

# ENFORCER GOLD CORP

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2017 AND**  
**OCTOBER 31, 2016**  
**REPORT DATE – DECEMBER 22, 2017**

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## 1. 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 quarter ended October 31, 2017. It should be read in conjunction with the condensed consolidated interim financial statements and the notes thereto for the same period as noted above (collectively, the "Financial Statements"). The MD&A has been prepared with an effective date of December 22, 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.

### 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.

## **2. COMPANY OVERVIEW**

Enforcer is a Canadian mineral exploration company and trades on the TSX-V Exchange under the symbol VEIN and on the Frankfurt Exchange under the symbol N071. Enforcer has an option to acquire a 100% interest in the 7,300-hectare Montalembert Gold Project ("Montalembert") located 125 kilometres west of Chibougamau in the Abitibi greenstone belt of central Quebec.

At Montalembert, exploration is targeting a series of gold-bearing, shear-hosted quartz vein systems. Enforcer completed its first exploration program on the Montalembert project in October 2017.

## **3. CHANGES IN MANAGEMENT**

On July 14, 2017 Fiona Fitzmaurice was appointed as the Company's new CFO following the resignation of the Company's former CFO, Rukie Liyanage.

## **4. SUMMARY OF EXPLORATION ACTIVITIES**

The technical disclosure provided has been reviewed and approved by Enforcer's President & CEO, Steve Roebuck, PGeo, a qualified person as defined by National Instrument 43-101.

### **4.1 Montalembert Gold Project**

Enforcer is earning a 100% interest in the 7,300-hectare Montalembert Gold Project from Globex Mining Enterprises Inc. ("Globex"). Montalembert is located 125 kilometres west of Chibougamau and 230 km northeast of Val d'Or in the prolific Abitibi mining district of central Quebec.

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, MBA, PEng, and dated December 12, 2016. 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***

Subsequent to the quarter end, Enforcer signed an amendment agreement (the "Amendment Agreement") with Globex Mining Enterprises Inc. ("Globex") (TSX: GMX) amending the terms of the option agreement on the Montalembert Gold Property (the "Property") dated November 16, 2016 (the "Option Agreement") Pursuant to the Amendment Agreement, Enforcer shall have the option to earn an undivided 100% right, title, and interest in the Property (the "Option"), subject to a Gross Metal Royalty ("GMR"), 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 \$10,000,000 on the Property as follows:

- Paying \$2,700,000 in cash to Globex as follows:
  - \$300,000 on or before the tenth business day after TSX Venture Exchange approval of the Option Agreement - *paid*;
  - \$300,000 on or before November 16, 2017 - *paid*;
  - \$500,000 on or before November 16, 2018;
  - \$1,600,000 on or before November 16, 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 the Option Agreement - *issued*;
  - 2,000,000 common shares on or before November 16, 2017 - *issued*;
  - 2,000,000 common shares on or before November 16, 2018;
  - 3,000,000 common shares on or before November 16, 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 November 16, 2017 - *exceeded*;
  - An additional \$1,000,000 in exploration expenditures to be completed on or before November 16, 2018 - *exceeded*;
  - an additional \$1,000,000 in exploration expenditures to be completed on or before November 16, 2019;
  - an additional \$2,000,000 in exploration expenditures to be completed on or before November 16, 2020;
  - an additional \$5,000,000 in exploration expenditures to be completed on or before November 16, 2021;

At any time following the 2nd anniversary of the Effective Date of the 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%) 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***

Enforcer concluded its first exploration program on the Montalembert property in October 2017. Beginning with the airborne survey completed by Geotech Ltd. in March, the scope of the 2017 program was as follows:

- High-resolution aeromagnetic VLF-EM survey flown over the entire 7300-hectare property;
- 45 line-kilometre ground induced polarization survey completed over the main vein occurrences
- Property-wide prospecting and geochemical sampling;
- Trenching and channel sampling along the strike extensions of the Galena and No.2-3 vein structures
- 45 HQ core holes totalling 5784.4 m drilled on the Galena and No. 2-3 vein structures

The Galena and No. 2 veins are parallel, north-south striking and steeply east-dipping shear zones separated by ~80 m. The historic No. 3 vein exposure is located ~175 m south and along strike of the No. 2 vein and has now been determined to be the southern strike extension of the No. 2 vein. The shear zones vary in width and cut variably chloritized, carbonatized and silicified basalt. The shears host quartz veins/stringers and trace to 5% pyrite, pyrrhotite, trace chalcopyrite and galena and fine to coarse free gold.

During the 2017 field program, Enforcer systematically exposed and channel sampled along the strike extensions of the veins and peripheral to the veins. Of a total 133 sawn channels in the Galena-No.2-No.3 vein area, 27 were infill samples along the Galena vein, 4 were cut over the trace of the vein in the Galena north extension, 27 were cut over the No. 2 north extension, 8 were cut over the No. 2 south extension and 13 were cut over multiple veins at the historic No. 3 vein exposure. At the Galena north exposure, the trace of the vein was lost into deep overburden, hence channel sampling in this area was largely peripheral to the trace of the structure.

The best results of channel sampling were obtained on the northern extension of the No.2 vein; highlights include:

- 3,310.00 g/t g/t Au over 1.0 m in MCH225702
- 105.00 g/t g/t Au over 1.0 m in MCH223576
- 104.68 g/t g/t Au over 1.0 m in MCH225996
- 13.50 g/t g/t Au over 1.0 m in MCH223539

Prospecting led to discovery of the northern extension of the No. 2 vein structure approximately 140 m from the end of the existing trench and channel sampling returned 3.46 g/t over 0.7 m.

Diamond drilling commenced in early July 2017. The Company contracted Orbit Garant Drilling Inc. of Val d'Or Quebec and drilled 45 holes totalling 5784.4 m. All of the drill holes intersected structures with quartz+-carbonate veining, sulphides and alteration. Gold mineralization above 0.5 g/t was returned in 27 of the 45 holes and visible gold was intersected in 5 holes that were drilled on the No. 2 vein: MDD170004, 170006, 170022, 170032 and 170039

The best results of diamond drilling were obtained from the No. 2 vein, including:

- 197.13 g/t Au over 1.2 m including 782 g/t Au over 0.30 m in MD170006
- 13.70 g/t g/t Au over 0.5 m and 17.50 g/t Au over 1.0 m in MD170022

- 4.71 g/t over 0.85 m in MD170028
- 17.5 g/t over 0.37 m in MD170032
- 8.51 g/t over 1.0 m in MD170043

The No. 2 vein structure has proven to be the most continuous and productive of the two main vein structures and is now exposed on surface and/or intersected by drilling over a 600 m strike length (open) and to 140 m vertical depth (open). The Galena vein structure is now exposed at surface over a 300 m strike length (open). Despite its robust surface expression that prompted a surface bulk sampling program by Rochelon Mines in 1973 (12.69 g/t gold over a 108.2 m strike length), drill testing of the Galena vein at depth did not intersect the same degree of shearing and quartz veining, suggesting that the structure potentially diminishes at depth where tested.

The Galena and No. 2 veins represent classic shear-hosted quartz-carbonate gold mineralization, which is the most significant source of gold in the Abitibi greenstone belt. This style of mineralization is well known to be erratic in terms of grade and continuity, whereby veins typically pinch and swell resulting in significant differences in width and grade over short distances. The presence of coarse gold makes sampling and assaying of this style of mineralization especially challenging. The potential understatement or overstatement of grade is commonly referred to as the “nugget effect”.

Based on a preliminary study by SRK Consulting, the gold at Montalembert is associated with several sets of sub-parallel shear veins of predominantly dextral strike-slip movement. Significant gold mineralization primarily occurs in flexures along the shear veins where dilation occurs. The shear structures and veins have been intersected by drilling but assay results to date are lower than expected compared to surface samples. This is primarily explained by the nugget effect of the gold distribution, which is exacerbated by the narrow sampling width of drill core. Enforcer is contemplating a surface bulk sample of the No. 2 vein exposure to get a better indication of the gold mineralization that potentially continues with depth.

In summary, the No. 2 vein is an impressive and well mineralized geological structure with considerable gold potential and is open along strike and at depth. The Company expects to continue drill testing on the No. 2 vein in 2018 and is considering a bulk sampling program to obtain a better representation of the gold mineralization at surface. Follow-up on new targets generated this year will also be a priority in the 2018 exploration program.

## **4.2 Duval Lithium Property**

On July 26, 2016, the Company entered into an option agreement with Critical Elements Corporation to (“Critical Elements”) to acquire up to a 70% interest in the Duval lithium property. As reported in its February 2, 2017 press release, the Company entered into an extension agreement with Critical Elements providing for a deferral of its first-year exploration expenditures on the Duval Property until August 31, 2017. Enforcer formerly terminated the option agreement on the Duval property in September 2017.

## 5. SELECTED FINANCIAL INFORMATION

As at October 31, 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 six months ended October 31, 2017, October 31, 2016 and October 31, 2015 which have been prepared in accordance with IFRS:

(expressed in canadian dollars)	Three Months Ended October 31st ,			Six Months Ended October 31st ,		
	2017	2016	2015	2017	2016	2015
Office and general	141,710	199,578	4,373	279,460	97,403	12,151
Advertising and promotion	111,804	46,959	-	162,380	46,959	-
Management fees	-	49,340	30,000	-	49,340	60,000
Professional fees	175,617	164,575	12,620	384,602	164,575	32,870
Communications and travel	22,164	-	-	72,718	5,013	-
Interest Income	8,076	2	-	8,076	-	-
Share-based compensation	749,438	-	-	749,438	-	-
Net loss	142,975	244,043	46,993	1,106,289	363,290	105,021
Net loss per share - basic and diluted	(0.02)	(0.01)	0.00	0.00	(0.04)	(0.01)
Cash flow used in operations	278,451	328,208	2,486	739,949	885,936	11,994
Cash and cash equivalents	3,866,493	701,783	2,387	3,866,493	701,783	2,387
Working Capital	3,194,120	790,438	(288,199)	3,194,120	790,438	(288,199)

### Three and Six Months Ended October 31, 2017 Compared to Three and Six Months Ended October 31, 2016

#### Office and General

	Three Months Ended October 31,		Six Months Ended October 31,	
	2017	2016	2017	2016
Salaries	78,489	-	145,421	-
Administration and other expenses	29,304	6,599	90,087	7,535
Regulatory and shareholder filing fees	33,917	64,790	43,952	89,868
Total	\$ 141,710	\$ 71,389	\$ 279,460	\$ 97,403

#### *Salaries*

Salaries are higher than the comparable period due to the direct hire of salaried employees by the Company during the three and six months ended October 31, 2017.

#### *Administration and other expenses*

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

***Regulatory and Shareholder filing fees***

There was a decrease in regulatory and shareholder filing fees compared to the prior year period due to the closing of a private placement financing that occurred during the six months ended October 31, 2017.

***Professional Fees***

	Three Months Ended		Six Months Ended	
	October 31,		October 31,	
	2017	2016	2017	2016
Consulting fees	163,972	57,700	333,957	93,250
Legal fees	11,645	54,375	50,645	71,325
Total	\$ 175,617	\$ 112,075	\$ 384,602	\$ 164,575

***Consulting fees***

Consulting fees consists of management consultants, business development consultants and communication consultants. During the three and six months ended October 31, 2017 the consulting fees were significantly higher than the comparable period due to an increase in the use of direct consultants.

***Legal fees***

Legal and audit costs are related to compliance, government relations and other legal costs related to business development initiatives. For the three and six months ended October 31, 2017 legal costs were significantly lower than the comparable prior period due to an decrease in the use of general legal services.

***Communications and Travel***

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

**6. SUMMARY OF CASH FLOWS**

(expressed in canadian dollars)	Six Months Ended	
	October 31,	
	2017	2016
Cash used in operating activities	(739,949)	(885,936)
Cash used in investing activities	(2,672,856)	(12,000)
Cash provided by financing activities	2,696,128	1,576,840
	(716,677)	678,904

### ***Operating Activities***

For the six ended October 31, 2017 the Company had a cash outflow of \$739,499 compared to a cash outflow of \$885,936 in the prior year comparable period. This decrease is due to a decrease in corporate expenditures during the year such as management fees and regulatory and shareholder filing fees.

### ***Investing Activities***

For the six months ended October 31, 2017 the Company had cash outflows of \$2,672,856 due to the capitalization of flow-through expenditures on the Montelembert property.

### ***Financing Activities***

For the six months ended October 31, 2017 the Company had no financing activities. Proceeds of \$2,672,125, net of transaction costs, was provided by way of private placements that closed during the prior quarter ended April 30, 2017.

## **SUMMARY OF QUARTERLY RESULTS AND REVIEW OF THREE MONTHS ENDED OCTOBER 31, 2017**

	2017/2018	2017/2018	2016/2017	2016/17	2016/2017	2016/2017	2015/16	2015/16
(expressed in canadian dollars)	Aug-Oct	May-Jul	Feb-Apr	Nov-Jan	Aug - Oct	May-Jul	Feb-Apr	Nov-Jan
Expenses	451,294	1,197,303	643,584	609,871	224,042	119,248	42,236	52,321
Unrealized gain on debt settlement	-	-	-	-	-	(29,000)	-	-
Net loss	(931,757)	(963,314)	(529,665)	(609,871)	(224,042)	(119,248)	(42,234)	(52,321)
Net loss per share - basic and diluted	(0.02)	(0.04)	(0.06)	(0.04)	(0.02)	(0.01)	(0.01)	(0.03)
Cash and cash equivalents	3,866,493	5,647,414	4,583,171	3,641,396	701,783	41,991	22,879	7,875
Assets	8,078,522	8,999,997	6,340,788	4,777,835	1,386,362	65,173	28,818	10,430
Working Capital	3,188,491	4,833,945	3,523,752	4,100,631	790,438	18,579	(439,013)	(445,542)

The Company incurred a loss of \$931,757 during the current quarter versus a loss of \$963,314 in the previous quarter. The quarterly variation is mainly attributable to timing of 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.

## **7. RELATED PARTY TRANSACTIONS**

Summary of related party transactions and key management compensation:

	Six Months Ended October 31,	
	2017	2016
Salaries	\$ 122,152	\$ -
Management fees	-	49,340
Professional Fees	174,015	89,868
Stock-based compensation	196,995	-
<b>Total</b>	<b>\$ 493,162</b>	<b>\$ 139,208</b>

## **8. LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash position (cash and cash equivalents) as October 31, 2017 was \$3,866,493 compared to \$4,583,171 as at April 30, 2017.

At October 31, 2017, the Company had an accumulated deficit of \$5,265,021 since inception (April 30, 2017 - \$3,369,950), expects to incur further losses in the development of its business, and had a net working capital surplus of \$3,188,491. (April 30, 2017 - \$3,523,752)

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.

## **9. OFF-BALANCE SHEET ARRANGEMENTS**

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

## **10. COMMITMENTS**

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

## **11. 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.

## **12. 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.

### **13. 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, 2018 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.

### **14. 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.

#### ***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 October 31, 2017, the Company has cash denominated in United States dollars of US\$22,548 (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).

### ***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.

### ***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.

### ***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 October 31, 2017, the Company had cash of \$3,866,493. The Company is not exposed to liquidity risk as it does have sufficient cash to settle its current liabilities.

## **15. OUTSTANDING SHARE INFORMATION**

As at December 22, 2017		As at October 31, 2017	
Authorized	Unlimited	Authorized	Unlimited
Issued and outstanding shares	64,388,764	Issued and outstanding shares	61,963,764
Options outstanding	1,600,000	Options outstanding	1,600,000
Warrants	14,303,132	Warrants	14,303,132
Fully diluted	80,291,896	Fully diluted	77,866,896

## **16. 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**

Steve Roebuck, CEO  
Enforcer Gold Corp.  
725 Evans Court  
Kelowna, BC V1X 6G4  
Tel: 905-741-5458

**17. ADDITIONAL INFORMATION**

Additional information relating to Enforcer is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website located at [www.enforcergold.com](http://www.enforcergold.com).