



(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

The following Management Discussion and Analysis ("MD&A"), prepared by the management of EnGold Mines Ltd. (the "Company", "EnGold") as at September 30, 2019, should be read in conjunction with the Company's annual audited financial statements for the year ended September 30, 2019 and related notes attached thereto which are prepared in accordance with International Financial Reporting Standards. Certain statements included or incorporated by reference in this MD&A constitute forward-looking statements or forward-looking information under applicable securities legislation. These forward-looking statements are not guarantees of future performance and involve risk and uncertainties, which could cause actual results to differ materially from those anticipated. The Company expressly disclaims any obligation to update forward-looking statements unless so required by applicable laws. The information in this MD&A is current as of January 7, 2020.

These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements, pertaining to the following:

1. capital expenditure programs;
2. development of resources;
3. expectations regarding the Company's ability to raise capital;
4. expenditures to be made by the Company to meet certain work and flow-through commitments; and
5. work plans to be completed by the Company.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

1. the British Columbian legislative and regulatory environment;
2. the impact of increasing competition;
3. unpredictable changes to the market prices for minerals;
4. anticipated results of exploration activities; and
5. the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

1. volatility in the market prices for minerals;
2. uncertainties associated with estimating resources;
3. geological, technical, drilling and processing problems;
4. incorrect assessments of the value of acquisitions;
5. unanticipated results of exploration activities; and
6. unpredictable weather conditions.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Note that additional information related to the Company is available on SEDAR at www.sedar.com.

1. Nature of Operations and Overall Performance

Description of Business

EnGold Mines Ltd. is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange under the trading symbol "EGM". The Company changed its name pursuant to a shareholders' resolution passed at the Company's Annual General Meeting held April 22, 2016.

The Company is a mineral exploration company whose sole focus is the exploration of the Lac La Hache property located approximately 17 kilometres northeast of the town of Lac La Hache in south central BC (the "Property"). The Property is accessed by approximately 30 kilometres of all-weather logging roads. Lac La Hache is located on BC Highway 97 approximately 65 Kilometres south of Williams Lake, and is well served by rail, road and power infrastructure. Operations on the Property may be carried out 12 months of the year. The Company has accumulated the Property and conducted exploration since 1988.

Exploration Program and Results

Lac La Hache Property

Although fiscal 2018 was a busy year for EnGold at Lac La Hache, activity slowed during 2019 due to reduced availability of financing. During the year ended September 30th, 2018 EnGold incurred a total of \$1,745,658 in exploration costs at the Lac La Hache property, including 9,653 metres of drilling in 22 holes, and \$93,770 in ground geophysical expenditures. For the year ended September 30, 2019, exploration expenditures decreased to \$764,746 including 1,276 metres of drilling in 9 shallow holes and collection/analyses of approximately 1,500 soil geochemical samples.

The Lac La Hache property lies within the Quesnel Trough in British Columbia, Canada's largest and most prolific porphyry copper-gold-molybdenum belt. The Property is located between producing mines at Imperial Metals' Mt. Polley Copper-Gold Mine and New Gold Inc.'s New Afton Copper-Gold project. The Property hosts gold, copper, silver, molybdenum and magnetite within porphyry/skarn/breccia geological settings. Access and infrastructure are excellent.

Management believes the Property offers strong potential for discovery of precious and base metal deposits within surface and underground mineable scenarios. The extensive core library has been well documented in a robust digital database.

During the year ended September 30, 2015, management decided that the most compelling prospect on the Property was the Aurizon South zone, which previously had yielded significant high-grade gold copper values over potentially minable widths. During the fourth quarter of fiscal 2015, EnGold Mines Ltd completed a \$400,000 flow-through equity financing and commenced a 2,600 metres diamond drilling program targeting the Aurizon South. Results of the program carried out in two phases, one of which was completed subsequent to year end, confirmed and expanded the known high-grade gold/copper zones.

During the three-month period ended December 31, 2016, EnGold completed 12 drill holes comprising 3,851.5 metres with continued high-grade gold and copper results, 11 holes of which targeted the Aurizon South. The continued encouraging results enabled the company to raise an additional \$1,100,000 in flow-through funding in December 2016, which was earmarked for further Aurizon South drilling during the year ended September 30, 2017.

Also during the 2016 campaign, visible-gold-bearing quartz vein(s) were discovered for the first time on the project, intersected in drill cores at Aurizon South at shallow and intermediate depths. At least one very well mineralized vein has been exhumed in surface trenching, where several localized grab samples from the 15 cm wide vein assayed multi-ounces of both gold and silver and many percent copper. While the currently known veins do not add significant tonnes to the Aurizon resource, they represent bonanza grades, with high potential for discovery of additional veins.

Encouraging results from several drilling campaigns at Aurizon South prompted the Company to initiate a formal 43-101 resource estimate, which was announced on January 19, 2018. The maiden, base-case Aurizon South inferred resource estimate, using a 2.5 gpt cut-off grade, totals 1,073,000 tonnes grading 3.6 gpt gold equivalent containing 124,206 ounces of gold equivalent. For detailed disclosures related to the assumptions underlying this resource disclosure, please see the Company's news release available via its website (www.engold.ca). A Technical Report disclosing full particulars of the resource prepared in accordance with NI43-101 has been filed on www.sedar.com.

The Aurizon resource represents the second zone for which a maiden resource exists within the project, following the first completed in 2012 at Spout Deposit.

In addition to successful drill results at Aurizon South, in 2015 EnGold identified a new zone of porphyry copper mineralization named the Berkey Zone. The Berkey Zone exhibits copper grades in host rocks geologically similar to large orebodies in the region.

2017 Discovery

In September 2016, drilling logistical issues at Aurizon South prompted the Company to commence a vertical hole centered within an anomaly defined by a 2015 ground gravity test survey. DDH G16-01 was drilled to a depth of 136.6 m, then halted to support continued drilling at Aurizon South. This initial gravity anomaly test hole was not completed until February 2017, where it intersected a significant new copper (gold-silver-magnetite) zone at a depth of 337 m. Geological similarities between the new zone and existing Spout Resource located 1800 m to the north-west suggested the two may be genetically related and possibly hosted within the same Nicola volcano-stratigraphic sedimentary strata. The downhole uniformity of the mineralization and high grades (1.76 % Cu, 0.27 gpt Au, 10.29 gpt Ag, 35.8 % Fe and including 14 m grading 2.09 % Cu) at the new "G1 Discovery" were duplicated in many subsequent drill holes completed in a 50 m step-out pattern. A total of 30 drill holes were completed at G1 as of March 31, 2018. The maximum true thickness to date within the sub-horizontal, strataform, carbonate replacement-style zone was intersected in DDH G17-

16 (43.45 m grading 1.31 % Cu, 0.20 gpt Au, 4.06 gpt Ag and 31.14 % Fe and including 24 m grading 1.67 % Cu). The currently defined zone can be described as an irregular, crudely elliptical polygon measuring approximately 320 m NE-SW by 130 m NW-SE, with a thicker (44 m to date), NE-SW trending axis narrowing outwards. Boundaries are defined by narrow or low-grade intersections in several peripheral holes, however, these are based on 50 m step-outs, and extensions remain possible beyond current drilling.

To support improved geological understanding and drill targeting, regional and very detailed ground gravity surveying was completed in 2017 by Excel Geophysics, Edmonton. A detailed airborne gravity/magnetic survey was also completed by Sander Geophysics, Ottawa. In addition to maps provided by the contractors, digital data from both airborne and ground surveys were further processed to produce 3D shapes by geophysical consultant Trent Pezzot. These results were then modeled as 3D isosurfaces for viewing and incorporation with other 3D data by EnGold's VP Exploration.

Collectively, the gravity anomalies define a 6 km long trend extending from the Spout Resource across the property to the east-southeast. Three of approximately 9 regional gravity anomalies were drill tested with negative results, but these contribute to a better general understanding of the significance of the anomalies. Although G1 was discovered on the basis of a single ground gravity anomaly, direct correlation between the subsequent detailed ground patterns and specific drill-hole results is not evident.

The field exploration program was interrupted for ten weeks during July to September 2017 by extreme forest fire activity throughout the Cariboo region of BC. Although the Lac La Hache project area was not directly affected by fire, hot and dry conditions and related extreme fire danger required the Company to cease operations in compliance with the BC Wildfire Act with respect to high risk activities.

Also during the period EnGold Joint operation partner Pacific Empire Minerals Corp. ("PEMC") carried out a program of relatively shallow reverse circulation on the Red Property, where a total of 8 shallow holes totaling 403 metres were drilled ranging from depths of 27.5 metres to 94.5 metres. No significant copper mineralization was encountered, and results suggest the IP chargeability anomalies tested, in this instance, are explained by the presence of graphite within a volcano-sedimentary unit at shallow depths. The work on the Red Property was funded solely by PEMC with no dilution to EnGold.

Drilling to test for extensions of the immediate G1 area continued until December 9, 2017. Four holes (G17-37, G17-38, G17-39 and G17-40) were located midway between large, 71m step-outs along the central, thicker portion of the zone. These holes intersected much thicker mineralization than was previously drilled in the nearest holes, demonstrating the value of in-fill between the offset 50m-spaced initial pattern of drilling,

In 2018, additional geophysical methods were completed at G1, including borehole and surface Induced Polarization surveys, borehole electromagnetic methods and detailed ground magnetic surveys, to complement the existing geophysical model at G1 and to support improved exploration elsewhere along the G1 axis and in the 1800 metre Gap area between G1 and Spout Deposit to the Northwest.

During the period the Company reported that new Induced Polarization (IP) geophysical surveying resulted in the identification of a new and compelling drill target, A high intensity (up to 38 mV/V) and large (1500 m x 1000 m) IP chargeability anomaly located approximately 1000 m east of the G1 Copper Zone presents an undrilled porphyry copper-gold target and may indicate an intrusive that is genetically related to the copper-magnetite skarn mineralization at G1 Copper, providing insight for future drilling.

During the period drilling also targeted gold bearing quartz veins and silicified zones discovered on surface via 2018 soil sampling and prospecting, just west of the Aurizon Deposit structure ("Aurizon West"). All 7 short holes (484 m total) encountered mineralization, with the best intercepts being AZS18-69 which cut 12.75 gpt Au, 7.5 gpt Ag & 0.27% Cu over 1.64 within a larger intercept grading 5.82 gpt Au, 5.47 gpt Ag & 0.16% Cu over 3.9 m and AZS18-68 that cut 13.60 gpt Au, 12.60 gpt Ag & 1.87% Cu over 0.94 m. AZS18-68 also cut another intercept further down the hole, grading 5.12 gpt Au, 2.40 gpt Ag & 0.05% Cu over 2.18 m. All significant assays are tabulated below. Intercepts are reported as core lengths as the true width of the mineralized zones has not yet been determined.

Summer/Fall drilling at Aurizon South included two holes designed to test extensions of previous high grade gold results. One of the holes, AZS19-80, intersected 6.18 gpt gold, 0.8 % copper and 2.63 gpt silver over 4.55 metres, including 13.9 gpt gold, 1.55 % copper and 4.8 gpt silver over 0.72 metres. The summer 2019 program also included an extensive soil geochemistry survey that revealed large and significant new areas of interest at Aurizon West and the Scorpio porphyry prospect.

For further information about the Lac La Hache Property, visit www.engold.ca

Resource Property Interests – Exploration and evaluation expenditures

Activities of the Company for the year ended September 30, 2019 focused on the continuing exploration work on its Lac La Hache property as indicated in the *Exploration Program and Results* described above.

Exploration and evaluation expenditures for the year ended September 30, 2019 and 2018 are detailed below:

	2019	2018
Assays	\$ 85,138	\$ 41,449
Drilling	285,716	1,002,458
Equipment	9,366	79,815
Geological services	217,462	289,617
Geophysical services	-	93,770
Field Supervision	78,057	97,000
Rent	32,091	35,927
Supplies and other	5,298	29,308
Staking	1,225	5,290
Travel	50,393	71,024
Total	\$ 764,746	\$ 1,745,658

The strong exploration results obtained in 2018 at the Lac La Hache Property have renewed management's commitment to aggressively exploring the Property. Management intends to raise significant additional equity financing to continue with its ongoing exploration activities.

2. Selected Annual Financial Information

	2019	2018	2017
Net Sales	\$ Nil	\$ Nil	\$ Nil
Loss	\$ (1,781,244)	\$ (2,909,864)	\$ (3,196,125)
Basic and diluted Loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)
Total Assets	\$ 2,910,847	\$ 3,066,640	\$ 4,395,078
Total Long-term liabilities	\$ Nil	\$ Nil	\$ Nil
Cash dividends per common share	N/A	N/A	N/A

3. Results of Operations

During the year ended September 30, 2019, the Company had a loss of \$1,781,244 (2018 – \$2,909,864). Significant expenditures during the period were as follows:

- **Depreciation** – decreased to \$9,669 (2018 - \$12,088) as the Company amortizes its assets on a declining balance basis and had no additions to equipment during the year.
- **Exploration and evaluation expenditures** – decreased to \$764,746 (2018 – \$1,745,658) primarily related to a decrease in drilling expenditures as the Company focuses on managing its budget while it identifies new financing options.
- **Filing and regulatory** – increased to \$42,564 (2018 - \$39,777) and is considered comparable year over year.
- **Insurance** – increased to \$27,698 (2018 - \$26,611) and is considered comparable year over year.
- **Office and other** – decreased to \$47,670 (2018 - \$75,409) as the prior year had higher costs associated with moving to a new office space and additional administrative costs incurred resulting from the increased scope of the Company's operations.
- **Management and consulting fees** – increased to \$316,358 (2018 - \$261,708). Subsequent to the year ended September 30, 2019, a judgment was reached in favour of a former senior officer who had previously commenced legal proceedings against the Company. The former senior officer was awarded \$72,500 which has been included in management fees in the current year.

- **Professional fees** – increased to \$371,253 (2018 - \$160,361) primarily relating to legal fees incurred in defense of and counterclaim to litigation initiated by a former senior officer of the Company as the matter proceeded to trial during the current year. In addition to the fees awarded to the plaintiff as identified above, the Company is responsible for reimbursements of costs, which have been estimated at \$60,000 and have been included in professional fees for the current year.
- **Share-based payments** – decreased to \$274,342 (2018 - \$592,959) relating to the fair value of stock options granted in the prior year recognized over the course of their vesting period.
- **Shareholder communications** – decreased to \$11,226 (2018 - \$96,358) as the Company reduced its investor relations activities during the current period.
- **Travel and promotion** – decreased to \$14,517 (2018 - \$37,257) as the Company reduced its travel during the period related to development and marketing of its presence and image.

4. Summary of Quarterly Results

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total assets	\$2,910,847	\$2,832,401	\$2,928,346	\$3,141,106
Working capital	(498,807)	(324,885)	(277,556)	(38,113)
Shareholders' equity	2,273,290	2,449,629	2,497,875	2,739,736
Loss	(484,094)	(243,023)	(332,255)	(721,872)
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total assets	\$3,066,640	\$3,186,089	\$3,057,353	\$3,389,932
Working capital	117,238	169,354	143,644	422,187
Shareholders' equity	2,897,504	2,952,642	2,929,953	3,211,519
Loss	(749,449)	(608,352)	(467,330)	(1,084,733)
Loss per share	(0.00)	(0.00)	(0.00)	(0.01)

5. Fourth Quarter Results

During the three-month period ended September 30, 2019, the Company reported a loss of \$498,807 (2017 - \$749,449) comprised of operating expenses of \$519,998 (2017 - \$806,192) offset by other income of \$32,904 (2017 - \$56,743) relating to the flow-through premium recognized. The primary reason for the decrease in loss as compared to the three months ended September 30, 2018, was related to costs associated with a larger drill program that the Company completed over the last quarter of the prior year and first quarter of the current year. The fourth quarter of fiscal 2019 saw an increase in loss over the second and third quarters as a result of the recognition of \$132,500 in accrued liabilities on the judgment of legal proceedings.

6. Liquidity

The Company's historical capital needs have been met by issuance of shares. As at September 30, 2019, the Company had a working capital deficiency of \$498,807 (September 30, 2018 – working capital of \$117,238). The Company proposes to meet any additional financing requirements through equity financing.

The Company's cash position as at September 30, 2019 was \$94,091 (September 30, 2018 - \$219,754). During the year ended September 30, 2019, operating activities required cash of \$1,178,455 (2018 - \$2,667,336) and investing activities required \$1,500 (2018 - \$45,626).

During the year ended September 30, 2019, \$1,054,292 (2018 - \$1,362,076) was generated from financing activities which included \$883,000 (2018 - \$1,061,100) in proceeds from share private placements and \$262,866 (2018 - \$498,741) from warrant exercises, less share issuance costs of \$91,574 (2018 - \$186,265).

The Company does not have operations that generate cash flow and it is unlikely that it will generate cash flow from operations in the foreseeable future.

Cash requirements will depend primarily on the extent of future exploration programs. Subsequent phases will depend, both on cost and duration, and on results from previous phases, and it is therefore extremely difficult to predict future cash requirements. As of the date of this filing, the Company does not have the adequate funds on hand to complete its planned exploration program for the fiscal year 2020.

As at January 7, 2020, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
Stock Options	1,236,666	\$0.40	March 16, 2020
	66,666	\$0.40	August 8, 2020
	1,236,666	\$0.40	March 16, 2021
	<u>66,666</u>	\$0.40	August 8, 2021
	<u>2,606,664</u>		

As at January 7, 2020, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry date
Share Purchase Warrants	2,599,743	\$0.40	May 16, 2020
	206,510	\$0.35	May 16, 2020
	399,466	\$0.40	August 10, 2020
	82,390	\$0.35	August 10, 2020
	833,333	\$0.16	April 5, 2020
	116,666	\$0.16	April 5, 2020
	290,909	\$0.12	July 2, 2021
	65,000	\$0.12	September 24, 2021
	2,729,412	\$0.10	December 17, 2020
	1,176,471	\$0.10	December 18, 2020
	188,235	\$0.085	December 18, 2021
	<u>542,600</u>	\$0.10	December 27, 2020
	<u>9,230,735</u>		

The Company is dependent on raising funds by the issuance of shares in order to undertake exploration and development interests and meet general and administrative expenses beyond one year in the future. There can be no assurance that the Company will be successful in obtaining their required financing.

7. **Capital Resources**

The Company's ability to raise additional funds from the equity markets will largely depend upon general market conditions and the Company's ability to achieve certain exploration milestones.

Issued and outstanding common shares at January 7, 2020, the date of this report is 221,780,778 (September 30, 2019 – 213,463,621).

Instruments and Other Instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding:

Cash	Amortized cost
Receivables	Amortized cost
Reclamation deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Determination of Fair value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying values for: cash; receivables; accounts payables and accrued liabilities, approximates fair value due to their short-term or demand nature

8. Related Party Transactions

Key management personnel comprise the Chief Executive Officer, Chief Financial Officer, Corporate Secretary, Vice President of Exploration and Directors of the Company. The remuneration of the key management personnel for the year ended September 30, 2019 is as follows:

- Included in management, salaries, and consulting fees was \$120,000 (2018 - \$120,000) for services provided by the CEO, \$24,000 (2018 - \$25,000) paid to the corporate secretary, and \$48,000 (2018 - \$48,000) to a company that employs the CFO of the Company.
- Included in exploration and evaluation expenditures are \$138,000 (2018 - \$170,974) for geological consulting services to a company controlled by the Vice President of Exploration.
- Share based payments of \$248,426 (2018 - \$538,329) related to the fair value of stock options issued to key management personnel.

An amount of \$20,516 (September 30, 2018 - \$12,818) included in accounts payable is owed to related parties. These balances are unsecured, non-interest bearing, have no fixed repayment terms, and are due on demand.

9. Office-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

10. Subsequent Events

Subsequent to the year ended September 30, 2019, the Company:

- a) issued 208,333 common shares to settle accounts payable with a third party valued at \$12,500;
- b) closed the first tranche of a non-brokered private placement by issuing 4,705,882 Flow Through Units (each, a "FT Unit") for gross proceeds of \$400,000. Each FT Unit consists of one flow-through share and one-half of one warrant, whereby each whole warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.10 per share for a period of one year. The Company paid finders' fees in connection with the financing consisting of \$32,000 cash and 376,470 finders' share purchase warrants entitling the holders to purchase one non flow-through share at a price of \$0.10 for one year.
- c) closed the second tranche of a non-brokered private placement by issuing 2,352,942 FT Units for gross proceeds of \$200,000. Each FT Unit consists of one flow-through share and one-half of one warrant, whereby each whole warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.10 per share for a period of one year. The Company paid finders' fees in connection with the financing consisting of \$16,000 cash and 188,235 finders' share purchase warrants entitling the holders to purchase one non flow-through share at a price of \$0.085 for two years. In connection with the offering, the Company incurred additional closing costs of \$2,500; and
- d) closed the third tranche of a non-brokered private placement by issuing 1,050,000 FT Units for gross proceeds of \$89,250. Each FT Unit consists of one flow-through share and one-half of one warrant, whereby each whole warrant entitles the holder to purchase one non-flow-through common share at a price of \$0.10 per share for a period of one year. The Company paid finders' fees in connection with the financing consisting of \$1,496 cash and 17,600 finders' share purchase warrants entitling the holders to purchase one non flow-through share at a price of \$0.10 for one year. In connection with the offering, the Company incurred additional closing costs of \$5,644.

11. Proposed Transactions

The Company has no specific proposed transactions. However, consistent with the nature of the Company's operations, the Company is continuously reviewing potential mineral property acquisitions and is likely to acquire additional mineral properties in the future.

12. Legal Proceedings

During the period, the Company was a party to the following legal proceeding.

Eisler v EnGold. In fiscal Q4 of 2015, a holding company 100% owned by Mr. Irvin Eisler, a former CEO of the Company brought a lawsuit in the Supreme Court of BC against EnGold for wrongful dismissal arising out of the termination of Mr. Eisler's employment in 2011. Management believed that the Company's termination of Mr. Eisler for cause was entirely justified, and the case was wholly without merit. The Company filed a counterclaim against Mr. Eisler et al for unspecified damages relating to significant amounts of inappropriate related party payments that accrued to Mr. Eisler's benefit during his tenure. During the year ended September 30, 2018, the Company registered a Certificate of Pending Litigation ("CPL") against certain real estate holdings of Mr. Eisler and adjoined Mr. Eisler's wife Olga Eisler in relation to the CPL. An action was brought by the plaintiffs that the Company's counterclaim be held on a summary basis instead of at a full trial and also made application to have the CPL lifted. The Company opposed both actions. The court dismissed the application for a summary trial but did order that the CPL be lifted on the condition that Mr. Eisler provide \$400,000 in security against the Company's counterclaim. During fiscal 2018, The case was set down for a three-week trial commencing November 26th, 2018. Notably, Mr. Eisler passed away in August of 2018, but the executor of Mr. Eisler's estate elected to proceed to trial in Mr. Eisler's absence. The trial proceeded as scheduled and wound up on December 14th, 2018, with the judge reserving judgment, with a ruling issued on November 22, 2019. In the ruling, the Court found that the Estate was entitled to \$72,500 in damages from the Company for wrongful dismissal plus costs, which have been estimated to be \$60,000. Further, the Company's counterclaim for disgorgement of funds by the Estate related to multiple alleged breaches of legal duties by the late Mr. Eisler was dismissed. Following receipt of the ruling, the Company has filed a notice of appeal with the Court of Appeal.

13. Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

- i. Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected share price volatility. Because the Company's warrants have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Critical accounting judgments

- i. The carrying value and recoverability of exploration and evaluation assets requires management to make certain estimates, judgments and assumptions about each project. Management considers the economics of the project, including the latest resources prices and the long-term forecasts, and the overall economic viability of the project. Management has assessed these indicators and does not believe an impairment provision is required.
- ii. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.
- iii. The estimate for contingencies and settlement provisions require management to make judgments as to the likelihood of outcomes and estimates of the timing and the possible outflow of economic benefits.

14. Changes in Accounting Policies

New standards, interpretations and amendments adopted

We have adopted the new IFRS pronouncement for financial instruments as at October 1, 2018, in accordance with the transitional provisions outlined in the respective standard and described below. The adoption of the new IFRS pronouncement has not resulted to adjustments in previously reported figures and no change to the opening deficit balance as at October 1, 2018, under the IFRS 9 transition provisions.

Overview of Changes in IFRS 9

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, Financial Instruments: Recognition and Measurement (IAS 39).

Under IFRS 9, on initial recognition, a financial asset or liability is classified at amortized cost or at fair value (either through other comprehensive income ("FVOCI") or profit or loss ("FVPL")).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income (FVOCI).

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Classification and Measurement Changes

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 and have determined that there has been no change in the measurement categories, carrying values or to previously reported figures of our financial instruments. The adoption of the Standard did not have a significant impact on the financial statements.

Impairment of financial assets

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment

The Company has determined that the application of IFRS 9's impairment requirements as at October 1, 2018 did not result in any additional impairment allowances.

New standards not yet adopted

Certain pronouncements were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after October 1, 2019. They have not been early adopted in these financial statements. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases, as is required by IAS 17 Leases, and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company will be adopting IFRS 16 on October 1, 2019, using the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption. For all leases, the lease liability will be measured at October 1, 2019 as the present value of any future minimum lease payments discounted using the appropriate incremental borrowing rate. The associated right of use assets will be measured at the amount equal to the lease liability on October 1, 2019.

15. Disclosure Control and Procedures

Internal Controls and Procedures

The Chief Executive Office and Chief Financial Officer are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes accordance with IFRS.

Certain weaknesses exist in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas which existed. The existence of these weaknesses is to be compensated by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue will also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and workload will enable the action.

Risk Factors

In conducting its business, the Company, like all development-stage mineral exploration companies, faces a variety of risks uncertainties. While unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible.

Exploration and Development - Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability o a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could impact them and employs experienced consulting to assist in its risk management and to make timely adequate decisions.

Title Risks - Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties.

Permitting Risks - The development of mineral resources in British Columbia is subject to a comprehensive review, approval and permitting process involving various provincial and regional agencies, in addition to the various First Nations groups that have jurisdiction in the Company's area of claims. There can be no assurance given for the required approvals and permits for a mining project, even if technically and economically warranted, can be obtained in a timely or cost-effective manner.

Fluctuating Metal Prices - Factors beyond the control of the Company have a direct effect on global metal prices, which have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects and the Company's ability to finance the development of its projects cannot be accurately predicted and may be adversely affected by fluctuations in metal prices.

Environmental Regulations Permits and Licenses - Environmental laws and regulation could also impact the viability of a project. The Company has ensured that it has complied with these regulations, but there can be changes in legislation outside the Company's control that could also add a risk factor to a project.

Competition - The mineral exploration industry is intensely competitive in all its phases, and the Company competes with some companies that have greater financial and technical resources. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Future Financings - The Company's continued operation will be dependent in part upon its ability procure additional financing. To date, the Company has done so through a combination of: (i) equity financing; and (ii) cash payments received as property option payments from third parties. The current state of global equity markets has had a direct effect on the ability of exploration companies, including the Company, to finance project acquisition and development through the equity markets. There can be no assurance that forms of financing can be obtained at a future date. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

Price Volatility of Publicly Traded Securities - During recent months, global securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide

fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

16. Approvals

The Board of Directors of EnGold Mines Ltd. has approved the disclosures contained in the Management Discussion and Analysis for the year ended September 30, 2019, prepared as at January 7, 2020.

17. Information regarding forward looking statements

The technical disclosures herein have been reviewed and approved by Mr. Robert Shives, PGeo, vice-president of exploration to the company and a qualified person as defined in National Instrument 43-101.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of gold and other metals, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, Government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.