

Energold Drilling Corp.
(formerly Energold Mining Ltd.)
Form 51-102F1
Management Discussion and Analysis
For the Period Ended September 30, 2005

Forward-Looking Information

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Energold Drilling Corp. (formerly 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.

Corporate

The Company is a diamond drilling contractor operating directly and through its subsidiaries, Pac Rim Drilling S.A. (50.01%) and Kluane International Drilling Inc. (50%) and its affiliates ("Kluane"). It also holds mineral exploration properties in Latin America primarily in the Dominican Republic and Mexico both directly and through its 30.5% interest in IMPACT Silver Corp. (formerly IMPACT Minerals International Inc.) ("IMPACT"). The Company's consolidated operations include Kluane and until June 30th this year IMPACT. After June 30th the Company's interest in IMPACT has been accounted for on an equity basis. The residual equity interests not owned by Energold in the consolidated entities are recorded either as non-controlling interests or accounts payable, depending upon their nature, in the Consolidated Financial Statements.

Highlights for the Quarter and Year to Date

- 13th quarter in a row of earnings for Energold, with earnings of \$412,171 or \$0.02 per share for the quarter. Consolidated group cash and cash equivalents on hand of as at September 30th are \$6.8 million.
- Gross drilling revenues for the nine months of approximately \$10.9 million on 87,817 meters ("m.").
- Energold completed a private placement of 2,400,000 units at \$1.25 per unit.
- In April 2005, IMPACT completed a 1,866 m. 12-hole core drilling program on the Zacualpan property. Drilling on the Compadres Vein System intersected multiple stacked veins carrying significant silver mineralization with multiple high-grade sections ranging up to 27,793 g/t silver across 0.4 m. true width.
- A drill program at the Longyear concession in the Dominican Republic was completed by GoldQuest Mining Corp. ("GoldQuest"), which confirmed previous drilling.
- Appointment of Richard Younker MBA, CA as Chief Financial Officer.

Summary

Earnings for the year to date are \$995,890 (2004- \$1,695,990), which includes a "stock based compensation expense" of \$405,677. Excluding that deemed expense, earnings for the year to date would have been \$1,401,567 compared to \$1,768,248 for 2004. Although the Company believes stock options are important to employee morale and act as a valuable incentive, the method of calculating the "deemed value" and the subsequent impact upon earnings may result in the Company reviewing alternatives to granting of options in the future.

These results were achieved in spite of executing a number of smaller drilling contracts rather than the large contracts we experienced in 2004. With smaller contracts, the start-up costs are higher, the relative administrative costs are higher and overall drill utilization is reduced. What appears to have been a temporary decline in activity in Peru also meant that our strongest division did not provide the contribution we anticipated, but new contracts and increased activity in Guatemala and Ecuador offset most of this decline.

As indicated by its recent name change to Energold Drilling Corp. the Company has conducted a strategic shift in its activities. Energold is actively developing its potential as a contract diamond drilling company through its interest in Kluane, and commencing this year, through a 100% owned subsidiary in Mexico. As of this date, the Company has a total of 23 drills either operating or mobilizing and 1 additional drill under construction.

Included in that total is the Company's new SS-51 drill rig which is a departure from its traditional man portable rigs. Acquired to service contracts that exceed the capabilities of our man portable units, the SS-51 will be one of the most powerful diamond drill rigs in Mexico where it already has its first contract. The SS-51 will be operated in conjunction with Suisse Diamond Drilling Ltd. of Smithers, B.C. and will be the start of a new but limited division of heavy rigs for the Company.

The Company has set a number of objectives for the next 12 to 18 months. Energold will be increasing its research and development to continue to keep it ahead of the industry as well as expanding product lines to better serve our clients. The Company anticipates the addition of approximately 6-7 of its new Series III rigs during that period, and plans to penetrate more deeply some existing markets while expanding into at least one new market. Additional heavy rigs will be added only in response to demand.

The Company has a very strong balance sheet with consolidated cash and term deposits of \$6,858,244. Anticipating the weak equity markets during this spring and summer, Energold completed a net equity issue of \$2.8 million early in the year. This has allowed the Company to continue to expand its drill fleet and be in a position to invest in opportunities as they become available.

In 2004, the Company redirected its exploration efforts, to focus more specifically on silver through its investment in IMPACT, with the acquisition of an option on the Royal Mines of Zacualpan in Mexico. The Company believed that silver represented a unique product both as a store of wealth similar to gold, and as an industrial product in the growing medical and high tech industries. Holding these assets through another public company IMPACT provides Energold the maximum flexibility in asset management.

The Royal Mines of Zacualpan has had five centuries of exploitation, but until recently much of it was limited by technical and financial deficiencies. IMPACT hopes to bring this historic mining district into the 21st century, and in doing so create real value for all the stakeholders, including our shareholders. Zacualpan represents multiple exploration opportunities for IMPACT: that of a potentially small but high-grade silver mine; an asset that is sensitive to a rising silver price where historical mining has left large low-grade material; and the exploration potential for new and larger deposits. IMPACT has access to the necessary expertise to fully exploit any exploration success it enjoys here.

Because the Company's holdings are less than 30.5 % of IMPACT and with the intention of building IMPACT as a stand alone mining company the Company now records IMPACT's activities on the equity basis where its results since June 30th are recorded as a single line on the Statement of Income and the Balance Sheet rather than fully consolidated.

At this time, the Board is reviewing a number of alternatives regarding the balance of the Company's exploration projects in the Dominican Republic that would allow us to continue to develop these assets while minimizing further dilution to Energold. We have already successfully optioned out four of the projects to technically competent partners.

As alluded to above, with the future of the Company focused on contract drilling, we are continuing to review opportunities to ensure the shareholders realize full value for non-drilling assets.

IMPACT Silver Corp. (IPT:TSX-V)

Energold holds 6,205,001 shares of this publicly traded company or approximately 30% of the outstanding shares.

Highlights for the Nine Months

On August 17, 2005, the Company changed its name from IMPACT Minerals International Inc. to IMPACT Silver Corp. The Company's shares were not consolidated and holders of current certificates in the name of IMPACT Minerals International Inc. may continue to hold these certificates which will be honoured by the transfer agent.

Exploration and engineering studies continued at IMPACT's Royal Mines of Zacualpan Silver Project in central Mexico during the period with encouraging results. The final conclusions from these activities will form the basis for making a purchase decision for the project's claims, operating mines and 500-tonne-per-day processing plant lease from the Mexican owners.

In April 2005, IMPACT completed a 1,866 meter 12-hole core drilling program on the property. These holes tested targets in the Compadres and Cometa Navideño Vein systems.

Mapping and sampling on surface and in historical underground workings continued during the nine months with an aim to identify additional targets for further drilling.

Exploration Highlights for the third quarter 2005:

- In September, results from new high grade silver prospects were announced.
- Sampling of the historic Chivo mine workings returned 1,095g/t silver and 0.38g/t gold across 1.25 m. true width. Wall rock beside the vein assayed 463g/t silver and 0.477g/t gold across 2.2 m. true width. A channel sample from a surface exposure above assayed 2,640g/t silver and 1.36g/t gold across 0.85 m.
- Sampling of the historic Santa Isabelle mine workings averaged 830g/t silver and 0.56g/t gold across 0.8 m. true width over a strike length of 50 m. in nine samples ranging up to 3,020g/t silver and 0.13g/t gold across 0.7 m. true width.
- In September, a comprehensive report written to NI43-101 standards and describing in detail the project and results to date was released.

- Mapping and sampling on surface and in old underground workings continued during the quarter with an aim to identify additional drill targets.

Future Goals

IMPACT will continue its due diligence and exploration work on the Royal Mines of Zacualpan Project through 2005.

IMPACT plans to become a silver producer through the purchase of the Zacualpan claims, operating mines and processing plant lease, subject to the satisfactory completion of its due diligence and exploration work program.

IMPACT is evaluating other silver projects as possible acquisitions to continue to build the Company into a premier silver producer.

IMPACT's Royal Mines of Zacualpan Silver Project, Mexico

Due Diligence and Exploration Program:

Introduction

IMPACT holds option agreements covering most key parts of the Royal Mines of Zacualpan Silver District in central Mexico including two operating mines and a leased mill rated at 500 tonnes per day. The project is located 100 km southwest of Mexico City and 25 km northwest of the well-known Taxco Silver Mine. Access is by paved highway that runs through the middle of the district. Infrastructure is good throughout the district with gravel road networks, electric power, ample water supplies and a trained work force.

Option Agreements

On June 14, 2004, IMPACT signed two option agreements with two private Mexican companies for two producing silver mines, a processing plant lease and properties covering much of the Royal Mines of Zacualpan Silver Mining District in central Mexico. In total, under terms of the two option agreements, IMPACT may purchase all rights of the Mexican owners for US\$1.6 million plus 300,000 IMPACT shares.

In 2004, IMPACT staked additional concessions for itself that gave it control over a total of 125 km² and a dominant land position in the District.

History

Zacualpan is one of the oldest mining districts in North America with Spanish Colonial mining dating back to at least 1527. In 1531, it was the first mining district in the Americas to be bestowed the title of 'Royal Mines' of Zacualpan by proclamation under the Spanish Crown. Zacualpan is a classic Mexican epithermal silver district with an abundance of veins that have seen historic production. Statistics for the early centuries of production are sporadic, but in modern times recorded production between 1975-2004 was about 17 million ounces of silver (26 million ounces silver equivalent with by-product gold, lead and zinc credits). Veins presently being mined on the property typically vary from 2 to 5 meters in width. Individual production shoots are often 30 to 150 m. long and predominantly steeply dipping.

George Gorzynski, P.Eng., a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the technical information described in this Management Discussion and Analysis for the Royal Mines of Zacualpan Silver Project.

Exploration in the Dominican Republic:

The Dominican Republic

The Dominican Republic continues to attract considerable interest from the industry especially with the recent announcement that Placer Dome is proceeding with a \$1.4 billion investment at the Pueblo Viejo gold mine.

The exploration concessions in the Dominican Republic held by IMPACT constitute a block covering highly favourable stratigraphy in the eastern part of the Los Ranchos formation. The area has been tectonically active in the past with numerous faults and cross-faults, which IMPACT believes offers the opportunity for mineralization. IMPACT's block of concessions is located some 100 kilometres east of the Pueblo Viejo gold deposit and hosted in the same rock formation. The block of concessions includes El Brujo and La Bruja located on a distinctive Northwest trending structure. South of El Brujo, separated by another of IMPACT's concessions, lies the Baritina concession where previous work identified at least two zones of gold mineralization.

With the exception of La Bruja, IMPACT is awaiting licence renewals for its Dominican Republic concessions. During the quarter, a small soil sampling, mapping and prospecting program was carried out over the eastern portion of La Bruja. No significant results were obtained.

Nigel Hulme, P. Geo., a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for the technical information described in this Management Discussion and Analysis for the Dominican Republic Projects.

Energold Exploration Properties

Longyear

A program of 1002.6 m. of diamond drilling in 14 holes was recently completed by GoldQuest on the Longyear project, 4 km west of the Pueblo Viejo gold deposit (15.2 M oz gold resource, Placer Dome) using the Company's drilling division.

GoldQuest, for a total expenditure of US\$1.5 million, has the right to earn 60% of the project over three years. Subsequently, GoldQuest 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.

GoldQuest has indicated that it plans no further work on this property in the foreseeable future. A full review of the geology, geochemistry and drill results will be undertaken prior to any further work.

Centenario

After completing a 43-101 resource estimate on the original discovery zone at Centenario, GoldQuest has announced the commencement of drilling at a new target approximately 7 km east. GoldQuest, for a total expenditure of US\$1.0 million, has the right to earn 60% of the project over three years. Subsequently, GoldQuest 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.

The qualified person for the technical information from the optioned Dominican projects for the purposes of National Instrument 43-101 is Stewart D. Redwood, FIMMM.

Beyond filed reconnaissance, the Company has not conducted any significant work on the balance of its property portfolio during the period.

CONTRACT DRILLING

The contract drilling industry is highly cyclical with a low season in the months on either side of the Christmas holiday period and generally a high season in late summer. This year, the drilling activities were generally slower in the first four months, compared to the similar period last year. This appears to be consistent with the experience of the industry as a whole. Gross drilling revenues in Klwane for the first nine months were \$10.9 million on 87,817 m. (2004 - \$12.4 million on 97,000 m.)

The slow first four months related in large part to permitting issues, or weather related delays on specific properties. While frustrating, this simply reflects the increasing demand for a light impact on the environment and to address social issues in exploration.

The second quarter, with the exception of Peru, was extremely active and we achieved over 37,000 meters drilled. We mobilized a number of the rigs during that period, although at least two were delayed due to shipping and customs issues. This resulted in experiencing an abnormal number of start-up costs in the quarter, and correspondingly was partially responsible for higher than normal operating costs for the period.

Third quarter levels were approximately 30,000 meters with continued delays in delivering equipment to contracts. However we are anticipating that the fourth quarter will remain active and that the second half meters drilled will approximate the first half year drilling volumes.

Social and political issues are actively interfering with the industry throughout the world and during the last nine months some of our larger projects have been temporarily delayed, despite responsible efforts on our clients' part to address local concerns. Overall new contracts and requests for tenders suggest that 2006 will be extremely busy. With new rigs in place we hope to capitalize on the continuing demand.

Revenues are generally denominated in US dollars and the Company's margins remain sensitive to foreign exchange variations. Some of our operating costs are US\$ denominated which provides a partial natural hedge against such fluctuations. Nonetheless the relative rise in the value of the Canadian dollar to the US dollar in the past year has had a significant impact on our overall profitability.

Margins were also weakened slightly for the year to date due to the change of the mix of contracts, rising prices for down hole supplies, and extreme fluctuations in fuel costs. Although equipment suppliers are also increasing prices, with the increasing demand for drill rigs worldwide it is the shortage of quality crews and down hole supplies which remain the critical items. To further counteract increasing delays in shipping and customs which has led to excessive downtime, the Company is expanding its satellite inventories in the field. As we advised earlier, the Company commenced expanding its physical and administrative infrastructure to catch up with the significant increase in volume generated over the last year. This includes improved communications systems and warehouse facilities, and increased inventories at a number of strategic locations. Our investment in drilling supplies inventories to support our operations has increased by more than \$2.0 million in the past twelve months.

The Company's equipment is amongst the newest in design and performance, but we continue to redesign our rigs and are now producing a new Series III rig with additional power and pull back while retaining its high degree of mobility. We anticipate that we will build approximately 6 to 8 more of these rigs during the next eighteen months. The Company is continuing to conduct research and development to keep its' equipment on the leading edge technically.

By working in less developed countries we have a market niche that allows us to maintain reasonable margins. Local competition is limited and new competitors from outside are generally unwilling to invest the time and energy to establish themselves in these markets.

Our crews are some of the best in the industry; but we also continue to train personnel from local communities to fill a number of positions, including some positions as drillers. Especially for smaller programs these personnel can substantially reduce our mobilization costs and at the same time provide an effective statement as to our willingness to ensure there are social benefits to our activities.

Kluane International Drilling Division (50%)

In Ecuador, the Company continues to expand its client base and generate new contracts during the year, while drilling additional meters for existing clients. 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 four drills in the country, and has completed over 38,000 m. to date. We are anticipating that work levels in 2006 will be similar.

In the Dominican Republic, Guatemala and Nicaragua, we have drilled for a number of clients and have various contracts either under way or programmed. These countries, while limited in size, represent an excellent opportunity as they have experienced environmental and social issues that our approach can help solve. As a group the level of activity is similar to the prior year's experience.

Kluane is also active in Vietnam, Zambia and Brazil on individual projects. Brazil especially is very suitable for the type of work we specialize in and represents a significant growth opportunity. We experienced a number of problems with logistics and crews during the first half of the year, issues which we believe we have now resolved and we expect to add an additional rig in the near future.

Pac Rim Drilling S.A. (50.01%)

Peru represents an excellent opportunity to develop new business as this mineral rich country develops. However, in spite of the importance of mining in the economy as a whole, critical social and permitting issues have delayed certain exploration activities there. Two of our larger contracts start-ups were delayed or cancelled. Fortunately however some smaller new contracts have replaced at least part of that work. The Company currently has four drills located in Peru, including our largest version of the modular rigs with 126 hp.

Energold Drilling Division (100%)

In 2005, the Company expanded into Mexico through its 100% subsidiary Minera Monte Plata (de Mexico) de C.V. S.A. Contract drilling in Mexico by Energold compliments the exploration activities of IMPACT and enjoys a number of administrative synergies. The initial 1,800+ m. program was actually conducted for IMPACT at Zacualpan. A second modular rig was delivered early in the third quarter to help service the demand and a third rig is being mobilized. The Company is also sending its recently acquired SS-51 heavy rig to Mexico. The Company incurred start-up costs in Mexico during the second and third quarters, however the fourth quarter should result in a positive contribution to earnings.

The Company is anticipating adding a total of 4 to 5 rigs to this division during 2006 expanding in Mexico and at least one new market.

Recognizing that Energold is in a service industry, the Company is intent upon expanding its product lines, to build on an already established clientele. These will include some high margin complementary services.

Technical developments are continuing to improve the competitive position of the Company. The recent introduction of our Series III model will provide enhanced depth capabilities. Combined with a new program of redesign and retrofitting older models we anticipate improved performance capabilities from our rigs in the coming year.

OTHER

Investor Relations

Over the past nine 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. Energold conducts Kluane's and its own public relations and communications in-house. It also assists IMPACT in its day to day investor relations.

With the recent change in name to Energold Drilling Corp. the drilling group hopes to establish itself as the name plate for the new approach to drilling.

Safety, 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. The development of our drill is a direct successful offshoot of the need to explore with a light footprint using a drill pad size of only 4 m. by 4 m. and not requiring the construction of roads and complex access.

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.

We work as part of the community whose members must be kept informed of our activities and their concerns addressed. Wherever possible, the local community should participate in the benefits that may flow from the Company's activities. The use of local personnel as driller's helpers and workers fosters direct involvement in the programs conducted by the Company. The Company was a founding sponsor of the Prospector and Developers Association of Canada "E3" initiative of Environmental Excellence in Exploration.

The Company is actively developing specific policies and regulations to address the above, as well as our ongoing concern for safety. Work being conducted by or on behalf of the Company should be well planned, safe and with a concern for the environment and communities surrounding us.

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 and 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 and 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 \$)

Quarter	Net Revenues	Net Income (loss)	Net Income per Share (Note 1)	Fully diluted Net Income Per Share (Note 1)	Total Assets	Total Long-term Liabilities (Note 2)
3 rd 2005	1,957,421	412,171	0.02	0.02	19,861,581	6,584,847
2 nd 2005	1,864,993	344,679	0.02	0.01	21,096,585	6,647,286
1 st 2005	997,288	239,040	0.01	0.01	20,056,964	5,936,623
4 th 2004	(664,261) (Note 3)	94,229	0.00	0.00	16,165,171	5,461,968
3 rd 2004	2,251,883	794,475	0.05	0.04	13,946,514	5,632,459
2 nd 2004	2,303,934	408,292	0.03	0.02	13,330,523	4,736,638
1 st 2004	1,503,979	493,223	0.03	0.03	11,375,119	1,874,190
4 th 2003	101,208 (Note 3)	125,184	0.01	0.01	8,957,503	1,245,155
3 rd 2003	747,891	197,902	0.01	0.01	8,110,709	1,694,204
2 nd 2003	870,306	41,224	0.00	0.00	7,589,331	1,360,212
1 st 2003	834,929	194,847	0.01	0.01	7,300,601	1,070,163

Notes

Note 1: These numbers have been rounded to 2 decimal places.

Note 2: Total long-term liabilities include non-controlling interest on consolidation, and the long-term portion due to Kluane Drilling Ltd.

Note 3: Net revenue for the fourth quarter is calculated as gross revenues less direct costs. At the year end, a deemed fee to the non-controlling interest in Kluane was made for \$1,672,500 (2003 - \$688,900) and included in direct costs. Net revenue for the quarter before that provision would be \$1,007,739, (2003 - \$790,106).

Results of Operations

The Company ceased consolidating IMPACT as of June 30, 2005 due to a number of factors including a decline in the interest held by Energold. This resulted in recording the expenses incurred in IMPACT during the third quarter on a single line basis rather than on a line by line basis as was done for the first six months of 2005. The balance sheet no longer consolidates the respective assets and liabilities of IMPACT and instead records its net interest as Investments.

Gross drill revenues for the nine month period of \$10.9 million were approximately \$1.5 million less than in the comparative period in 2004. Earnings for the period were \$995,890 or \$0.05 per share (2004 - earnings of \$1,695,990 or \$0.11 per share). As previously discussed, the earnings for the year to date are net of a stock based compensation expense of \$405,677 (2004-\$72,258), representing a non cash expense of almost \$0.02 per share.

Drilling activity for the nine months was comparable to the prior year, but lower than anticipated as a result of the slow first four months. Margins were only slightly down from the previous year despite rising supplier costs. These positive earnings, despite the significant delays in a number of the Company's contracts and the stock option expense, demonstrate the robustness of the Company's business operations.

Consolidated indirect and administrative expenses for the nine months were \$2,137,458 up from \$1,334,581 in the comparative period in 2004, with over 41% of the increase being accounted for by the stock-based compensation expense. The results from IMPACT were consolidated for the first six months of 2005 and thereafter recorded on an equity basis.

1. The Company recognized a foreign exchange loss of \$237,184 (2004-\$105,925) primarily due to fluctuations in the US\$ in the third quarter. 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. A significant portion of the companies expenditures i.e. fuel are US\$ denominated and represented a partial hedge against US\$ fluctuations.

2. Accounting, audit and legal fees for the nine months increased for a total of \$224,464 (2004 - \$182,593). Of the total for 2005, \$56,256 of this amount represented costs related to IMPACT's financings and due diligence involving mineral activities in Mexico during the first nine months.

3. Insurance premiums 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 \$151,813. Approximately 40% of these costs relate to industry conferences, and marketing efforts on behalf of the Company's drilling activities. The majority of the balance, \$56,066 related to the activities of IMPACT to improve market awareness during the first half of the year.

5. The cost of office and sundry was \$123,189 compared to \$135,293 in the first nine months of 2004. This level of costs is anticipated to be maintained as the Company continues to upgrade its computer services and communication systems, and to reorganize its warehouse facilities in Vancouver and overseas.

6. Management fees and consulting, and office salaries and services increased by \$167,398 from the comparative period in 2004. Part of this increase reflected bonuses and stipends paid to directors and officers in shares early in the year. Further increases are expected as a result of additional staff requirements to service drill contracts for Kluane, and to conduct project reviews for Energold and IMPACT.

7. During the period, the Company recognized the "deemed value" of stock options granted in the amount of \$405,677 (2004-\$72,258) to directors, officers and employees of both Energold and IMPACT. The calculation does not appear appropriate for a company of our size; however, we are obliged to record it by regulation. The "value" ascribed to the grant is expensed when vested and the corresponding credit is included in contributed surplus.

8. During the year to date, the Company had \$79,944 in interest income earned on its cash accounts. Taxes increased to \$118,930 from \$52,375 in the prior year. This primarily related to taxes paid by offshore subsidiaries.

As described earlier the Company ceased consolidating the results of IMPACT on a line by line basis and instead recorded the net result for the third quarter on a single line equity basis. As a result the expenses for the third quarter for IMPACT were not included in the above third quarter expense but rather as a single line of \$20,121.

Liquidity and Capital Resources

Consolidated cash and cash equivalents were \$6,858,244 up from \$5,170,450 as at December 31, 2004, due to the positive contribution from the drilling activities and the completion of a brokered private placement of 2,400,000 units at \$1.25 per unit. Each unit consisted of a common share and one-half share purchase warrant exercisable up to December 31, 2005 at \$1.50 per share. Working capital now exceeds \$13.6 million compared to \$9.5 million at December 31, 2004.

Monies owed to a third party are due from the Company's subsidiary Kluane International Drilling Inc. and are unsecured, non-interest bearing and without specific repayment terms. Currently, management has not determined the exact repayment terms over the next five years because repayment will be dependent upon the cash flow generated from operations in Kluane, subject to other cash flow requirements in the same period. In 2004, the Company decided to invest in capital assets and working capital to carry out Kluane International Drilling Inc.'s drilling operations and therefore the 2004 current portion was not repaid.

The Company spent \$736,984 in exploration related expenditures during the nine month period, of which \$640,956 was related to the Zacualpan project in IMPACT during the first six months. During the period the Company wrote down \$68,262 in exploration costs, primarily representing minor holding costs in the Dominican Republic.

During the same period, the Company invested a further \$685,267 in property, plant, and equipment, the majority of which related to new drill rigs. The balance of the cost of equipping a drill is accumulated under inventories.

Outstanding Share Data

The following common shares and convertible securities of the Company were outstanding at November 14, 2005:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares at November 14, 2005	20,773,833		
Employee stock options	870,000	\$ 0.15	June 14, 2006
	690,000	\$ 0.16	April 29, 2007
	1,150,000	\$ 1.20	May 3, 2010
Warrants	490,000	\$ 0.75	March 11, 2006
	1,200,000	\$ 1.50	December 31, 2005
Broker's warrants	90,000	\$ 1.50	December 31, 2005
Broker's shares	180,000	\$ 1.40	December 31, 2005
Fully Diluted at November 14, 2005	25,443,833		

Transactions with Related Parties

During the nine months ended September 30, 2005, fees in the amount of \$129,000 (2004 - \$155,000) were accrued or paid to one director and officer of the Company, and fees of \$66,450 (2004- \$61,583) were accrued or paid to an individual related to a director. The Company had a management and consulting agreement with one director and officer for fees of \$12,500 per month which terminated April 1, 2005. This was replaced by a \$15,250 per month, three year employment contract. The Company also paid \$18,000 in fees to another officer. In addition,

\$75,000 (2004 - \$77,500) was recorded as a bonus to directors and officers, of which \$56,250 is to be paid in the form of 46,875 shares of the Company at a deemed value of \$1.20 per share.

In May 2005, the Company issued 50,000 shares at a deemed price of \$1.15 per share to a director and officer in relation to a private placement. The deemed value of \$57,500 is shown as share issue costs. These shares were subject to a four month hold period.

In March 2004, two directors and officers acquired 870,000 units of a 1.0 million unit private placement of the Company at \$0.70 per unit. Each unit consists of one common share and one-half share purchase warrant. 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.

During the nine months ended September 30, 2005, legal fees in the amount of \$68,019 (2004 - \$5,602) were accrued or paid to a firm related to a director.

Changes in Accounting Policies

The consolidated financial statements for the quarter ended September 30, 2005 followed the same accounting policies and methods of application as in the prior year's annual financial statements, with the exception of the treatment of the Company's investment in IMPACT Silver Corp. which was deemed by management to have converted from a controlled entity to an equity investment during the period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Significant estimates that involve highly subjective assumptions by management include the Company's estimate of stock-based compensation expense and its assessment of its mineral property values. Actual results could differ from those reported.

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.

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
November 14, 2005