



## **EnGold Reviews 2018 Results and Provides Outlook for 2019**

*For Immediate Release.* January 29, 2019. Vancouver, BC. David H. Brett, President & CEO, EnGold Mines Ltd., (TSX-V: EGM, “EnGold” or the “Company”) provides the following summary and review of recent exploration of the Company’s sole exploration project, the 100% owned Lac La Hache copper, gold, silver property in the Cariboo region of BC.

2018 was a busy year for EnGold at Lac La Hache. Based on EnGold’s fiscal year which ends September 30<sup>th</sup>, \$1,745,658 in exploration costs were incurred on the Lac La Hache property including 9,653 metres of drilling in 22 holes, and \$93,770 in ground geophysical expenditures. This was down from the same period in 2017, when \$2,627,057 in exploration costs were incurred, including 15,407 metres of drilling. Exploration expenditures incurred up to 2017 have now been applied as assessment work, such that the claims are now in good standing until at least 2028, not including the 2018 work. Since resumption of exploration at Lac La Hache in 2015, following a period of low activity, EnGold has carried out 31,995 metres of diamond drilling. This drilling has produced some very significant, positive results.

### **EnGold’s Emerging, Evolving Exploration Strategy**

EnGold’s corporate strategy is to maximize stakeholder value by advancing the Lac La Hache Project (the “LLH Project”) in a way that adapts to an often rapidly changing array of variables that the Company encounters, such as stock and metals market conditions, new exploration results, and the availability of investment capital. What follows is a review of EnGold’s strategy over the last several years and discussion of the Company’s plan and outlook for 2019.

A notable feature of the LLH Project is that it hosts multiple, distinct prospective zones exhibiting different styles of mineralization. These occurrences of gold, copper, silver and magnetite are located along a 7-kilometre trend that EnGold refers to as the “core” of the property, which is where most of the exploration has been focused over the years. The metal occurrences can be divided into three main types: 1) copper-magnetite skarns (Spout & G1); 2) gold-copper hydrothermal breccias and quartz veins (Aurizon); 3) copper-gold porphyry mineralization (Berkey/Ann North & new IP anomaly).

### **Spout Copper Versus Aurizon Gold**

From 2011 to 2013, EnGold focused significant resources to defining a mineral resource at Spout based on an open pit configuration in part because the economics of a near surface, bulk tonnage operation were, at that time, supported by strong demand and high prices for the abundant magnetite that accompanies the copper mineralization. The market for magnetite

changed in subsequent years, undermining the economics of the Spout Deposit as an open pit target.

In 2015, with copper prices on a downtrend and the low grade Spout deposit showing weak economics, the Company decided that the high grade Aurizon Gold zone had the best potential to drive shareholder value, initiating drill campaigns in 2015 and 2016, and even changing the its name to include the word gold. Drilling of the Aurizon structure in 2015 and 2016 produced some impressive high-grade gold intercepts, leading to a \$1 million financing near the end of 2016.

## **Gravity Drilling**

The gold focus of EnGold changed dramatically in February of 2017 when a planned single drill hole was carved out of the Aurizon Gold budget to test a compelling gravity anomaly that had come to light through a low-budget test survey carried out in 2015. EnGold Vice President of Exploration Rob Shives astutely decided to see what kind of response the gravity method would produce over the Spout Deposit and surrounding area. Drilling of the gravity anomaly located 1.8 km south of Spout returned a spectacular 26.6 metre true-width intersection of semi-massive magnetite-copper grading 1.76 % Cu, 0.27 gpt gold, 10.3 gpt silver & 35.8 % Fe, with geological characteristics similar to Spout North Zone. This discovery radically changed EnGold's exploration strategy.

Although additional drilling has been carried out at Aurizon Gold since the "G1" discovery, and an Aurizon Gold inferred resource calculation was completed and published, the bulk of EnGold's exploration budget and energy in 2017 and 2018 has been dedicated to the discovery and delineation of high-grade copper resources in the G1 – Spout area.

## **The G1 - Spout Campaign**

A remarkable feature of the G1 discovery is the consistent high grades over significantly broader true widths than Spout. However, given the depth of the intercepts, at roughly 350 metres below surface, the G1 mineralization can only be developed as an underground minable target. The magnetite-rich skarns of G1 and Spout are very similar in minerology, with notable differences, such as the higher gold and silver content at G1. Also, G1 is a horizontal structure, whereas Spout consists of a near vertical component (Spout North) and a more horizontal section (Spout South).

EnGold's initial outlook was that the G1 zone could be connected to the Spout Deposit 1.8 km to the northwest, but as the drill campaign rapidly advanced with two drills and new funding in place, it became apparent that G1 was not uniformly thick, and discreet boundaries to the zone emerged based on a 50-metre drill pattern. Another challenge that emerged was the interpretation of the gravity data, which was augmented by a large amount of additional surveying. While the discovery hole was extraordinarily well correlated with the centre of the

gravity anomaly, drilling of subsequent even stronger gravity anomalies often produced disappointing results.

An important feature of both the Spout and G1 copper-magnetite-gold-silver skarns is that they both occur within a carbonate-rich volcanoclastic layer that is pervasive in the area, a layer dipping gently to the southeast at approximately 15 degrees, coming to surface at Spout. Skarn-style mineralization typically occurs where intrusive rocks such as granites of varying kinds, are proximal to carbonate-rich sedimentary host rocks such as limestones, where the extreme heat of the intrusive magma causes minerals to remobilize and seep into the chemically receptive host rocks, which act somewhat like a sponge. At the LLH Project, the layer that is receptive to metal deposition through this “skarnification” or replacement process, is a submarine unit comprised of pieces of angular volcanic and sedimentary rock (“clasts”) with abundant carbonate and other minerals. EnGold geologists often call this layer “the container.” Sometimes the container is full, such as at G1, but it also occurs as an “empty” sedimentary layer.

### **Geophysical Surveys**

The pervasiveness of “the container” in the Spout – G1 area adds strong exploration potential to the LLH Project, and the very high magnetite content of the skarns and extreme density of the better mineralized zones enhance the utility of magnetic and gravity geophysical surveys. For this reason, in 2017 EnGold increased its geophysical budget to include a very closely spaced airborne mag and gravity survey over the Spout-G1 corridor. Additional, closely spaced surface gravity surveys were also added.

The additional mag and gravity surveying outlined several high priority anomalies over a 7 km trend. Initial drill tests at two of these large anomalies in 2017 had inconclusive results. To add another targeting layer to aid exploration, EnGold added new Induced Polarization (“IP”) surveys in 2017 and 2018. IP is a proven exploration tool used and refined over numerous decades of work around the world and involves sending electrical charges into the bedrock and measuring the responses along surveyed lines that measure the affects of the electricity, with certain patterns being well known to indicate potential for mineral deposits.

A challenge at the LLH Project is the depth of the G1 mineralization, which reduces the detectability of the zone using any geophysical method. However, in spite of these challenges, geological, geophysical and assay results provide a compelling case for persistent drilling to test “the container” along the entire prospective trend.

Notwithstanding the Company’s exploration efforts directed at G1 and hoped for extensions and/or duplications of it along trend, the much better-known Spout Deposit became the focus of renewed attention for EnGold in 2018. Given the success at G1 and its potential to develop into an underground copper mine, the Company decided to revisit the Spout Deposit as a high-grade underground target. As a result, EnGold planned a series of 6 “deep” holes to extend the higher-grade portions of the steeply dipping Spout North zone to depth, as a way to expand the resource in advance of a planned recalculation of the resource using an underground, high-

grade deposit model. The six-hole Spout North deep drilling effort, comprising a total of 2,961 metres, successfully extended the known mineralization from an average of 100 m depth to more than 400 m depth, along a 550 m strike length. Hole SL18-181 intersected 8.8 m core length (true width not determined) below 400 m, grading 3.3 % Cu, 0.83 gpt gold, 16.9 gpt silver and 26.7 % Fe. These grades at depth remain open and will add significantly to the depth potential of the copper-magnetite (+ gold + silver) Spout Deposit.

## **Porphyry Potential**

The 2018 IP survey was designed to improve resolution of earlier IP results, with emphasis on the weaker anomaly recently defined at G1 and its relationship to a much stronger, but poorly defined IP response to the east. The work showed a large and high intensity IP anomaly to the east of G1 that has many of the characteristics of anomalies associated with large porphyry copper deposits. The anomaly had appeared on the edges of a prior IP survey, but the new work completed the picture. A “porphyry” deposit is characterized by mineralization that is distributed relatively uniformly in granitic rocks, which, because of their consistency and size, comprise many of the largest mineral deposits in the world, and are especially economically attractive if they are close to surface and can be mined by bulk, open-pit methods. Porphyry deposits, if they are large enough, can be mined profitably at much lower grades than skarn or other kinds of smaller, high-grade copper deposits.

Porphyry deposits often display a “pyritic halo” around them. Iron pyrite is not itself an economically attractive mineral, but it typically responds well to IP surveys. In the fall of 2018, EnGold’s drill hole 18-44 targeted the middle of the IP anomaly and encountered highly pyritized granitic rocks but only minor copper mineralization. A second hole located within the southern part of the IP anomaly ended due to bad ground short of the target depth, but also failed to intersect much copper enrichment. However, hole GP18-42, drilled prior to definition of the larger IP anomaly, encountered 58 m of porphyry style copper mineralization suggesting the large IP anomaly remains a compelling, ongoing exploration target for EnGold.

## **High Grade Gold Quartz Veins**

Near the end of EnGold’s 2016 drill program, a narrow but very high-grade gold-bearing quartz vein was encountered high up in hole AZS16-56 which was targeting the much larger Aurizon Gold hydrothermal breccia structure deeper down. The quartz vein was traced to surface and identified over 150 m strike length. Due to the discovery of the G1 Zone in February of 2017, no follow up work in the area of the high-grade quartz vein was done until the summer of 2018, when a relatively small but closely spaced soil sampling program was undertaken to see if more gold bearing quartz mineralization could be discovered. This survey indicated numerous gold anomalies which when investigated on surface turned up a number of new high-grade gold occurrences, some with visible gold.

In the fall of 2018, a limited series of short drill holes tested the surface occurrences with very encouraging results. The upshot of this work is that a new exploration front has been opened up at the LLH Project, a front of potential we hope to follow up on in 2019.

### **Outlook for 2019**

Subject to additional financing management is aiming to secure in Q1 of 2019, EnGold's 2019 exploration plan will entail a budget of approximately \$2 million deployed as outlined below.

### **Spout G1 Gap**

One outcome of EnGold's 2018 "Gap" drilling was that the high potential stratigraphy and geophysical signature was actually extended to the southeast of G1, where the best hole of 2018 was drilled. Planned 2018 drilling of the Gap area was not fully carried out due to the program not being fully funded, and as such, EnGold's 2019 plan entails the drilling of many of the undrilled 2018 Gap holes, but this time with significantly enhanced data that came by way of the 2018 expansion of the IP survey.

As described above, the skarn-style mineralization at Spout and G1 is caused by "intrusive" activity (magma that rises from deeper in the earth, cooling slowly and producing the "chunky" larger crystal textures of granitic rocks), giving rise to heat and mineralizing fluid flow into the receptive, sedimentary "container" unit. Understanding the location of the intrusive "heat source" helps in building a robust exploration model, and it is possible that the intrusive body identified by the 2018 IP survey is "genetically" linked to the copper-magnetite rich skarn occurrences. This new clue is the subject of current study and EnGold hopes this will assist with high quality drill targeting in 2019.

A total of 5,000 metres of drilling in 10 holes is planned for the Spout – G1 Corridor.

### **Aurizon Gold Area**

The encouraging high-grade gold results in soils, surface showing and in drilling in the area just west of the main Aurizon structure will be followed up by a significantly expanded soil sample grid, trenching of existing showings, and approximately 2,000 metres of additional drilling. EnGold believes the new area of interest not only represents potential for discreet, underground minable high-grade quartz veins, but also exhibits potential for bulk tonnage gold targets, if it can be shown that the gold mineralization is hosted in broader quartz stockwork zones or sheeted veins. Detailed geological mapping is also planned to better understand the newly discovered occurrences.

## **IP Zone**

Additional modeling of all data in the G1 – IP Zone area will be completed to support best targeting in the area, testing both skarn (G1-style) and porphyry copper models, using 3,000 m drilling.

Additional work plans for 2019 include initial metallurgy of G1 mineralization, petrographic studies, and continued community engagement. All-in, EnGold has budgeted \$2M for 2019 Program, subject to funding.

Rob Shives P.Geol., VP Exploration and a Qualified Person as defined under National Instrument 43-101, has reviewed and approved the technical content of this release.

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