

Energold Mining Ltd.
Form 51-102F1
Management Discussion and Analysis
For the Period Ended June 30, 2004

Forward Looking Information

This interim management discussion and analysis ("MD & A") contains certain forward-looking statements and information relating to Energold Mining Ltd. ("Energold" or the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to Energold. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to Energold or its management, are intended to identify forward-looking statements. This MD & A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of Energold's exploration properties. Such statements reflect the current views of Energold with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of Energold to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD & A, additional important factors, if any, are identified here.

Corporate

The Company is conducting mineral exploration in Latin America primarily in the Dominican Republic and Mexico both directly and through its interest in IMPACT Minerals International Inc. ("IMPACT") a 38.9% subsidiary, while continuing to expand its activities in its 50% subsidiary, Kluane International Drilling Inc. and its affiliates ("Kluane"). The Company's consolidated operations include both IMPACT and Kluane. The residual equity interests not owned by Energold are recorded either as non-controlling interests or accounts payable, depending upon their nature, in the Consolidated Financial Statements.

Highlights for the Six Months

- Recorded gross drilling revenues in the Kluane group for the six months of approximately \$7.6 million on 60,000 metres drilled.
- The Company earned \$901,515 for the six month period, or \$0.06 per share after exploration expenditures.
- Drilling was completed at the Real de Belem silver /gold project in Mexico and the option dropped.
- Energold completed a private placement of 1.0 million units for \$700,000.
- IMPACT completed a private placement of 3 million units for \$450,000.
- IMPACT acquired an option on the Zacualpan silver district in Central Mexico.

Strategy

The Company is continuing on three fronts; the active exploration and development of its Dominican Republic property portfolio with the assistance of third party participation, a program of investigation and acquisition of advanced properties in Latin America and the expansion of its highly successful contract drilling group Kluane International Drilling. Through IMPACT the Company will continue a program of earlier stage higher risk exploration primarily focused in Mexico.

The Company has met with notable success in 2004 more than doubling its revenue from drilling, and generating earnings of \$0.06 a share for the six months or approximately 50% more than for the entire 2003 fiscal year.

EXPLORATION

Energold Properties

Mexico

In 2003 the Company commenced a regional review of mineral prospects in Mexico. In December the Company acquired an option on the Real de Belem high-grade silver/gold project in Mexico. Located in a historic mining district well known for epithermal silver and gold mines, the best known of these is the historic Taxco silver camp located 60km east of Belem. Taxco was the location of one of the first European mines in the Americas beginning production in 1522 and the camp continues to operate today.

Under the terms of the Option Agreement, Energold advanced US\$70,000 to fund property maintenance and completion of mine permitting. During the period Energold conducted an exploration program consisting of trenching, mapping, mining and metallurgical review. In the second quarter the Company completed a 1,500 metres drill program to verify the existing drill results and expand our knowledge of the mineralized structures on the property.

A total of 15 holes (approximately 1,500 metres) were drilled at Real de Belem testing the Belem and San Antonio Vein systems. Results demonstrated that the high-grade mineralization in the Belem Vein is restricted to small shoots with limited size potential with the best result coming from Hole 12 grading 312 g/t Ag over 1.25 metres. Five holes drilled on the previously untested San Antonio Vein system returned the best results of 209 g/t Ag over 1.6 m and 142 g/t Ag over 0.15 metres. Based on these results Energold will not be proceeding with the Real de Belem property agreements and has issued a notice of termination to the property owner.

The Belem project is part of a larger strategic program searching for exploration projects in Latin America using in-house and contract personnel. This program is ongoing and currently is being primarily conducted by IMPACT seeking earlier stage projects in Mexico.

Dominican Republic

The Dominican Republic remains a principal focus of the Company's exploration activities. The Company estimates that it has spent or has caused to be spent through its joint venture interests in excess of \$700,000 during the last year on exploration in the country. Pueblo Viejo a very large high sulphidation gold mine is located in the central part of the country. Currently Placer Dome is conducting feasibility studies as part of its option to acquire Pueblo Viejo.

San Antonio Project

The San Antonio project is located in the central Dominican Republic. Eight contiguous concessions approximately 19,879 hectares are underlain by the Maimon and Peralvillo Formations. Past exploration including IP surveys and core drilling has identified at least three zones of VMS mineralization. Two of which, the Parcela and Copper Zones have been defined over 400-metre strike lengths and to 250-metre down dip and are up to 9.6 and 3.0- metre true thickness, respectively. Past drill intercepts include 5.9% Cu, 3.5 % Zn, 2.3 g/t Au and 86 g/t Ag over 3.4 metres at the La Parcela Zone and 1.5% Cu, 14.6% Zn, 2.9 g/t Au and 78 g/t Ag over 3.1 metres at the Copper Zone.

Twenty kilometres to the northwest of the San Antonio Project is Globestar Mining Corporation's Cerro de Maimon deposit. Globestar reports Cerro de Maimon to contain a measured and indicated oxide resource of 664,000 tonnes grading 2.54 g/t Au and 63.80 g/t Ag at a 1.0 g/t Ag cut-off and a measured and indicated sulphide resource of 4,111,000 tonnes grading 2.93% Cu, and 1.75% Zn at a 1.0% copper cut-off. (Globestar Mining Corp., July 15, 2003).

Encouraged by results at Cerro Maimon, in the fall of 2003, the Company conducted a trenching program that consisted of excavating four new trenches and the re-sampling of two older trenches in the vicinity of previous drilling, investigating the oxide gold potential of the Copper, Parcela and 1100W Zones. The trenches were sampled at continuous intervals (generally 2 metres) along the base of the wall in saprolitic rock. Highlights of the trenching program included 14 metres of 0.90 g/t Au in the Parcela Zone and 3.3 g/t Au over 5.3 metres in the Copper Zone.

National Instrument 43-101 supporting information related to the most recent San Antonio work above was disclosed in a News Release issued by the Company, December 15, 2003.

Optioned Properties

Los Ranchos Properties

As part of its strategy to maintain working capital and expand its exposure to opportunities, in April 2001 Energold entered into a letter agreement with Exploration & Discovery Latin America (Panama) Inc. ("E&D") a subsidiary of Dublin based GoldQuest Mining Corp. Under the terms of the agreement E&D earned a 51% interest in two properties Bacco y Ofir and Josephina by making specified exploration expenditures on each concession by late 2003. As a result of work carried out in an extensive rock-sampling program on the Bacco y Ofir Project, the property was drilled by E&D in a 400 metre 5 hole program, the results of which demonstrated a copper gold porphyry.

Longyear

The Company also granted an option to E&D, for the highly strategic Longyear I concession that lies adjacent to the Pueblo Viejo mine concession now under feasibility study by Placer Dome. Previous work by Energold at Longyear I included soil sampling, trenching and drilling of 20 short diamond drillholes and defined low -grade gold mineralization on Loma la Mina. Drill highlights include 2.83 g/t Au, 29.73 g/t Ag and 0.96% Cu over 3 metres and 1.5 g/t Au, 19.5 g/t Ag and 1.49% Cu over 16 metres. Geology, alteration and favourable geochemistry identified an as yet untested drill target within 2500 metres of the old Pueblo Viejo pit.

The Agreement commits E&D to drilling 1000 metres within six months of the signing of the agreement, and for a total expenditure of US\$1.5 million the right to earn 60% of the project over three years. Subsequently E&D shall have the right to earn to 80% by taking the project to a bankable feasibility study. Upon receipt of a bankable feasibility study Energold may elect to be carried to production or convert its interest to a 2% NSR. Amongst other benefits, Energold also received 250,000 shares of GoldQuest as an option payment.

El Centenario

In January 2004 under a third option agreement, the El Centenario (a concession which is currently under application) was optioned to E&D. The agreement envisages E&D making a total exploration expenditure of US\$1.0 million over three years to earn 60% of the project. Subsequently E&D has the right to earn to 80% by taking the project to feasibility study. E&D can elect to be funded through production or to hold a 2% NSR.

The El Centenario project (2,325 hectares) is located 30 km west of the Pueblo Viejo gold deposit. El Centenario is an epithermal gold deposit. Previous exploration by Energold and others included 69 short diamond drill holes totalling 4,248 metres. The previous drilling of the high-grade zones reported intersections of up to 9.18 g/t Au over 23.1 metres, including an interval of 13.8 g/t Au over 10.5 metres (Hole HC-97-67).

IMPACT Properties

Dominican Republic

El Brujo / La Bruja, Dominican Republic

The El Brujo and La Bruja Project represent a precious metal epithermal target as well as a porphyry gold-copper target exposed on surface over a +10 km strike length.

An initial program of 800 metres of diamond drilling was completed in February 2003. The drill program tested three target areas within the concession: the Catalina Zone, the Dos Brazos I Zone, and the Mogote copper anomaly. Intrusive porphyries were intersected in both the Catalina and Dos Brazos I Zones, while mainly andesites and basalts were intersected at the Mogote anomaly. The drilling showed that the porphyries are mineralized, with the best intersection of 24 metres averaging 0.52% Cu and 0.19 g/t Ag coming from the Dos Brazos I Zone. Three kilometres to the northwest, surface sampling in the Las Cayas Zone has returned values of 44.4 g/t Au, 24.1 g/t Au, and 16.7 g/t Au from quartz vein float and subcrop. This area remains to be drill tested.

Baritina / Athena / La Culebra, Dominican Republic

Past grid-based work at Baritina delineated zones of gold-silver-zinc mineralization localized at the intersection of major faults (trench and channel values up to 5.59 g/t Au over 2 metres in the North Caracol Creek Zone and 5.35 g/t Ag, 39.8 g/t Ag and 2.25% Zn over 2 metres in the South Caracol Creek Zone) (Fig. 2). Limited prospecting of the remainder of the concession, as well as the Athena and La Culebra concessions indicates the potential for additional zones of gold, silver and copper mineralization.

Mexico

IMPACT has signed two option agreements with private Mexican companies for properties covering much of the Zacualpan Silver Mining District in central Mexico. The agreements include options on two operating mines and a processing plant.

Agreements

The first option agreement is a three-year lease with option to purchase for mining leases and concessions covering 2.3 km² that includes the producing Cuchara Mine and one area being prepared for production. Under terms of this agreement, IMPACT shall make lease payments of US\$3,000 per month and 100,000 shares per year as well as incur work commitments totalling US\$1,000,000 over three years covering the properties in both agreements. In return, IMPACT shall have the option at any time before the end of the third year to purchase 100% interest in the mining leases and concessions for US\$1,000,000.

The second option is a three-year agreement for mining leases and concessions covering key parts of the Zacualpan Silver District. This agreement includes the small producing Alacran Mine and a 500-tonne-per-day processing plant with associated facilities. The plant is presently operating at about 300 tonnes per day on feed from the Cuchara and Alacran Mines. The assets in this second agreement are presently under lease by a private Mexican company, and IMPACT has an option to purchase all the Mexican company's lease rights to the assets for US\$500,000. The lease rights expire in 2014, but may be extended.

Under these agreements, the Mexican companies may continue mining and processing material from the properties until IMPACT exercises its purchase options. The agreements are subject to TSX Venture Exchange approval and a 60 day legal due diligence period.

History

The Zacualpan Mining District is one of the oldest mining districts in North America with Spanish Colonial mining dating back to 1528. It is located in the Taxco Silver Region 100km southwest of Mexico City and 25km northwest of the well-known Taxco Silver Mine. Total historic production at Zacualpan is not known but sporadic reports in the files of Consejo de Recursos Minerales, a Mexican government agency, indicate some very high grade shipments (3,000 to 6,000g/t Ag) of Zacualpan oxide mineralization were delivered by mule train to the Taxco mill in the early years of production. In 1990 according to the files of the Mexican optionors, average grades from three mines now closed but included in the IMPACT agreements, were reported to be 348g/t Ag, 2.72%Zn and 1.09%Pb. In recent times production volumes and grades have decreased due to lack of funding for exploration, underground development, maintenance and modernization. In 2002 according to the records of the Mexican optionors, 111,887 tonnes were mined mainly from the Moro (probable extension of the Cuchara Vein), Cuchara and Alacran Mines at a reported average grade of 141g/t Ag, 1.17g/t Au, 2.89%Zn and 1.70%Pb.

Mineralization

Zacualpan is a classic Mexican epithermal silver district with an abundance of veins that have seen historic production. The deepest historical mine in the district was the Guadalupe Mine (included in the second IMPACT agreement) which was mined to a depth of 275 metres. Based on Guadalupe and other historical producers in the district, mine staff have developed a geological model for mineralization in the district. In this model upper levels of individual mineralized zones are typically characterized by precious metal dominant (silver + gold) mineralization with lower levels characterized by base metal-rich (silver + gold + zinc + lead) mineralization. Near surface mineralization was typically oxidized and locally highly enriched (up to 6,000g/t Ag). Most of the known near surface high-grade material has been mined out but it remains a viable target for modern exploration in overburden covered areas. Veins presently being mined at the Cuchara and Alacran Mines typically vary from 3 to 5 metres in width. Individual mineralized shoots are reported by mine staff to be 50 to 150 metres long and are steeply dipping. Cut off grade is presently about 230g/t Ag equivalent but very high grades are known in some upper level zones. A case in point is the recent development on the Compadres Vein which has exposed an old mine stope with a median grade of 680g/t Ag and 0.3g/t Au over 0.90m ranging up to 1,128g/t Ag and 0.2g/t Au over 1.9m (values confirmed by IMPACT sampling). A recent single drill hole intersection 50m below this old stope by the Mexican owners is reported to have intersected 3.3m grading 1,463g/t Ag and 0.2g/t Au. This Compadres Vein will be one of the early targets for drill testing by IMPACT. Under terms of the first agreement, if the Mexican owner begins mining on the Compadres Vein such mining will be limited to a maximum of 1500 tonnes per month.

Summary and future exploration plans

The acquisition of Zacualpan gives IMPACT a flagship project and provides the company with several opportunities. Under the agreements IMPACT acquires options over a large area for exploration in a historic silver district. In addition IMPACT has the option to purchase lease rights to the operating processing plant should its exploration work prove successful.

IMPACT will immediately begin a program of data compilation, mapping and sampling at Zacualpan with the objective of starting an initial drill program to test some of the more obvious targets before the end of the year. It is IMPACT's plan to carry out exploration and engineering studies toward expanding and upgrading reserves and operations to re-establish Zacualpan as a modern profitable mining operation. Further details on mineralization, exploration potential and mining/processing operations will be reported as work proceeds.

National Instrument 43-101 supporting information related to the Zacualpan project above was disclosed in a News Release issued by IMPACT June 17, 2004.

CONTRACT DRILLING

Kluane International Drilling

Contract drilling activities achieved a record of over 60,000 metres of drilling completed during the 1st half of 2004 compared to 21,757 metres in the same period last year. Drill utilization continues to improve as most of the new drills have been mobilized to their contracts. At this time, the current level of production is expected to continue into the third quarter. The fourth quarter is generally slower as exploration budgets expire and both clients and crews take seasonal holidays. The Company currently owns fifteen drills.

In Ecuador, Kluane continued to expand its client base and generated additional new contracts during the year. Mineral exploration along Ecuador's southern and south eastern borders has expanded dramatically in the last year; the area includes mountainous terrain and areas of heavy forestation, ideal for our approach to exploration. Kluane currently has three drills working in the country.

Activities in Peru continue to expand as this mineral rich country develops. In spite of intensive competition, increasing permitting requirements and social issues have provided an excellent opportunity to develop new business. The Company currently has four drills working in Peru, including our largest version with 126 hp.

In the Caribbean basin, and Central America Kluane has drilled for a number of clients and has a number of contracts either under way or programmed. This is proving to be a very exciting area of growth for our activities, as it involves environmental and social issues that our approach can help solve. There are currently six rigs located in this area, four in the Dominican Republic and one each in Guatemala and in Nicaragua.

Kluane is also active in both Vietnam and Brazil on individual projects.

While our activity has expanded significantly in most of our markets, revenues are generally denominated in US\$ and a number of our operating costs are Canadian \$ based. The Company's margins remain sensitive to foreign exchange variations as well as price variations in direct costs especially fuel and down hole supplies. (see Risk Factors)

OTHER

Investor Relations

During the last six months, the Company's officers and employees attended a number of industry and investor conferences in Canada and Latin America on behalf of Energold, Kluane and IMPACT.

Social and Environmental Policy

Exploration and drilling create a physical change within the area of work. The Company believes in its responsibility to ensure that it minimizes the environmental IMPACT of its work. Kluane was a founding sponsor of the Prospector and Developers Association of Canada "E3" initiative of Environmental Excellence in Exploration. The development of the Kluane drill is a direct successful offshoot of the need to explore with a light footprint. The rigs, however, are only a part of the equation. Our employees and contract personnel are aware and continually reminded that environmental issues and safety cannot be compromised. Further, we work in the community whose members must be kept informed and involved in our activities and wherever possible participate in the benefits that may flow from the Company's activities.

FINANCIAL DISCUSSION AND ANALYSIS

Risk Factors

1. Exploration Stage Properties

The Company's properties are in the exploration stage and are without a known body of commercial ore. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The amounts attributed to the Company's interest in the mineral property as reflected in its financial statements represents acquisition and exploration expenses and should not be taken to represent realizable value. There are no known reserves of ore on the Company's properties and the proposed work programs thereon are exploratory in nature.

2. Additional Funding Requirements

Future mineral property acquisitions and exploration programs will require additional financing. If the Company's exploration programs are successful, additional funds will be required to develop the properties and, if successful, to place them into commercial production. The only sources of funds presently available to the Company are from its share of earnings in its contract diamond drilling group, Kluane, the exercise of outstanding share purchase warrants and stock options, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. While the Company may generate additional working capital from its activities in contract diamond drilling and through the development or sale of its properties in whole or in part, there is no assurance that any such funds will be sufficient for operations. There is no assurance that the Company will be successful in raising additional funds or that additional funds can be obtained on terms acceptable to the Company. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and the possible partial or total loss of the Company's interest in certain properties.

3. Mineral Exploration And Development Risks

Mineral exploration and mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations and other conditions are involved. The Company may become subject to liability for pollution, cave-ins and other accidents, environmental hazards, the discharge of toxic chemicals and other hazards. Such occurrences, against which it cannot insure, or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

4. Exploration For And Development Of Mineral Deposits Is Speculative

The exploration for and development of mineral deposits is a speculative venture necessarily involving substantial risks. There is no certainty that the expenditures to be made by the Company will result in discoveries of commercially viable mineral deposits. Few properties, which are explored, are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, develop metallurgical processes and construct mining and processing facilities at a particular site. In developing its geological resources the Company will be subjected to an array of complex economic factors and accordingly there can be no assurance that feasibility studies will be carried out on any of its properties or that results projected by any feasibility study will be attained in the event that the Company commences production on any of its properties. Effectively, there is no assurance that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

5. Title Matters

The Company has taken and will continue to take all reasonable steps, in accordance with the laws and regulations of the jurisdictions in which its properties are located, to ensure proper title of the properties it may acquire in the future, either at the time of acquisition or prior to any major expenditures thereon. This, however, should not be construed as a guarantee of title. There are no assurances that the Company will obtain title. Both presently owned and after-acquired properties may be subject to prior unregistered agreements, transfers, land claims or other claims or interests and title may be affected by undetected defects. In addition, third parties may dispute the rights of the Company to its mining and other interests. The Company will attempt to clear title and obtain legal opinions commensurate to the intended level of expenditures required on areas that show promise. There can be no assurance, however, that the Company will be successful in doing so.

6. Foreign Countries And Regulatory Requirements

Contract drilling, mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors therein. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. The developing country status or political climate of some of these countries may make it more difficult for the Company to obtain any required project financing from senior lending institutions because such lending institutions may not be willing to finance projects in these countries due to the possible investment risk. To date, the Company has not applied to any such senior lending institutions for financing.

7. Environmental and Other Regulatory Requirements

The current or future operations of the Company, including contract drilling, exploration, development activities and commencement of production on its properties, require permits from various federal, provincial, and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

The Company believes it is in substantial compliance with all material laws and regulations, which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for exploration, or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities undertaken in connection with any mining operation, the extent of which cannot be predicted. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly increased, which could significantly adversely affect the business of the Company.

8. Permits and Licences

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out contract drilling or exploration, development and mining operations on its mineral properties.

9. Metal Prices and Marketability of Minerals

Metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectation of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The marketability of minerals which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations (including price), the proximity of metal markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, the import and export of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

10. Competition

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company's exploration and acquisition programs will yield any new reserves or result in any commercial mining operation.

Contract drilling is a highly competitive industry, where numerous competitors tender bids for contracts. The Company's ongoing ability to continue to secure profitable contracts on an ongoing basis is not assured.

11. Repatriation Of Earnings & Foreign Exchange

There is no assurance that any of the other countries in which the Company operates or may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities. The Company may be subject from time to time to foreign exchange controls in countries outside of Canada.

12. Currency Fluctuations & Foreign Exchange

The operations of the Company in countries other than Canada are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of the Company. The Company does not currently take any steps to hedge against currency fluctuations although it may elect to hedge against the risk of currency fluctuations in the future. There can be no assurance that steps taken by the Company to address foreign currency fluctuations will eliminate all adverse effects and, accordingly, the Company may suffer losses due to adverse foreign currency fluctuations.

Summary of Quarterly Results (Canadian \$)

(Note 1)

Period	Net Revenues	Net Income (loss)	Net Income (Loss) per Share	Fully diluted Net Income (Loss) Per Share	Total Assets	Total Long-term Liabilities (Note 2)
2 nd Quarter 2004	2,303,934	408,292	0.03	0.02	13,330,523	3,174,105
1 st Quarter 2004	1,503,979	493,223	0.03	0.03	11,375,119	1,874,190
4 th Quarter 2003	101,208	125,184	0.01	0.01	8,957,503	1,245,155
3 rd Quarter 2003	747,891	197,902	0.01	0.01	8,110,709	1,694,204
2 nd Quarter 2003	870,306	41,224	0.00	0.00	7,589,331	1,360,212
1 st Quarter 2003	834,929	194,847	0.01	0.01	7,300,601	1,432,075
4 th Quarter 2002	317,178	58,050	0.00	0.00	6,950,598	1,245,155
3 rd Quarter 2002	965,951	320,436	0.02	0.02	6,820,997	1,048,616

Notes

Note 1: The Company has not paid any dividend for the last three fiscal years.

Note 2: Total long-term liabilities includes non-controlling interest on consolidation

Results of Operations

Gross drill revenues for the six months of \$7.6 million were approximately \$4.6 million more than in the comparative period in 2003. Earnings for the quarter were \$408,292 or \$0.03 per share (2003- earnings of \$41,224 or \$0.00 per share) and year to date \$901,515 or \$0.06 (2003-earnings of \$236,071 or \$02 per share).

These positive earnings, in spite of the adverse effect of the write-off of the Belem expenditures, demonstrate the robustness of the Company's strategic plan. Earnings year to date without taking into account the write-down of \$501,345 of exploration expenditures were \$1,402,860.

The Company also realized a small gain on the disposal of short-term investments of \$2,675. Other revenues were not significant.

Indirect and administrative expenses were \$835,127, down from \$890,389 in the comparative period in 2003.

1. The most significant difference was due to foreign exchange losses of \$277,123 incurred in 2003, while in the last six months of the current period the Company recognized a small foreign exchange gain of \$42,622. The international industry generally works in US dollars and as it fluctuates against the Canadian dollar, the stated values of the Company's foreign working capital including significant inventories are affected. Indirect and administrative costs, net of foreign exchange gains or losses, in 2004 were \$877,749 or 23% of net revenues, compared to \$613,266 or 36% of net revenues in 2003.

2. Accounting, audit and legal fees increased for a total of \$114,971 due to additional reporting requirements and costs related to initiating new ventures.
3. Insurance premiums rose 56% during the period, and it is anticipated they will continue to increase as a result of increasing pressure on premiums in general and the size of the Company's activities. As part of its efforts to avoid the impact of some of the more extreme insurance premium increases the Company has a policy of self-insuring its rigs on site.
4. As anticipated, investor relations, promotion and travel costs rose to a total of \$67,677. Most of these costs relate to industry conferences, and marketing efforts for Kluane, and as part of a corporate strategy to expand and diversify exploration activities of Energold.
5. The cost of office and sundry increased with the upgrading of computer services and communications, and the reorganization of the office facilities.
6. Management fees and consulting, office salaries and services increased by \$71,056 (27%) from the comparative period in 2003. Further increases are expected however as a result of additional staff requirements in Peru, Guatemala, Ecuador and Vancouver to service drill contracts for Kluane, and to conduct project reviews for Energold and IMPACT. The figure also includes a performance bonus for senior management and a stipend for directors totalling \$77,500.
7. During the period the Company recognized the cost of stock options in the amount of \$43,873 to certain officers and employees in IMPACT. The "value" ascribed to the grant is expensed when vested.

Liquidity and Capital Resources

Consolidated cash and cash equivalents were \$1,304,587 as at June 30, 2004 (June 30, 2003- \$999,118), up \$452,787 from December 31, 2003. As expected, working capital increased significantly as a result of the expanded level of activities with an expectation of improved cash flow in the third quarter. Net working capital was \$5,214,170, over double June 2003 (\$1,866,031). Most of the difference was attributable to increases in inventories and accounts receivable. Current liabilities include amounts owing to suppliers, and current advances by the non-controlling interest in the drilling. Non-current items including non-controlling interests increased \$1,813,893 during the same period.

The Company spent \$405,005 in exploration related expenditures during the period, of which \$364,882 was related to the Real de Belem project. The Company wrote down \$501,345 including \$437,789, the total investment in Real de Belem.

In the first half the Company invested a further \$390,619 in property plant, and equipment, the majority of which related to new drill rigs.

During the period the Company closed a 1.0 million private placement at the price of \$0.70 per unit. Each unit consists of one common share and one-half warrant, each whole warrant entitling the holder to purchase one additional share at a price of \$0.75 per share until March 11, 2006. The Company issued a further 20,000 shares upon the exercise of employee stock options at \$0.15.

In April, IMPACT closed its announced private placement of 3.0 million units at \$0.15 per unit. Each unit consists of one share and one share purchase warrant. One share purchase warrant entitles the holder to acquire one common share at a price of \$0.165 per share for 2.5 million units and \$0.185 per share for 500,000 units. IMPACT granted a further 214,166 warrants at \$0.165 as a finder's fee. All the warrants expire April 14, 2005. Energold acquired 393,334 units resulting in the Company maintaining its equity in IMPACT at approximately 40%.

Outstanding Share Data

a) Details are as follows:

	Number	Amount
Authorized:		
30,000,000 shares without par value		
Issued and outstanding:		
Balance – June 30, 2003	14,432,396	\$ 9,402,664
Bonus to officers	75,000	15,000
Share purchase options exercised	250,000	37,500
Balance – December 31, 2003	14,757,396	9,455,164
Private placement	1,000,000	700,000
Share purchase options exercised	20,000	3,000
Balance – June 30, 2004	15,777,396	\$ 10,158,164

b) Contributed Surplus

Balance – June 30, 2003	\$ 348,696
Stock-based compensation - IMPACT	16,000
Balance – December 31, 2003	364,696
Stock-based compensation - IMPACT	19,083
Balance – June 30, 2004	\$ 383,779

The addition to Contributed Surplus for 2004 and 2003 is for the Company's proportionate share of the stock-based compensation relating to the stock options issued in IMPACT.

c) During the period ended June 30, 2004, 500,000 warrants were issued with respect to a non-brokered private placement. One warrant entitles the holder to purchase an additional share of the Company until March 11, 2006 at a price of \$0.75 per share.

d) Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant. Options vest 25% on the date granted and 12½% every quarter thereafter.

A summary of the Company's options at June 30, 2004 and the changes for the period are as follows:

Number Outstanding June 30, 2003	Granted	Exercised	Forfeited	Expired	Number Outstanding June 30, 2004	Exercise Price Per Share	Expiry Date
215,000	-	(195,000)	-	(20,000)	-	\$ 0.15	December 14, 2003
1,310,000	-	(75,000)	-	-	1,235,000	\$ 0.15	June 14, 2006
865,000	-	-	-	-	865,000	\$ 0.16	April 29, 2007
2,390,000	-	(270,000)	-	(20,000)	2,100,000	\$ 0.15 – 0.16	June 16, 2006 – April 29, 2007

Changes in Accounting Policies

The interim consolidated financial statements for the quarter ended June 30, 2004 follow the same accounting policies and methods of application in the most recent annual financial statements.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

Energold's financial instruments consist of cash and short-term deposits, restricted cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that while Energold is exposed to interest, currency or credit risks arising from the financial instruments the fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Approval

The Board of Directors of Energold has approved the disclosure contained in this interim MD & A. A copy of this interim MD & A will be provided to anyone who requests it.

Additional Information

Additional information relating to Energold is on SEDAR at www.sedar.com

On behalf of the board of directors,

"Frederick W. Davidson", President, CEO, CFO
August 23, 2004

