<u>(123,920)</u>	<u>(200,140)</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Exploration and evaluation assets	(297,383)	(196,705)
Proceeds from sale of marketable securities	5,760	-
Interest received	3,077	897
Net cash (used in) from investing activities	<u>(288,546)</u>	<u>(195,808)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	3,150,000	2,196,200
Share issuance costs	(153,833)	(131,807)
Net cash provided by financing activities	<u>2,996,167</u>	<u>2,064,393</u>
Net increase in cash and cash equivalents during the period	2,583,701	1,668,445
Cash and cash equivalents, beginning of period	<u>513,867</u>	<u>505,199</u>
Cash and cash equivalents, end of period	<u>\$ 3,097,568</u>	<u>\$ 2,173,644</u>

Supplemental disclosures with respect to cash flows (Note 7)

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2022

(Unaudited, Prepared by Management)

1. NATURE OF OPERATIONS

Endurance Gold Corporation (the “Company”) was incorporated under the *Canada Business Corporations Act* on December 16, 2003 and continued into British Columbia on August 16, 2004. The head office and principal address of the Company was at Suite 520, 800 West Pender Street, Vancouver, British Columbia, Canada V6C 2V6. The Company’s registered address and records office is Suite 2500, 666 Burrard Street, Vancouver, British Columbia, Canada V6C 2X8. Subsequent to March 31, 2022, the Company moved its head office to Suite 1900, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

The Company is engaged in the exploration and development of mineral properties in North America and has not yet determined whether its properties contain ore reserves that are economically recoverable. The Company has not generated revenue from operations and will need to seek additional financing to meet its exploration and development objectives. These unaudited condensed consolidated interim financial statements (“Condensed Interim FS”) do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

For the three months ended March 31, 2022, the Company reported a net loss of \$378,678 and as of that date the Company’s deficit was \$8,593,055. The Company’s net working capital position at March 31, 2022 was \$5,644,289, inclusive of marketable securities with a fair value of \$1,987,714. If the Company does not or cannot sell a portion or all of the marketable securities at current market values, it may have to raise additional funds to continue operations and to complete its future exploration programs. While the Company has been successful in the past in raising capital, there is no assurance that such financing will be available on a timely basis and under terms acceptable to the Company.

2. BASIS OF PREPARATION

Statement of Compliance

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

These unaudited Condensed Interim FS were authorized for issue by the Audit Committee and Board of Directors on May 24, 2022 and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these unaudited Condensed Interim FS are consistent with the policies disclosed in Notes 2 and 3 of the Company’s audited consolidated financial statements for the year ended December 31, 2021.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2022

(Unaudited, Prepared by Management)

4. MARKETABLE SECURITIES

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

	March 31, 2022	December 31, 2021
Fair value, beginning	\$ 2,243,285	\$ 3,934,225
Proceeds from sales, net of commission	(5,760)	-
Gain on sale of marketable securities	1,710	-
Unrealized gain (loss) on marketable securities	(251,521)	(1,690,940)
	\$ 1,987,714	\$ 2,243,285

With its main business focus being mineral exploration, the Company does not generally intend to hold its investments in marketable securities for long-term periods, and accordingly these are classified as current assets. All of the Company's investments in marketable securities are also classified as fair value through profit and loss ("FVTPL").

5. EXPLORATION AND EVALUATION ASSETS

As at March 31, 2022, the Company's exploration and evaluation assets are located in North America. Expenditures incurred on exploration and evaluation assets for that period were as follows:

	Reliance, BC, CANADA	Elephant Mountain, Alaska, USA	McCord, Alaska, USA	Other Properties	TOTAL
Acquisition 12/31/21	\$ 280,632	\$ 362,428	\$ 13,005	\$ -	\$ 656,065
Acquisition 3/31/22	280,632	362,428	13,005	-	656,065
Deferred exploration 12/31/21	1,827,173	1,562,423	123,359	-	3,512,955
Additions:					
Field expenses	18,030	-	-	-	18,030
Geochemistry	12,987	-	-	-	12,987
Geological and miscellaneous	29,553	-	-	3,488	33,041
	60,570	-	-	3,488	64,058
Deferred exploration 3/31/22	1,887,743	1,562,423	123,359	3,488	3,577,013
Total exploration and evaluation assets 3/31/22	\$ 2,168,375	\$ 1,924,851	\$ 136,364	\$ 3,488	\$ 4,233,078

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2022

(Unaudited, Prepared by Management)

5. EXPLORATION AND EVALUATION ASSETS

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

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

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

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

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2022

(Unaudited, Prepared by Management)

Elephant Mountain Project, Alaska, USA

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

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

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

In April 2018, the Company entered into an option agreement (the "Option Agreement") with Frantz LLC, replacing the letter agreement signed in March 2017. Pursuant to the terms of the Option Agreement, the Company can earn a 100% interest in the Trout-Wolverine Property, located immediately northeast of the Company's Elephant Property, by completing a total of US\$200,000 (incurred) in exploration expenditures, cash payment of US\$180,000 (US\$55,000 paid to date) in stages until December 31, 2024, and issuing to the vendor 300,000 common shares (100,000 common shares issued at a value of \$12,375) of the Company by December 31, 2022. The option is subject to a 2% NSR interest, one-half of which can be purchased by the Company at any time for US\$500,000.

McCord Gold Project, Alaska, USA

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

In 2010, the Company acquired by staking a 100% interest in certain Alaska State mineral claims located near Livengood in the Fairbanks District of Alaska, USA. Further mineral claims were staked and certain mineral claims were allowed to lapse between 2012 and 2019, resulting in a current total holding of 15 Alaska State claims.

(b) *McCord Creek Property (Option to earn 100%)*

In May 2017, the Company acquired an option to earn a 100% interest in nine Alaska State mineral claims adjoining the Company's McCord Property near Livengood. Under the terms of the letter agreement with the optionors, the Company can earn a 100% interest in these McCord Creek claims by completing a total of US\$50,000 (incurred) in exploration expenditures and making US\$40,000 (US\$10,000 paid to date) in cash payments by December 31, 2024. An additional bonus cash payment of US\$20,000 is payable if the Company wishes to exercise the option earlier than October 1, 2024. The option is subject to a 2% NSR interest, one-half of which can be purchased by the Company at any time for US\$200,000.

Other Properties

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

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

Flint Lake JV Gold Property, Ontario, CANADA

Metals Creek Resources Corp. ("MEK") earned its 75% interest in the Flint Lake property (formerly "Dogpaw"), from the Company, by incurring exploration expenses of \$450,000 and issuing 450,000 common shares of MEK with a

ENDURANCE GOLD CORPORATION

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(Unaudited, Prepared by Management)

value of \$161,000. A joint venture as to 25% (the Company) and 75% (MEK) was formed in January 2010. The JV property is currently owned as to 18.7% by the Company and 81.3% by MEK. In November 2020, MEK optioned its 81.3% JV interest to Manning Ventures Inc.

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

Rattlesnake Hills Royalty, Wyoming, USA

The Company retains a 2.0% NSR on 7,000 acres of unpatented mining claims and a 1.0 % NSR on four State leases (the "Endurance Royalty") owned by GFG Resources Inc. in the Rattlesnake Hills area, Wyoming. GFG can purchase one half of the Endurance Royalty at any time for a cash payment of US\$1,500,000.

6. SHARE CAPITAL

- (a) The authorized share capital of the Company consists of an unlimited number of common shares without par value.
- (b) Issued and outstanding at March 31, 2022: 135,378,490 common shares.

Share issuances

- During the current three month period ended March 31, 2022:
 - (i) The Company completed a non-brokered private placement on February 11, 2022, receiving gross proceeds of \$3,055,000 by issuing 7,637,500 units (each, a "Unit") at a price of \$0.40 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each such Warrant is exercisable into one common share at a price of \$0.55 per share until February 12, 2024. Insiders of the Company subscribed for a total of 937,500 Units.

In connection with the Financing, the Company paid aggregate cash finders' fees of \$132,000 and issued an aggregate of 165,000 finder warrants (the "Finder Warrants") to eligible finders. Each Finder Warrant will entitle the holder to purchase one common share at an exercise price of \$0.40 until February 12, 2024.
 - (ii) 300,000 stock options were exercised for proceeds of \$15,000. \$8,760 was transferred from reserve to share capital, being the fair value of the stock options exercised.
 - (iii) 320,000 warrants were exercised for proceeds of \$80,000.
- During the three month period ended March 31, 2021:
 - (i) The Company completed a non-brokered private placement on March 12, 2021, receiving gross proceeds of \$2,114,200 by issuing 6,820,000 units (each, a "Unit") at a price of \$0.31 per Unit. Each Unit consists of one common share and one-half non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each such Warrant is exercisable into one common share at a price of \$0.50 per share for a period of two years from the date of closing. Insiders of the Company subscribed for a total of 215,000 Units.

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2022

(Unaudited, Prepared by Management)

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

- (ii) 1,600,000 stock options were exercised for proceeds of \$82,000. \$73,510 was transferred from reserve to share capital, being the fair value of the stock options exercised.

(c) Stock Options, Warrants and Finder Warrants Outstanding

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

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

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2020	8,100,000	\$ 0.05
Options exercised	(4,300,000)	0.05
Options granted	2,900,000	0.34
Outstanding at December 31, 2021	6,700,000	\$ 0.18
Options exercised	(300,000)	0.05
Outstanding at March 31, 2022	6,400,000	\$ 0.19
Number of options currently exercisable	6,400,000	\$ 0.19

The following stock options were outstanding at March 31, 2022:

Number Outstanding	Exercise Price \$	Expiry Date
1,400,000	0.07	August 30, 2022
2,100,000	0.05	August 30, 2024
2,900,000	0.34	April 26, 2026
<u>6,400,000</u>		

ENDURANCE GOLD CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2022

(Unaudited, Prepared by Management)

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding at December 31, 2020	4,155,290	\$ 0.25
Investor warrants exercised	(160,000)	0.25
Investor warrants granted	3,410,000	0.50
Finder warrants granted	119,940	0.50
Finder warrants granted	174,420	0.41
Outstanding at December 31, 2021	7,699,650	0.37
Investor warrants exercised	(320,000)	0.25
Investor warrants granted	3,818,750	0.55
Finder warrants granted	165,000	0.40
Outstanding at March 31, 2022	11,363,400	\$ 0.36

The following warrants to acquire common shares were outstanding at March 31, 2022:

Number Outstanding	Exercise Price \$	Expiry Date
3,675,290	0.25	December 11, 2022
3,529,940	0.50	March 12, 2023
174,420	0.41	March 12, 2023
165,000	0.40	February 12, 2024
3,818,750	0.55	February 12, 2024
<u>11,363,400</u>		

(d) Share-based compensation

The Company recognized share-based compensation expense of \$nil (2021 - \$389) for options that vested during the three month period ended March 31, 2022. The offsetting credit was recorded in Reserves.

The fair value of stock options reported as compensation expense during the three months period ended March 31, 2021 was determined using the Black-Scholes Option Pricing Model using the following assumptions: volatility of 113.64%, expected life of 2 years, risk-free interest rate of 1.50% and expected dividends of nil.

(e) Reserves

The following is a summary of amounts in Reserves at:

	March 31, 2022	December 31, 2021
Warrants	\$ 506,491	\$ 473,359
Share-based compensation	1,857,417	1,866,177

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended March 31, 2022

(Unaudited, Prepared by Management)

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Supplementary disclosure of non-cash investing and financing activities during the three month periods ended March 31:

	2022	2021
Exploration and evaluation asset expenditures in accounts payable and accrued liabilities	\$ 21,919	\$ 32,940
Share-based compensation (note 6)	\$ -	\$ 389

8. RELATED PARTY TRANSACTIONS

During the three month periods ended March 31, 2022, the Company entered into the following related party transactions:

- a) Paid or accrued to Cooper Jack Investments Limited, a private company controlled by the President, CEO and director, Robert Boyd, an aggregate amount of \$28,000 (2021 - \$24,000), of which \$13,750 (2021 - \$20,700) was capitalized as geological project management fees, \$6,700 (2021 - \$2,700) was expensed as business development and \$7,550 (2021 - \$600) was expensed as corporate communication.
- b) Paid or accrued to T.P. Cheng & Company Ltd., a private company controlled by an officer, Teresa Cheng, \$17,500 (2021 - \$16,500) for administration management fees.

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

Included in accounts payable and accrued liabilities at March 31, 2022 is \$39,570 (2021 - \$34,278) due to related parties. Amounts due to related parties are unsecured, non-interest bearing, and have no specific terms of repayment.

9. FINANCIAL INSTRUMENTS AND RISK

Fair value

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

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

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

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

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

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(Unaudited, Prepared by Management)

Financial instruments measured at fair value on the statement of financial position as at March 31, 2022 and as at December 31, 2021 are classified as Level 1.

Risk Management

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

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had a cash and cash equivalents of \$3,097,568 to settle current liabilities of \$75,038. 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.

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(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 March 31, 2022, the Company had marketable securities with a fair value of \$1,987,714. A $\pm 10\%$ change in the share prices would affect the Company's consolidated financial statements by approximately \$198,771.

The net realizable values of the Company's marketable securities are also subject to impairment resulting from insufficient market liquidity. The extent of such potential impairment is not readily determinable.

10. CAPITAL MANAGEMENT

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

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

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

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

11. SEGMENTED INFORMATION

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

12. COMMITMENTS

The Company's current office sub-lease agreement commenced on May 1, 2019 which ended on April 30, 2022.

The Company entered into a new office sub-lease agreement commencing on April 1, 2022 which will end on September 30, 2023. The sub-lease agreement may be terminated at any time with a 30-day written notice.

13. EVENTS AFTER THE REPORTING DATE

- 15,000 warrants were exercised for aggregate proceeds of \$3,750.
- The Company entered into a letter agreement dated April 28, 2022 (the "Agreement") with Avino Silver & Gold Mines Limited ("**Avino**"), whereby the Company has an option to earn a 100% interest in the Olympic Property

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located immediately adjoining and contiguous with the Company's Reliance Gold Property in southern British Columbia (the "Property") for an aggregate consideration of \$100,000 (\$10,000 paid) in cash payments, 1,500,000 common shares (100,000 common shares issued) of the Company and incurring \$300,000 in exploration expenditures on or before December 31, 2024. The option is subject to a 2.0% NSR royalty, one-half of which (1% NSR) can be purchased by the Company for \$750,000 and the remaining balance of the NSR can be purchased for \$1,000,000.

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

Any shares or Warrants issued will be subject to a four-month hold period from the date of issuance as per the policies of the Exchange.

- The Company granted 2,900,000 stock options exercisable at \$0.32 per share until May 24, 2027.