



CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

**FOR THE THREE AND NINE-MONTH PERIODS ENDED JUNE 30,
2022 AND 2021**

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

EnGold Mines Ltd.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

Unaudited

As at	June 30, 2022	September 30, 2021
ASSETS		
Current		
Cash	\$ 56,412	\$ 3,713,788
Receivables	98,224	25,056
Prepaid expenses	47,001	20,776
Total current assets	201,637	3,759,620
Reclamation deposits (Note 4)	147,000	147,000
Other assets	1,008	1,008
Restricted cash (Note 5)	34,500	11,500
Equipment and right-of-use assets (Note 6)	156,572	127,898
Mineral properties (Note 7)	2,603,709	2,589,409
Total assets	\$ 3,144,426	\$ 6,636,435
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 379,954	\$ 501,730
Current portion of lease liabilities (Note 8)	45,364	27,340
Provisions (Note 12)	403,262	403,262
Other liabilities (Note 10)	628,685	1,852,048
Total current liabilities	1,457,265	2,784,380
Loan payable (Note 9)	60,000	60,000
Lease liabilities (Note 8)	91,442	87,731
Total liabilities	1,608,707	2,932,111
Shareholders' equity		
Share capital (Note 10)	45,669,705	45,665,405
Reserves (Note 10)	13,839,721	13,838,759
Deficit	(57,973,707)	(55,799,840)
Total shareholders' equity	1,535,719	3,704,324
Total liabilities and shareholders' equity	\$ 3,144,426	\$ 6,636,435

Nature of operations and the ability to continue as a going concern (Note 1)**Commitments and contingencies** (Note 12)

Approved and authorized by the Board of Directors on August 26, 2022:

"Rolf Van Driesum"
Rolf Van Driesum

Director

"David Brett"
David Brett

Director

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

EnGold Mines Ltd.**CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

Unaudited

	For the three months ended June 30, 2022	For the three months ended June 30, 2021	For the nine months ended June 30, 2022	For the nine months ended June 30, 2021
EXPENSES				
Depreciation (Note 6)	\$ 13,644	\$ 8,360	\$ 37,177	\$ 35,232
Mineral property expenditures	1,090,837	153,849	3,021,506	423,997
Filing and regulatory	844	4,666	12,274	17,575
Insurance	9,232	4,793	26,267	17,805
Office and other	13,308	10,883	42,422	22,692
Management and consulting (Note 11)	53,717	48,849	163,729	145,652
Professional fees (Notes 11 and 12)	276	24,562	40,309	338,198
Share-based payments (Note 10)	-	2,244	962	16,653
Shareholder communications	12,606	8,913	23,386	17,225
Travel and promotion	9,494	204	18,598	1,459
	(1,203,958)	(267,323)	(3,386,630)	(1,036,488)
OTHER ITEMS				
Lease accretion (Note 8)	(3,596)	(3,101)	(10,600)	(9,569)
Other income (Note 10)	449,157	35,212	1,223,363	132,860
Loss and comprehensive loss for the period	\$ (758,397)	\$ (235,212)	\$ (2,173,867)	\$ (913,197)
Basic and diluted loss per common share	\$ (0.02)	\$ (0.01)	\$ (0.06)	\$ (0.04)
Weighted average number of common shares outstanding	33,681,546	25,358,249	33,671,363	24,752,041

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

EnGold Mines Ltd.**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

Unaudited

For the nine-month period ended June 30,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (2,173,867)	\$ (913,197)
Non-cash items:		
Depreciation	37,177	35,232
Lease accretion	10,600	9,569
Other income	(1,223,363)	(132,860)
Share-based payments	962	16,653
Changes in non-cash working capital items:		
Receivables	(73,168)	10,497
Prepaid expenses	(26,225)	(92,521)
Accounts payable and accrued liabilities and provisions	(121,776)	187,806
Net cash used in operating activities	(3,569,660)	(878,821)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of mineral properties	(10,000)	(5,000)
Purchase of equipment	(2,757)	-
Net cash used in investing activities	(12,757)	(5,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds received	-	20,000
Proceeds from private placements	-	600,000
Payments of lease liabilities	(51,959)	(27,953)
Share issuance cost	-	(750)
Transfer to restricted cash (Note 5)	(23,000)	-
Net cash provided by financing activities	(74,959)	591,297
Change in cash during the period	(3,657,376)	(292,524)
Cash, beginning of period	3,713,788	346,430
Cash, end of period	\$ 56,412	\$ 53,906
Supplemental cash flow information:		
Prepaid expenses applied to lease liabilities	-	11,082
Shares issued for mineral properties	4,300	6,000
Share issuance costs in accounts payable and accrued liabilities	-	4,761
Additions to lease liabilities and right-of use assets	\$ 63,094	\$ 12,498

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

EnGold Mines Ltd.

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

Unaudited

	Share Capital				
	Number	Amount	Reserves	Deficit	Total
Balance, September 30, 2020	24,446,546	\$ 42,949,916	\$ 13,812,273	\$ (54,319,418)	\$ 2,442,771
Private placements – flow through	1,200,000	600,000	-	-	600,000
Flow-through premium liability	-	(120,000)	-	-	(120,000)
Shares for mineral properties (Note 7)	15,000	6,000	-	-	6,000
Share issuance costs – cash	-	(5,511)	-	-	(5,511)
Shares-based payments	-	-	16,653	-	16,653
Loss for the period	-	-	-	(913,197)	(913,197)
Balance, June 30, 2021	25,661,546	43,430,405	13,828,926	(55,232,615)	2,026,716
Private placements – flow through	8,000,000	4,000,000	-	-	4,000,000
Flow-through premium liability	-	(1,720,000)	-	-	(1,720,000)
Share issuance costs – cash	-	(45,000)	-	-	(45,000)
Shares-based payments	-	-	9,833	-	9,833
Loss for the period	-	-	-	(567,225)	(567,225)
Balance, September 30, 2021	33,661,546	45,665,405	\$ 13,838,759	\$ (55,799,840)	3,704,324
Shares for mineral properties (Note 7)	20,000	4,300	-	-	4,300
Shares-based payments	-	-	962	-	962
Loss for the period	-	-	-	(2,173,867)	(2,173,867)
Balance, June 30, 2022	33,681,546	\$ 45,669,705	\$ 13,839,721	\$ (57,973,707)	\$ 1,535,719

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

1. NATURE OF OPERATIONS AND THE ABILITY TO CONTINUE AS A GOING CONCERN

EnGold Mines Ltd. (the “Company”) was incorporated in British Columbia under the Business Corporations Act. The Company is in the business of exploring for and evaluating economically viable mineral properties in Canada.

The Company’s registered and records office is Pacific Centre, 400 – 725 Granville Street, Vancouver, BC V7Y 1G5.

The Company is in the process of exploring and evaluating its resource properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

On August 06, 2021, the Company consolidated its issued and outstanding capital on the basis of one (1) post-consolidation share for each ten (10) pre-consolidation shares. All per share option, warrant, and share amounts have been retroactively restated.

These condensed interim financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. For the period ended June 30, 2022, the Company incurred a loss of \$2,173,867, has an accumulated deficit of \$57,973,707 and expects to incur further losses in the development of its business. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the ability of the Company to continue to obtain debt or equity financing in the short term, the continued support of related parties, and ultimately, on locating economically recoverable ore reserves in its mineral properties. Management believes the Company will be successful at securing additional funding, however, there is no assurance that such plans will be successful and if so, that the funding will be provided on terms acceptable to the Company.

If the Company is unable to obtain adequate additional financing and the continued support of related parties, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations this time.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of Presentation

The condensed interim financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed interim 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.

2. BASIS OF PREPARATION *(cont'd...)*

Basis of Presentation *(cont'd...)*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, 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:

Use of Estimates and Judgments

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 options and 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the most recent audited annual financial statements as at and for the year ended September 30, 2021 and reflect all the adjustments necessary for fair presentation in accordance with IAS 34.

4. RECLAMATION DEPOSITS

As at June 30, 2022 the Company held \$147,000 (September 30, 2021 - \$147,000) in deposits with a financial institution as security for reclamation requirements.

5. RESTRICTED CASH

Restricted cash consists of a term deposit of \$34,500 (September 30, 2021 - \$11,500) held as security for a corporate credit card. During the period ended June 30, 2022, the Company made an additional deposit of \$23,000 for the corporate credit card.

EnGold Mines Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2022

(Expressed in Canadian Dollars)

Unaudited

6. EQUIPMENT AND RIGHT-OF-USE ASSETS

	Right-Of-Use assets: property lease	Right-Of-Use assets: Vehicle lease	Field Equipment	Vehicles	Office Furniture and equipment	Computer Equipment	Total
Cost							
Balance, September 30, 2020	\$ 174,443	\$ -	\$ 102,713	\$ 125,336	\$ 53,679	\$ -	\$ 456,171
Revaluation of leases	12,498	-	-	-	-	-	12,498
Balance, September 30, 2021	186,941	-	102,713	125,336	53,679	-	468,669
Revaluation of leases	3,430	-	-	-	-	-	3,430
Additions	-	59,664	-	-	-	2,757	62,421
Balance, June 30, 2022	190,371	59,664	102,713	125,336	53,679	2,757	534,520
Accumulated depreciation							
Balance, September 30, 2020	46,175	-	98,462	99,235	53,086	-	296,958
Additions	37,624	-	850	5,220	119	-	43,813
Balance, September 30, 2021	83,799	-	99,312	104,455	53,205	-	340,771
Additions	21,449	11,601	510	3,132	71	414	37,177
Balance, June 30, 2022	\$ 105,248	\$ 11,601	\$ 99,822	\$ 107,587	\$ 53,276	\$ 414	\$ 377,948
As at September 30, 2021	\$ 103,142	\$ -	\$ 3,401	\$ 20,881	\$ 474	\$ -	\$ 127,898
As at June 30, 2022	\$ 85,123	\$ 48,063	\$ 2,891	\$ 17,749	\$ 403	\$ 2,343	\$ 156,572

7. MINERAL PROPERTIES

	Lac La Hache
Balance, September 30, 2020	\$ 2,578,409
Additions	11,000
Balance, September 30, 2021	2,589,409
Additions	14,300
Balance, June 30, 2022	\$ 2,603,709

The balance of mineral properties represents acquisitions costs paid by the Company.

The following descriptions apply to adjacent properties in the Clinton Mining and Cariboo Divisions located near Lac La Hache, British Columbia:

a) Miracle/Murphy

The Company owns a 100% interest in four mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated October 27, 1994, there is a 2% net smelter return ("NSR") which will be reduced to 1% upon an aggregate total payment of \$1,500,000 to the original vendor.

7. MINERAL PROPERTIES (*cont'd...*)

Lac La Hache (*cont'd...*)

b) Peach Lake

The Company owns an 100% interest in a number of mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache that were acquired under option agreements with the original vendors. Under the terms of an agreement dated December 1, 1994, there is a 3% NSR due to the original vendor on four of the original seven claims acquired to a maximum of \$500,000 and a 1% NSR in favour of Peach Lake Resources Ltd., purchasable at any time for \$3,000,000.

During the year ended September 30, 2018, the Company signed an agreement amending the Peach Lake Resources Ltd. NSR purchase price from \$3,000,000 to \$2,000,000. In exchange for the revised agreement, the Company paid \$10,000 cash and issued 35,000 common shares valued at \$73,500.

c) Ann

The Company owns a 100% interest in two mineral claims located in the Clinton Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreements, the claims are subject to a 5% net profits royalty to a maximum of \$500,000.

d) Murphy Lake

The Company owns a 100% interest in a number of mineral claims located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of an agreement dated June 3, 1993, the Company has agreed with the original vendor to issue 30,000 common shares, when it is confirmed that an ore body exists and the plans to commence commercial production are in place, and pay a 3% NSR to a maximum of \$1,000,000. No shares have been issued to the date of these financial statements.

e) PMA/Cassidy

The Company owns a 100% interest in four mineral claims, located in the Cariboo Mining Division of British Columbia, located near Lac La Hache. Under the terms of the agreement dated February 14, 2000, the Company is not required to pay a NSR to the original vendor.

f) Candorado Option Agreement

During the year ended September 30, 2012, the Company and Candorado Operating Company Ltd. ("Candorado") entered into an option agreement (the "Agreement") whereby the Company acquired a 100% interest in certain mineral claims located east of Williams Lake, BC, near Lac La Hache (the "Claims").

During the year ended September 30, 2013, the Agreement was amended such that a 2% NSR obligation of the Company in favour of Candorado was waived by Candorado, and certain NSR obligations of Candorado were assumed by the Company, which assumed NSRs related to two separate blocks of the Claims (acquired under two separate 2004 option agreements with different optionees). Certain of the Claims acquired by the Company under the Agreement are now subject to a 2% NSR in favour of two optionees, purchasable by the Company at any time for \$1,000,000 (\$500,000 to each optionee). Certain other of the Claims are also subject to a 2% NSR in favour of two other optionees, which NSR is similarly purchasable by the Company at any time for \$1,000,000 (\$500,000 to each optionee).

7. MINERAL PROPERTIES (*cont'd...*)

Lac La Hache (*cont'd...*)

g) Tam Property

During the year ended September 30, 2020, the Company entered into an option agreement to acquire 100% of the Tam Property which comprises 875 hectares of mineral claims adjoining the Company's Lac La Hache Property directly to the east of the Aurizon Gold Deposit.

The agreement with the vendor, which is subject to the approval of the TSX Venture Exchange, calls for EnGold to, on signing, apply 2 years' worth of assessment work on the property (completed) and pay \$40,000 and issue 150,000 common shares over a four-year period as follows:

- a) 10,000 common shares on exchange acceptance (*issued with fair value of \$4,500*);
- b) on the 12-month anniversary, \$5,000 and 15,000 common shares (*\$5,000 paid and 15,000 common shares issued with fair value of \$6,000 during the year ended September 30, 2021 (Note 10)*);
- c) on the 24-month anniversary, \$10,000 and 20,000 common shares; (*\$10,000 paid and 20,000 common shares issued with fair value of \$4,300 during the period ended June 30, 2022 (Note 10)*)
- d) on the 36-month anniversary, \$10,000 and 25,000 common shares; and
- e) on the 48-month anniversary, \$15,000 and 80,000 common shares.

All commitments except the application of the work and payment of the first 10,000 shares are at the sole option of the Company. The Tam Property will at all times be subject to a 2% NSR in favour of the vendor, which NSR will be purchasable at any time by the Company for \$1,500,000.

Red Property

On July 5, 2016, the Company entered into a joint agreement with Pacific Empire Minerals Corp. ("PEMC") that is accounted for as a joint operation under IFRS 11 Joint Arrangements. Both parties hold certain adjacent claims located in the Clinton Mining Division of British Columbia and agreed to combine into single property to be known as the Red Property (the "Property") and form an unincorporated joint operation for the purpose of exploring and developing the Property. The participating interests of both parties at the time of the joint operation is 50% with each party responsible for payment of its proportionate share of operating and capital costs, including reclamation and remediation obligations.

Upon formation of the joint operation, a management committee (the "Management Committee") consisting of two representatives of each party and holding voting rights in accordance with each party's participating interest, was established which shall make all decisions which are required to be made by the joint operation participants. The Management Committee shall be responsible for the exploration and development of the Property and for the negotiation of any option or sale of the Property.

During the year ended September 30, 2018, PEMC carried out exploration work on the Property at their sole expense with no dilution to EnGold. The term of the PEMC agreement extended to December 31, 2018 and expired at that time. The Company retains a 100% interest in its original claim, as single mineral tenure subject to a 1.5% NSR payable to the vendor to a maximum of \$3,000,000.

During the period ended June 30, 2022, the Company acquired the Red Property claim, now referred to as the LLH1 mineral claim, comprising 1,315 hectares for consideration of a 2% NSR of the claim, of which 1% is purchasable by the Company for \$1,000,000 at any time.

8. LEASE LIABILITIES

The Company's opening lease liabilities include a property lease with undiscounted remaining payments of \$137,928 as at September 30, 2021. During the period ended March 31, 2022, through amendments to lease payment schedules, the Company revalued the remaining payments and recognized further additions to lease liabilities and Right-of-Use assets of \$3,430. During the period ended June 30, 2022, the Company entered into a new lease for a vehicle rental with undiscounted payments of \$54,119.

In calculating present values, the Company used a discount rate of 10%.

EnGold Mines Ltd.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022
(Expressed in Canadian Dollars)
Unaudited

8. LEASE LIABILITIES (cont'd...)

The following summarizes the undiscounted minimum lease payments under the lease liabilities as at June 30, 2022:

Fiscal year	Payment
2022	\$ 14,251
2023	57,004
2024	57,004
2025	28,982
Amount representing future lease accretion	(20,435)
Lease liabilities as at June 30, 2022	\$ 136,806

The following is a reconciliation of the changes in the lease liabilities:

	June 30, 2022
Opening balance	\$ 115,071
Additions	59,664
Adjustments	3,430
Lease accretion	10,600
Payments	(51,959)
	136,806
Current portion of lease liabilities	(45,364)
Lease liabilities	\$ 91,442

9. LOAN PAYABLE

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses are eligible to apply for the Canada Emergency Business Account (the "CEBA"). The CEBA provides companies with a \$40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended September 30, 2020, the Company applied for the CEBA and received the \$40,000 loan. The CEBA remains interest free until December 31, 2023 and has no fixed repayment schedule. If \$30,000 is repaid on or before December 31, 2023, the remaining \$10,000 will be forgiven. If at December 31, 2023, any amount remains unpaid, the Company will enter into an extension agreement whereby it will accrue interest at a rate of 5% per annum, with a repayment schedule to be determined at that time. During the year ended September 30, 2021, the Company received an additional \$20,000 in CEBA proceeds, of which \$10,000 is forgivable if paid by December 31, 2023.

10. SHARE CAPITAL AND RESERVES

a) Authorized share capital

Unlimited number of common and preferred shares without par value.

b) Issued share capital

During the period ended June 30, 2022:

- a) The Company issued 20,000 common shares with a fair value of \$0.215 per common share as per the terms of the Tam Property option agreement (Note 7).

10. SHARE CAPITAL AND RESERVES (cont'd...)

b) Issued share capital (cont'd...)

During the year ended September 30, 2021:

- b) The Company issued 15,000 common shares with a fair value of \$0.40 per common share as per the terms of the Tam Property option agreement (Note 7).
- c) The Company closed a non-brokered private placement by issuing 1,200,000 flow-through units at a price of \$0.50 per unit for proceeds of \$600,000. Each unit consists of one flow-through common share and one half of one warrant, whereby each whole warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.75 per share for a period of two years. The Company incurred closing costs of \$5,511 in connection with the offering. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of \$240,000. As at September 30, 2021, the Company has not incurred any expenditures towards the flow-through liability.
- d) The Company closed a non-brokered private placement by issuing an aggregate of 8,000,000 flow-through units at a price of \$0.50 per unit for gross proceeds of \$4,000,000. Each unit consists of one flow-through common share and one half of one warrant, with each full warrant entitling the holder to purchase one non-flow-through common share at a price of \$0.75 for a period of two years. The Company incurred closing costs of \$45,000 in connection with the offering. The Company used the residual value method to calculate the fair value of the tax deduction attached with the flow-through common share and recorded a flow-through liability of \$1,600,000. As at September 30, 2021, the Company has not incurred any expenditures towards the flow-through liability.

c) Stock options and warrants

The Company has a share purchase option plan approved by the Company's shareholders that allows it to grant share purchase options, subject to regulatory terms and approval, to its officers, directors, and employees. The share purchase option plan (the "2011 Rolling Option Plan") is based on the maximum number of eligible shares equaling a rolling percentage of 7.5% of the Company's outstanding common shares, and may not exceed 5% to any individual, calculated from time to time. During the year ended September 30, 2018, the Rolling Option Plan was amended such that the maximum number of eligible shares reserved for issuance under the plan be reduced from 7.5% to 5% of the Company's outstanding common shares, of which 1.08% have been issued. Pursuant to the 2011 Rolling Option Plan, if outstanding share purchase options are exercised or expire, and/or the number of issued and outstanding common shares of the Company increases, then the share purchase options available to grant under the plan increases proportionately. The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts).

Under the Plan, if an optionee ceases to be a director, officer or employee for any reason other than death, this option shall terminate as specified by the Board and all rights to purchase common shares under such option shall cease and expire and be of no further force or effect. Options have a maximum term of five years and depending on who the optionee is and whether the optionee resigned or is terminated, will terminate on the effective date of resignation or termination or 18 months following termination, except in the case of death, in which case they terminate one year after death. Unless otherwise noted vesting of options is made at the time of granting of the options at the discretion of the Board of Directors. Vested options are exercisable at any time.

During the period ended June 30, 2022, the Company granted nil options (year ended September 30, 2021 – 100,000). The weighted average fair value of options granted during the period ended June 30, 2022 was \$nil (2021 - \$0.27). Total share-based payments recognized in the statement of shareholders' equity for the period ended June 30, 2022, was \$962 (2021 - \$16,653) for incentive options vested and was recognized in profit or loss. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

EnGold Mines Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022
(Expressed in Canadian Dollars)
Unaudited

10. SHARE CAPITAL AND RESERVES (cont'd...)

c) Stock options and warrants (cont'd...)

	June 30, 2022	September 30, 2021
Weighted average share price	N/A	\$0.45
Risk-free interest rate	N/A	0.36%
Expected life of option	N/A	3.00 years
Expected annualized volatility	N/A	122.38%
Expected dividend rate	N/A	Nil

Stock option and share purchase warrants transactions are summarized as follows:

	Options		Warrants	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, September 30, 2020	372,000	\$ 1.88	2,505,022	\$ 0.82
Issued	100,000	0.85	4,600,000	0.75
Expired and cancelled	(109,000)	4.00	(619,782)	1.01
Balance, September 30, 2021	363,000	\$ 0.96	6,485,240	\$ 0.75
Expired and cancelled	-	-	(345,624)	0.69
Balance, June 30, 2022 - outstanding	363,000	\$ 0.96	6,139,616	\$ 0.75
Balance, June 30, 2022 - exercisable	363,000	\$ 0.96	6,139,616	\$ 0.75

As at June 30, 2022, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry date
Stock Options	263,000	\$ 1.00	March 17, 2023
	50,000	\$ 1.00	October 14, 2023
	50,000	\$ 0.70	June 09, 2024
	363,000		

As at June 30, 2022, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry date
Share Purchase Warrants	1,065,000	\$ 0.70	July 22, 2022
	74,550	\$ 0.40	July 22, 2022
	233,333	\$ 1.00	August 13, 2022
	166,733	\$ 1.00	August 20, 2022
	600,000	\$ 0.75	April 23, 2023
	4,000,000	\$ 0.75	August 11, 2023
	6,139,616		

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Unaudited

11. 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 period ended June 30, 2022 is as follows:

- Included in management, salaries, and consulting fees was \$90,000 (2021 - \$90,000) for services provided by the CEO, \$18,000 (2021 - \$18,000) paid to the corporate secretary, and \$36,000 (2021 - \$36,000) to a company that employs the CFO of the Company.
- Included in exploration and evaluation expenditures are \$160,000 (2021 - \$95,690) for geological consulting services to a company controlled by the Vice President of Exploration.
- Share-based payments of \$nil (2021 - \$nil) related to the fair value of stock options issued to key management personnel.

An amount of \$11,220 (September 30, 2021 - \$38,335) 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.

12. COMMITMENTS AND CONTINGENCIES

- i) From time to time, certain claims, lawsuits, and complaints may arise in the ordinary course of operations against the Company. Provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. The Company is not aware of any material unrecorded contingent liabilities which require recording in the financial statements for the year ended September 30, 2021 other than the following.

In addition to the above, a former senior officer of the Company commenced litigation against the Company alleging wrongful dismissal and claiming unspecified damages. During the year ended September 30, 2020, a judgment was reached, and the Company was ordered to pay \$72,500 plus plaintiff's costs, estimated initially to be \$60,000. As at September 30, 2019, the Company had accrued a total of \$132,500 related to the judgment in accounts payable and accrued liabilities. During the period, the Company appealed the judgment. Also during the period, the court provided a ruling on costs awarding the plaintiffs full indemnity, estimated by the plaintiffs to be in excess of \$500,000. On May 22, 2020, the Company received a court order to post \$250,000 in security related to the plaintiff's costs pending the outcome of the appeal. During this same period, the Company was also required to pay into trust \$89,045 related to the judgment. During the year ended September 30, 2020 the Company paid into trust all the ordered amounts, totaling \$339,045. Accordingly, for the year ended September 30, 2020 the Company recognized an additional \$206,545 in professional fees for the plaintiff's costs, of which the entire amount has been paid into trust pending the appeal. During the year ended September 30, 2021, the Company's appeal was dismissed, and the Court found that the Company would also be liable full indemnity costs for the appeal. Total estimated court costs payable on behalf of the plaintiff are \$663,923, of which \$140,000 was paid during the period ended June 30, 2022. The Company had accrued an additional \$403,262 to professional fees for the year ended September 30, 2021.

- ii) The Company is partly financed by the issuance of flow-through shares. However, there is no guarantee that the funds spent by the Company will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities would have negative tax consequences for investors. As of June 30, 2022, the Company has an obligation to incur \$1,571,713 (September 30, 2021 - \$4,645,179) of eligible expenses pursuant to the terms of the flow through shares financing.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to the following financial risks:

- Market Risk
- Interest Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, commodity prices, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. As at June 30, 2022, the Company is not materially exposed to market risk.

b) Interest Risk

Interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not entered into any derivative contracts to manage risk. The Company's policy as it relates to its cash balances is to invest excess cash in a reputable Canadian chartered bank.

As of June 30, 2022, the Company's exposure to interest rate risk is cash with variable interest rate. A change in interest rates of 1% would not materially affect the Company's cash flows.

c) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk is on its reclamation deposit.

d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company anticipates that the current funds are not sufficient to support its corporate and administrative obligations on a continuous basis. Management is evaluating other alternatives to secure financing including additional equity offerings. However, there is no assurance that these initiatives will be successful. The amount and timing of additional funding will be impacted by, among other things, the strength of the capital markets.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(cont'd...)*

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 receivables, and accounts payable and accrued liabilities approximates fair value due to their short-term nature.

14. CAPITAL MANAGEMENT

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital consists of shareholder's equity comprising issued capital; share purchase warrants; reserves and deficit. The basis for the Company's capital structure is dependent on the Company's exploration programs. There were no changes in the Company's approach to capital management during the current period and the Company is not subject to externally imposed capital requirements, except when the Company issues flow-through shares. The Company is subject to certain requirements in relation to its use of funds raised through the issuance of flow-through shares. These funds have to be incurred for eligible exploration expenditures in accordance with Canadian federal and certain provincial income tax acts.