

# ENFORCER

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# GOLD CORP

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE FINANCIAL YEAR END APRIL 30, 2017**

**REPORT DATE – AUGUST 23, 2017**

## INTRODUCTION

The following Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Enforcer Gold Corp. ("Enforcer" or the "Company") for the financial year-end of April 30, 2017. It should be read in conjunction with the audited financial statements for year ended April 30, 2017 and 2016. The MD&A has been prepared with an effective date of August, 2017.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian ("CDN") dollars unless otherwise indicated.

Additional information relating to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## FORWARD LOOKING STATEMENTS

This document contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to as "forward-looking statements"). Often, but not always, forward-looking statements can be identified by the use of words such as "plans," "expects" or "does not expect," "is expected," "planned," "budget," "scheduled," "estimates," "continues," "forecasts," "projects," "predicts," "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," "should," "might" or "will" be taken, occur or be achieved.

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- The Company's acquisition strategy;
- The Company's expectations regarding its ability to raise capital and meet its obligations.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any of our future results, performance or achievements expressed or implied by the forward-looking statements; consequently, undue reliance should not be placed on forward-looking statements.

Management believes the primary risk factors have been identified in the Risks and Uncertainties section of this document.

Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the timing of the receipt of required approvals for our operations;
- the availability of equity and other financing on reasonable terms;
- our ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- our ability to attract and retain skilled labour and staff; and
- our ongoing relations with our employees and with our business/joint venture partners.

We caution you that the foregoing lists of important risk factors and assumptions are not exhaustive. Events or circumstances could cause our actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. We undertake no obligation to update publicly or otherwise revise

any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

## **DESCRIPTION OF BUSINESS AND REVIEW**

Enforcer was incorporated under the Business Corporations Act (British Columbia) on August 18, 2010. The Company was listed on the TSX Venture Exchange (the "TSX-V" or "Exchange") as a capital pool company ("CPC") and began trading on April 15, 2011. The Company was incorporated with the purpose of identifying and evaluating businesses and assets with a view to completing a qualifying transaction (the "Qualifying Transaction").

On January 31, 2013, the Company announced the acquisition of Bethlehem Iron Ore Corp. ("Bethlehem") in exchange for the issuance of 1,000,000 common shares of the Company at a deemed price of \$0.11 per share. The Company would also assume a 2% NSR and a \$1 per tonne direct shipping ore royalty in connection with the acquisition of Bethlehem. The Bethlehem transaction was completed in April 2013 and constituted Enforcer's Qualifying Transaction under the policies of the TSX-V. Accordingly, the Company was designated a Tier 2 mining issuer and commenced trading on the Exchange under the name "Natan Resources Inc." and under the trading symbol "NRL" on April 19, 2013.

In early 2017, Natan Resources Inc. changed its name to "Enforcer Gold Corp." and the ticker was changed to "VEIN". On July 6, 2016, the Company and Critical Elements Corporation entered into an option agreement that gives the Company the option to acquire up to a 70% interest in the Duval Lithium Project ("Duval"), located south-west of and contiguous to the Nemaska Lithium Whabouchi property. Under the Agreement, Enforcer will earn its interest in Duval by way of a farm-in arrangement. As of February 2, 2017, exploration results from the phase 1 prospecting program on the Duval property were being analyzed. In order to accurately assess the exploration results, the Company entered into an extension agreement with Critical Elements Corporation providing for a deferral of its first-year exploration expenditures at Duval until August 31, 2017.

On November 17, 2016, the Company announced that it had entered into an option agreement with Globex Mining Enterprises Inc. ("Globex") to acquire a 100% interest in the 3,183-hectare Montalembert Gold Project ("Montalembert") located 120 kilometres west of Chibougamau in central Quebec. On March 1, 2017, the Company added over 4,000 hectares of land to the property, increasing the total project size to 7,293.06 hectares or 18,021 acres. The Montalembert Gold Property has historical and recently reported high grade gold visible in outcrop on surface and reported in historical shallow drill holes. Previous stripping completed by Globex exposed the gold bearing quartz vein systems along with occurrences of coarse native gold. See Globex press releases dated September 9, 2015, November 12, 2015 and October 24, 2016 for information on historical exploration on the property.

Due to depressed commodity prices, specifically iron ore, and the poor status of financial markets for exploration stage resource companies, Enforcer has not had sufficient capital with which to advance its Bethlehem Property in the past couple of years. Accordingly, the Company continues to explore opportunities in other sectors.

## **SUMMARY OF EXPLORATION ACTIVITIES**

On April 19, 2013, the Company acquired all of the issued and outstanding common shares of Bethlehem in exchange for common shares of the Company. Bethlehem is a private company incorporated in Nevada having a significant land position within the historic Gentry hematite-iron district approximately 80 miles northeast of Phoenix, Arizona.

The Company reviewed the carrying value of the property, which is viewed as a single cash generating unit, for impairment indicators at April 30, 2015. It was determined that the property had a recoverable amount that was materially less than its carrying value and the Company wrote-off \$116,852. The recoverable amount of the Bethlehem

Property was based on the fair value less costs of disposal as "value in use" was not determinable for a project that is not currently generating any cash flows. The fair value was determined to be \$Nil based on the Company's low market capitalization and because there is no active market for sale of the license and no buyers have been identified due to current conditions in the resource sector. The disposal cost of \$Nil was determined as there are no physical assets to dispose of and currently no sale is pending. Therefore, no costs of sale were considered in the calculation of the recoverable amount. The Company maintains a nominal carrying value of \$1 to recognize its title retention to the asset.

### **Duval Lithium Property**

On July 26, 2016, the Company entered into an option agreement with Critical Elements Corporation to explore the Duval Lithium Project in Quebec. The option agreement gives the Company the right to earn up to 70% of the project by issuing shares, cash and funding exploration expenditures before December 31, 2017. On August 31, 2016, the Company paid \$15,000 in cash and issued 2,669,784 common shares to Critical Elements Corporation pursuant to the Duval Option Agreement.

Duval is comprised of two blocks totaling 46 claims, with a total area of 2,458.92 hectares covering a distance of approximately 7 kilometres along a SW-NE axis. The property is located two kilometres south of the Route du Nord and is served by a Hydro Quebec power line and a gravel road, which cross the southern half of the block in a southeasterly direction.

Duval lies south-west of and is contiguous to Nemaska Lithium's Whabouchi property where Nemaska is developing its high-grade Whabouchi spodumene lithium deposit. The property is geologically along strike of Whabouchi and covers a large part of the regional volcano-metasedimentary unit that is the host rock for the deposit and other spodumene lithium showings in the area. Historic exploration at Duval focused on Ni-Cu-Co-Au-PGE targets. In light of developments on the adjoining Whabouchi property, the focus of exploration shifted toward the potential continuation of the lithium-bearing pegmatites onto the Duval property. Numerous pegmatite intrusions that are associated with the lithium mineralization at Whabouchi have been identified at Duval.

On September 19, 2016, the Company announced the commencement of a four-week prospecting and sampling campaign on the property. As of February 2, 2017, exploration results from the phase 1 program were being analyzed. In order to accurately assess the exploration results, the Company entered into an extension agreement with Critical Elements Corporation providing for a deferral of its first-year exploration expenditures on Duval until August 31, 2017.

### **Montalembert Gold Project**

On November 17, 2016, the Company announced that it had entered into an option agreement with Globex to acquire a 100% interest in the 3,183-hectare Montalembert Gold Project located 120 kilometres west of Chibougamau in the prolific Abitibi mining district of central Quebec. On March 1, 2017, the Company added over 4,000 hectares of land to the property, increasing the total project size to 7,293.06 hectares or 18,021 acres.

Montalembert has historical and recently reported high-grade gold visible in surface outcrop and in shallow drill holes. The gold-bearing Galena, No. 1, 2, 3 and Rabbit veins were discovered in 1949 by N.A. Timmins (1938) Inc. Globex acquired the property in September 2015 and conducted trenching and sampling of the Galena and No. 2 veins in 2015-16. Details of the geology and historical exploration on the property are available in a technical report entitled "NI 43-101 Technical Report, Montalembert Property Waswanipi Area, Quebec, Canada" authored by Donald Theberge, P.Eng., M.B.A. and dated December 12, 2016 (the "Technical Report"). The Technical Report is available on the Company's website and filed under the Company's profile at [www.sedar.com](http://www.sedar.com).

### *Terms of the Option*

Pursuant to the Agreement, Enforcer shall have the option to earn an undivided 100% right, title, and interest in the Property (the "Option"), subject to the Gross Metal Royalty, by making aggregate cash payments to Globex of \$2,700,000, issuing an aggregate of 8,500,000 common shares and incurring aggregate exploration expenditures of \$15,000,000 on the Property as follows:

- Paying \$2,700,000 in cash to Globex as follows:
  - \$300,000 on or before December 31, 2016;
  - \$300,000 on or before December 31, 2017;
  - \$600,000 on or before December 31, 2018;
  - \$1,500,000 on or before December 31, 2019;
  
- Issuing 8,500,000 common shares of Enforcer to Globex as follows:
  - 1,500,000 common shares on or before the tenth business day after TSX Venture Exchange acceptance of this Option Agreement but no later than December 31, 2016;
  - 2,000,000 common shares on or before December 31, 2017;
  - 2,000,000 common shares of on or before December 31, 2018;
  - 3,000,000 common shares of on or before December 31, 2019;
  
- Incurring aggregate exploration expenditures of \$15,000,000 on the Property as follows:
  - \$1,000,000 in exploration expenditures to be completed on or before December 31, 2017;
  - An additional \$1,000,000 in exploration expenditures to be completed on or before December 31, 2018;
  - an additional \$4,000,000 in exploration expenditures to be completed on or before December 31, 2019;
  - an additional \$4,000,000 in exploration expenditures to be completed on or before December 31, 2020;
  - an additional \$5,000,000 in exploration expenditures to be completed on or before December 31, 2021;

The cash and share payments to be made by Enforcer prior to December 31, 2017 and the exploration expenditure to be incurred prior to December 31, 2018, are firm commitments and must be made even in the event that Enforcer terminates this Option Agreement and chooses not to exercise the Option.

Notwithstanding the foregoing, at any time following the 2nd anniversary of the Effective Date of this Option Agreement, the exploration expenditures may be deferred for up to 12 months (resulting in all subsequent exploration expenditure requirements to be deferred 12 months) in the event that both: (i) the London spot price for Au is less than \$1200 US per troy ounce for 30 consecutive days, and (ii) Enforcer has less than \$1 million CDN funds in its treasury. In the event that exploration expenditures are deferred as contemplated hereby, Enforcer shall be obligated to pay to Globex a penalty of \$150,000 in cash and issue to Globex 1,000,000 common shares of Enforcer within 10 business days of providing notice to Globex of such deferral of exploration expenditures.

Due to the high grade nature of the potential ore from the Property, Globex shall retain a three and one-half percent (3.5%) Gross Metal Royalty (GMR) on all recovered metals and minerals produced from the Property, with a six percent (6%) GMR on the first 150,000 ounces of each of gold and silver recovered from the Property.

### ***Recent Exploration and Reporting***

In March 2017, the Company commissioned Geotech Ltd. of Aurora, Ontario to conduct a high resolution aeromagnetic survey over the entire Montalembert property using Geotech's HeliGrad triaxial aeromagnetic gradiometer system. The survey was completed in April 2017 and will be a key tool to map out folding, shearing and faulting across the survey area and to generate exploration targets. As elsewhere in the Abitibi greenstone belt, these structural features are believed to be key controls to gold mineralization on the Montalembert property.

On March 30, 2017, the Company reported metallic sieve assay results from the October 2016 channel sampling campaign on the Galena and No. 2 veins. The assaying process originally employed and reported in a press release dated January 20, 2017 is a widely used and industry standard fire assay technique with atomic absorption finish on a 30-gram subsample. Samples that returned greater than 1 gram per tonne ("g/t") were re-analyzed by assay using a gravimetric finish. However, even though the gravimetric finish method is regarded as suitable for samples containing up to 1,000 g/t gold, it doesn't perform well with a high nugget effect as is often the case at Montalembert. When visible gold is observed, or when high-grade gold is suspected, the metallic sieve method is a preferred assay technique. Nine samples were selected for re-analysis using metallic sieve techniques. Full results of sampling are presented in the Company's March 30, 2017 press release. Seven of the nine samples increased in grade while two decreased. The most remarkable increase came from sample #D110103 which increased from 5.59 g/t gold to 108.21g/t gold over 1.0 meter, or by 1,835%. Based on this result and other high-grade channel assays including 510.79 g/t Au over 1 meter and 118.79 g/t Au over 1 meter, Enforcer committed over \$2.2M to fund its 2017 exploration program.

Enforcer commenced its field exploration program at Montalembert in May 2017. The exploration program is expected to run uninterrupted through the late fall of 2017 and plans to include:

- increasing the exposure of the Galena and No.2 veins along their north and south strike directions;
- additional channel sampling along the vein extensions;
- ground IP surveys around known vein occurrences;
- property-wide prospecting and geochemical sampling;
- ground truthing of airborne anomalies;
- a targeted 5,000 - 8,000 metres of drilling using a diamond drill rig;
- potentially, a targeted 1,000 metres of drilling using a reverse circulation drill rig.

Enforcer commenced its ground induced polarization ("IP") geophysical survey at Montalembert in June 2017. The 45 line-km survey will cover an approximately 1.5 x 1.5 km area over the main vein occurrences including the Galena and No. 2 veins located in the southernmost portion of the property. Géophysique TMC of Val-d'Or QC was contracted to complete the survey and provide a 3D model, vertical sections and geophysical interpretation. IP is one of the most useful geophysical methods in mineral exploration due to its ability to detect and characterize sub-surface disseminated mineralization and quartz. The silicified and quartz-bearing shear zones at Montalembert host 1-5% disseminated pyrite and/or pyrrhotite with trace amounts of chalcopyrite, galena and free gold. With IP, high resistivity anomalies can correspond to quartz concentrations while the relatively high IP chargeability anomalies may correspond with sulphide ± gold concentrations in the quartz veins. IP can be particularly useful in mapping the extension of a conductive mineralized zone under overburden cover, making it a valuable tool to aid in drill targeting. Preliminary results indicate that both zones continue to the north and IP chargeability anomalies have also been detected outside of the known mineralized zones.

Diamond drilling at Montalembert commenced in early July 2017. The Company contracted Orbit Garant Drilling Inc. of Val d'Or Quebec and has budgeted for 5,000 to 8,000 m of drilling in 2017.

On July 11, 2017, the Company announced the discovery of an impressive occurrence of visible gold within new exposure 51 m north of the 2016 limit of the No. 2 vein exposure. The coarse gold occurs over 15 cm width within a

1.4 m wide quartz vein hosted within a 3.2 m wide shear zone. Assaying of the channel sample MCH225702 returned 3,310 g/t gold over 1.0 m (96.65 oz/ton over 3.28 ft).

In summary, to August 15, 2017 the Company has completed:

- 20 HQ diameter diamond drill holes totalling 2,227 m;
- 490 m of channel sampling over new and existing trenched exposures including the No. 3 Vein located ~175 m south and along strike of the No. 2 Vein;
- Field confirmation and rock sampling in the area of historical hole 97-LA1-08, located 4 km northwest of the Galena-No. 2 veins;
- 260 rock samples collected from mapping and prospecting over a 1.5 km x 1.5 km area that encompasses the Galena-No. 2 veins; and
- Over 45 line-kilometres of IP survey.

Enforcer has received and is currently reviewing the 3D modelling and interpretation from the IP survey. To date, visible gold has been noted in one of the drill holes that tested the No. 2 vein. Drill hole MDD17006 intersected sheared basalt over a 2.3 m downhole core length (true width currently unknown) with visible gold noted within a grey quartz veinlet at 28 m downhole, or ~20 m vertical depth. Assay results are pending.

The drilling and sampling programs have proceeded at a rapid pace and the exploration team is now waiting for assay results for 18 of the 20 holes drilled to date. These results are key to drill hole planning, and as such the team has elected to take a short pause in drilling to allow for assay results to be received.

The Enforcer team is using this hiatus to deploy several geological and prospecting teams over the Company's 7300-hectare project area. This first pass reconnaissance survey will focus on ground trothing of multiple high-priority geophysical anomalies interpreted from the Company's high-resolution aeromagnetic VLF-EM survey flown in March as well as from historical geophysical surveys by previous exploration companies. Partial results from early-season prospecting over the 1.5 km x 1.5 km area that encompasses the Galena-No. 2 veins have also prompted follow-up work in several areas, with further results pending.

**SELECTED FINANCIAL INFORMATION**

As at April 30, 2017, the Company was a Tier 2 mining issuer and had not achieved any commercial operations. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses.

The following financial data are derived from the Company's financial statements for the year ended April 30, 2017 and April 30, 2016 which have been prepared in accordance with IFRS:

(expressed in canadian dollars)	Year Ended		
	2017	2016	2015
		April 30,	
Office and general	327,671	21,811	288,970
Advertising and promotion	348,863	-	-
Management fees	84,000	-	-
Professional fees	420,618	177,767	-
Communications and travel	66,642	-	-
Share-based compensation	348,951	-	-
Unrealized gain on debt settlement	29,000	-	-
Net loss	(1,482,826)	(199,576)	(405,822)
Net loss per share - basic and diluted	(0.06)	(0.10)	(0.02)
Cash flow used in operations	(1,702,498)	(10,352)	(114,176)
Cash and cash equivalents	4,583,171	6,207	15,126
Working Capital	3,523,752	(439,012)	(288,200)

**Year Ended April 30, 2017 Compared to Year Ended April 30, 2016**

**Office and General**

	Year Ended	
	2017	2016
		April 30,
Salaries	\$ 144,719	\$ -
Administration and other expenses	41,501	7,681
Insurance	11,454	-
Regulatory and shareholder filing fees	129,997	14,130
Total	\$ 327,671	\$ 21,811

**Salaries**

Salaries are higher than the comparable year due to the direct hire of salaried employees by the Company during the year ended April 30, 2017.

### ***Administration and other expenses***

Administration expenses were higher than the comparable year end due to increase in rent expense as a result of moving office space. There was also an increase in general office supplies.

### ***Regulatory and Shareholder filing fees***

There was a considerable increase in regulatory and shareholder filing fees compared to the prior year period due to the closing of four private placements that occurred during the year ended April 30, 2017.

### **Professional Fees**

	Year Ended April 30,	
	2017	2016
Consulting fees	347,655	59,072
Legal fees	44,190	-
Audit fees	28,773	8,695
Total	\$ 420,618	\$ 67,767

### ***Management fees***

Management fees consists of key management personnel responsible for planning, directing and controlling the Company. For the year ended April 30, 2017 management fees were higher than the comparable prior period due to an increase in personnel.

### ***Consulting fees***

Consulting fees consists of management consultants, business development consultants and communication consultants. During the year ended April 30, 2017 the consulting costs were significantly higher due to an increase in the use of direct consultants.

### ***Legal and Audit fees***

Legal and audit costs are related to compliance, government relations and other legal costs related to business development initiatives. For the year ended April 30, 2017 legal costs were significantly higher than the comparable prior period due to an increase in the use of general legal services and also legal costs incurred in connection to the private placements that occurred during the year.

### **Communications and travel**

Communications and travel costs consists of conferences, trade shows, flights, accommodation, vehicle costs and meals. For the year ended April 31, 2017 there was a significant increase in communication and travel costs compared to the prior year period due to an increase in travel by senior management and geologists to the Company's exploration sites in Quebec that were acquired during the year and also an increase in various conferences and trade show attendance.

## SUMMARY OF CASH FLOWS

(expressed in canadian dollars)	Year Ended	
	April 30,	
	2017	2016
Cash used in operating activities	(1,722,498)	(10,352)
Cash used in investing activities	(750,163)	-
Cash provided by financing activities	7,032,954	27,024
	\$ 4,560,293	\$ 16,672

### *Operating Activities*

For the year ended April 30, 2017 the Company had a cash outflow of \$1,722,498 compared to a cash outflow of \$10,352 in the prior year. This significant increase is due to an increase in corporate expenditures during the year such as management, legal and consulting fees.

### *Investing Activities*

For the year ended April 30, 2017 the Company had cash outflows of \$750,163 due to the acquisition of the Duval property and the Montlembert property. Under the option agreement for the Duval property the Company incurred cash payments and exploration expenditures of \$259,895 to Critical Elements and under the Montlembert property agreement the Company incurred cash payments and exploration expenditures of \$537,840 to Globex mining.

### *Financing Activities*

For the year April 30, 2017 proceeds of \$7,032,954, net of transaction costs, provided by way of private placements that closed during the year.

## SUMMARY OF QUARTERLY RESULTS AND REVIEW OF THREE MONTHS ENDED APRIL 30, 2017

(expressed in canadian dollars)	2017	2016/17	2016	2016	2016	2015/16	2015	2015
	Feb-Apr	Nov-Jan	Aug - Oct	May-Jul	Feb-Apr	Nov-Jan	Aug - Oct	May-Jul
Expenses	643,584	609,871	224,042	119,248	42,236	52,321	46,933	46,933
Unrealized gain on debt settlement	-	-	-	(29,000)	-	-	-	-
Net loss	(529,665)	(609,871)	(224,042)	(119,248)	(42,234)	(52,321)	(46,933)	(46,933)
Net loss per share - basic and diluted	(0.06)	(0.04)	(0.02)	(0.01)	(0.01)	(0.03)	(0.03)	(0.03)
Cash and cash equivalents	4,583,171	3,641,396	701,783	41,991	22,879	7,875	2,387	2,169
Assets	6,340,788	4,777,835	1,386,362	65,173	28,818	10,430	8,789	7,646
Working Capital	3,523,752	4,100,631	790,438	18,579	(439,013)	(445,542)	(393,221)	(346,232)

The Company incurred a loss of \$643,584 during the current quarter versus a loss of \$609,871 in the previous quarter. The quarterly variation is mainly attributable to timing of management fees, consulting fees, legal fees, financing fees and regulatory and shareholder services.

The Company is still in the exploration phase and thus has not generated any revenues to date.

### **RELATED PARTY TRANSACTIONS**

Summary of related party transactions and key management compensation:

	Year Ended April 30,	
	2017	2016
Salaries	\$ 144,719	\$ -
Management fees	84,000	110,000
Professional Fees	142,000	57,072
Stock-based compensation	198,053	-
Total	\$ 568,772	\$ 167,072

### **LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash position (cash and cash equivalents) as April 30, 2017 was \$4,583,171 compared to \$22,879 as at April 30, 2016.

At April 30, 2017, the Company had an accumulated deficit of \$3,369,950 since inception (April 30, 2016 - \$1,887,124), expects to incur further losses in the development of its business, and had a net working capital surplus of \$3,523,752. (April 30, 2016 - \$(439,012))

During the year ended the Company completed private placements financings for gross proceeds of \$10,557,080. Proceeds from the private placements are being used to fund the Company's exploration program and for working

Enforcer Gold's financial instruments consists of cash and cash equivalent, accounts payable and accrued liabilities. Enforcer Gold estimates that the fair value of its financial instruments approximate its carrying values.

The Company will need to raise sufficient capital to further explore its properties. At this time, the Company will rely on its ability to obtain equity or debt financing for the foreseeable future. Although the Company was successful during the year in obtaining financing, there is no guarantee that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company. See also the discussion under the heading "Risks and Uncertainties" in the MD&A.

These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

### **COMMITMENTS**

The Company has commitments based on the Montalembert project as discussed in the "Summary of Exploration Activities".

### **DISCLOSURE CONTROLS AND PROCEDURES**

Management has established processes, which are in place to provide them with sufficient knowledge to support management representations that they have exercised reasonable diligence that:

- (i) the interim filings do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, with respect to the periods covered by the interim filings; and
- (ii) the interim financial statements together with the other financial information included in the interim filings of the Company fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the interim filings.

In contrast to the certificate required of non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer, such as the Company, to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **CRITICAL ACCOUNTING ESTIMATES**

### *Mineral Properties*

Enforcer Gold capitalizes mining property acquisition costs which are to be amortized when production is attained or the balance thereof written off should the property be disproven through exploration or abandoned. On an ongoing basis, the Company evaluates deferred expenditures relating to each property to assess whether there has been impairment in value. The Company recognizes write-downs for impairment where the carrying value of the mining property exceeds its estimated long-term net recoverable value. Recoverable value is estimated based upon the Company's assessment of the future probability of positive cash flows from the property, current exploration results for properties without a defined resource or estimated proceeds from a potential sale of the property.

### *Stock Options and Warrants*

The Black-Scholes option valuation model used by the Company to determine fair values for stock-based compensation was developed for use in estimating the fair value of freely traded options. This model requires input of

highly subjective assumptions including future stock volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate.

#### Asset Acquisition

The assessment of whether an acquisition meets the definition of a business, or whether assets are acquired is an area of key judgment. If deemed to be a business combination, applying the acquisition method to business combinations requires each identifiable asset and liability to be measured at its acquisition-date fair value. Any excess of the fair value of consideration over the fair value of the net identifiable assets acquired is recognized as goodwill. The acquisition of a business generally has three elements: Input – an economic resource that creates outputs when one or more processes are applied to it; Process – a system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs; Output – the result of inputs and processes applied to those inputs.

#### **CHANGES IN ACCOUNTING POLICIES**

The following standards and amendments to existing standards have been adopted by the Company effective May 1, 2015:

##### *IFRS 7, Financial instruments: disclosures*

This standard was amended to require additional disclosures on the transition from IAS 39 and IFRS 9.

The adoption of this standard did not have an impact on the consolidated financial statements.

#### **Accounting pronouncements not yet adopted**

The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending April 30, 2017 or later:

- a) *IFRS 9 – Financial Instruments: Classification and Measurement* applies to classification and measurement of financial assets and liabilities as defined in IAS 39. This amendment is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect any effect on its financial statements from the adoption of this standard.
- b) *IFRS 16 – Leases* specifies the recognition, measurement, presentation and disclosure of leases. This standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing any effect on its financial statements from the adoption of this standard.

The Company has not yet assessed the potential impact of the application of this standard, nor determined whether it will adopt the standard early.

## **RISKS AND UNCERTAINTIES**

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate and liquidity risk.

(i) Currency risk

The Company holds a bank account denominated in United States Dollars; therefore, it is subject to risk in fluctuations in the exchange rate of the United States dollar. As at April 30, 2017, the Company has cash denominated in United States dollars of US\$Nil (2016 – US\$nil). Each 1% change in the Canadian dollar versus the United States dollar will result in a gain/loss of approximately \$Nil (2016 - nil).

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and is not exposed to significant credit risk.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to limited interest rate risk, as it currently only holds cash and does not have any interest bearing debt.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at April 30, 2017, the Company had cash of \$4,576,229. The Company is not exposed to liquidity risk as it does have sufficient cash to settle its current liabilities.

## **OUTSTANDING SHARE INFORMATION**

<u>As at August 28, 2017</u>		<u>As at April 30, 2017</u>	
Authorized	Unlimited	Authorized	Unlimited
Issued and outstanding shares	61,963,764	Issued and outstanding shares	61,963,764
Options outstanding	1,700,000	Options outstanding	1,700,000
Warrants	14,303,132	Warrants	14,303,132
Fully diluted	77,966,896	Fully diluted	77,966,896

## **OUTLOOK**

The current environment for junior resource focused companies has become extremely challenging due to global economic decline and falling commodities prices. Management is currently evaluating its options to determine the best course of action for the Company. Shareholders will be kept informed as events arise.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company did not enter into any off-balance sheet arrangements during the year.

## **OTHER MD&A REQUIREMENTS**

On January 20, 2017 the Company announced high-grade gold channel samples from the Montalembert Gold Project along with TSX.V approval of the transaction with Globex.

On February 28, 2017 the Company announced it had changed its name to Enforcer Gold Corp with a new 4 letter ticker symbol – VEIN-TSX.V.

On March 2, 2017 the Company welcomed NHL All-Star MVP John Scott to the Company.

On March 16, 2017 the Company announced the appointment of Dr. Mark Shore to the role of Technical Advisor and the resignation of Mr. Mike Blady from the Board of Directors. Joining Enforcer Gold is Mr. Christian Scovenna who took on the role of Vice President of Corporate Development and Director.

On July 14, 2017 Fiona Fitzmaurice was appointed as the Company's new CFO. The Company's previous CFO, Rukie Liyanage, resigned.

Additional information relating to the Company may be found on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com).

This MD&A has been approved by the Board on August 23, 2017.

## **CORPORATE INFORMATION**

Directors: Christian Scovenna  
Brendan Purdy  
David Hladky  
Steve Roebuck

Officers: Steve Roebuck, CEO  
  
Fiona Fitzmaurice, CFO

Auditor: Jackson & Company  
800 – 1199 West Hastings Street, Vancouver,  
BC V6E 3T5

Transfer Agent: Computershare Trust Company  
Second Floor – 510 Burrard Street  
Vancouver, BC, V6C 3B9

## **CONTACT INFORMATION**

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