



**ENGINEER GOLD
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EAU:TSX.V

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Engineer Gold Mines Signs Agreement to Acquire Adjoining Tag Deposit

August 4, 2020

Vancouver, BC – Engineer Gold Mines Ltd. (the “Company”) (TSXV: EAU) announces that it has entered into an agreement to acquire the Tag property, which adjoins its Engineer Gold Mine property, located 30 km west of Atlin, British Columbia, to the northwest, and lies 6 kilometres north of the historical Engineer mine workings. A map is available on the company’s website at www.engineergoldmines.com/news

The 1,070 hectare Tag property covers the 025 or Main zone, which contains, as defined by the National Instrument (“NI”) 43-101 Standards for Disclosure for Mineral Projects, an historical mineral resource estimate including 250,000 tonnes of 2.97 g/t Au (cut) and 12.09 g/t Ag (cut), indicated and 400,000 tonnes of 2.98 g/t Au (cut) and 9.91 g/t Ag (cut) inferred, using a minimum core length of 2.0 metres and a cut-off grade of 3.0 g/t gold equivalent (combined gold and silver values), calculated on silver to gold ratio of 59.927. The resource is taken from a technical report filed on SEDAR entitled “Technical Report on Resource Estimates for the Tag Property, Northern British Columbia”, prepared for CZM Capital Corporation by Reddick Consulting Inc. and dated December 29, 2009.

Engineer Gold Mines’ president, Andrew H. Rees stated “The Tag acquisition will be an exciting development for the Company as it is a contiguous expansion of the north end of the Engineer Project. The significant exploration and development work already completed at Tag will provide a wealth of data to Engineer’s technical team and immediately enhance the geological understanding of the Engineer Project. The Company intends to complete the work necessary to classify the historic resource estimate as a current mineral resource.”

Practices consistent with CIM (2005) were applied to the generation of the historical mineral resource estimate and the parameters of the modeling are fully described in the NI 43-101 report referenced above. The estimate uses a vertical cross-sectional polygonal method and is based on 28 diamond drill holes within a 900 metre long extent. It appears to have economic potential that would be best suited for development by the use of underground mining methods. A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource based on revised practices as per CIM (2014) and should not be treated or relied upon as such. The Company considers the NI 43-101 report to be relevant given that no additional work of significance has been completed since the issuance of the historical Mineral Resource Estimate.

Although old hand trenches were later found, modern exploration on the property was initiated by the discovery of visible gold in an outcrop at the southern end of a 200 to 205 degree trending, steep westerly dipping fault zone (025FZ) by government geologists in 1987-8, from which a sample returned 5.35 g/t Au and 19.0 g/t Ag (Main zone). The 025FZ structure is easily traced by a strong lineament along a distance of 6.5 kilometres within the property boundaries. Work to date on the Tag property includes prospecting and mapping, petrography, fluid

inclusion and scanning electron microscope studies, rock and soil geochemistry, airborne and ground geophysics, trenching, 11,476m of drilling in 69 drill holes and the historical NI 43-101 resource estimate.

Regionally, the Tag property is situated at a major flexure within the deep seated, long lived Llewellyn fault zone. The flexing forms dilational openings, favourable for the formation of veins.

The Main zone consists of quartz-minor carbonate veins, stockworks and breccias, commonly with drusy and crustiform textures with fine-grained disseminations and thin veinlets of pyrite and arsenopyrite throughout the fault zone and in the adjacent wall rock contacts. Alteration consists of silica-carbonate with lesser chlorite, sericite and mariposite. The mineralization is hosted by well-bedded sedimentary host rocks including argillites, siltstones, greywackes and conglomerates. Both the mineralization and host rocks are similar to that within the historical Engineer Gold mine workings.

Additional potential exists at depth on the Main zone, in other areas along the 025FZ structure and on the Barney zone, about 3.5 km north of the Main zone. The Barney zone comprises a 5 to 25m wide zone about 250m long. It consists of quartz breccia zones mineralized with pyrite, pyrrhotite and chalcopyrite, associated with sericite-carbonate altered zones along the margins of a quartz diorite stock apparently cut by the 025FZ. A grab sample reportedly returned 7.8 g/t Au.

The southern end of the complex series of fault and shear zones, which comprises the 025FZ structure, exhibits brittle deformation with epithermal style mineralization, which is confirmed by fluid inclusions. Further north, and along the western strands of the fault, more ductile deformation is evident with listwanite alteration, suggestive of structurally hosted orogenic lode gold. Potential exists for both mineral deposit types.

Closing of the transaction is subject to completion of a definitive agreement based on the key terms outlined in the binding Memorandum of Understanding ("MOU"). The MOU outlines the following considerations to Taku Gold Corp. in exchange for the TAG Property:

- \$200,000 in cash, with \$100,000 due on or before July 31, 2020 and an additional \$100,000 due on or before November 30, 2020;
- \$270,000 in shares based on the issuance of 2,000,000 common shares of Engineer at \$0.135 within five days of applicable stock exchange approvals of a definitive agreement;
- \$250,000 in advance royalty payments over ten years, payable in cash or shares;
- \$500,000 payment upon on completion of a Preliminary Economic Assessment or Feasibility Study that includes mineral resources located within the Property; and
- A 1.0% Net Smelter Return royalty, which can be purchased by Engineer for \$1,000,000 in cash.

Engineer and Taku Gold expect to complete a definitive agreement on or before August 31, 2020. A definitive agreement is subject to applicable stock exchange approval.

A site visit was completed, and the technical information in this news release reviewed, by Jean Pautler, P.Geo., a qualified person with respect to NI 43-101.

About Engineer Gold Mines Ltd.

Engineer Gold is focused on the exploration and development of the 100%-owned, Engineer Gold Mine Property, centered on the Historic high-grade Engineer Gold Mine situated 32 km southwest of Atlin, B.C. Previous work has identified numerous high-grade vein and shear-hosted bulk-tonnage gold exploration targets including Wann River to the southwest and Happy Sullivan to the northeast of the Engineer Gold Mine.

For additional information please visit the company website at www.engineergoldmines.com

On Behalf of the Board of Directors

Engineer Gold Mines Ltd.

"Andrew H. Rees"

Mr. Andrew H. Rees

President

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This news release contains certain forward looking statements which involve known and unknown risks, delays, and uncertainties not under the control of Engineer Gold Mines Ltd. which may cause actual results, performance or achievements of Engineer Gold Mines Ltd. to be materially different from the results, performance or expectation implied by these forward looking statements. By their nature, forward looking statements involve risk and uncertainties because they relate to events and depend on factors that will or may occur in the future. Actual results may vary depending upon exploration activities, industry production, commodity demand and pricing, currency exchange rates, and, but not limited to, general economic factors. Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.



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TAG PROPERTY Location Map

Tagish Lake

Main Zone

Barney Zone

025FZ

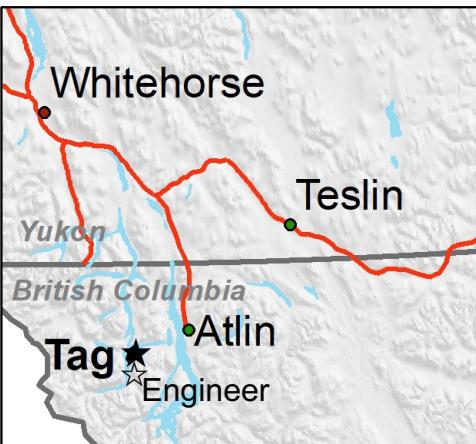
Interpretation Legend

- Potassium anomaly
- Possible fault / shear zone
- Magnetic high lineament
- Strong VLF-EM conductor
- Moderate VLF-EM conductor
- Weak VLF-EM conductor
- VLF-1
- VLF-EM conductor ID
- Drilling

First Vertical Derivative of the TMI (airborne)

(nT/m)

-2.0 -1.0 -0.7 -0.5 -0.3 -0.2 0.0 0.1 0.3 0.4 0.5 0.6 0.8 1.0 1.2 1.7



0 0.475 0.95

1.9 Kilometers