

Energold Mining Ltd.
Form 51-102F1
Management Discussion and Analysis
For the Period Ended June 30, 2005

Forward-Looking Information

This 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.

Corporate

The Company is a diamond drilling contractor operating directly and through its 50% subsidiary, Kluane International Drilling Inc. and its affiliates ("Kluane"). It also conducts mineral exploration in Latin America primarily in the Dominican Republic and Mexico both directly and through its interest in IMPACT Silver Corp. (formerly IMPACT Minerals International Inc.) ("IMPACT"), a 30.5% subsidiary. 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 Period

- 12th quarter in a row of earnings for Energold with earnings of \$354,679 or \$0.02 per share for the quarter.
- Gross drilling revenues in Kluane for the first half of approximately \$7.2 million on 58,061 meters ("m.").
- 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.
- Energold completed a private placement of 2,400,000 units at \$1.25 per unit, resulting in consolidated cash and cash equivalents on hand of \$6.8 million.

Summary

The Company achieved a number of its objectives during the first six months. Despite a slow first quarter, the second quarter was a record high, with a 6 month total of 58,061 m. drilled. Earnings for the quarter were \$344,679 (2004- \$408,292), despite the "stock based compensation expense" of \$300,179. Excluding that deemed expense, earnings for the quarter would have been \$644,858 compared to \$427,551 for 2004. Although the Company believes stock options are important to employee morale and act as a valuable incentive, because of the method of calculating the "deemed value" and the subsequent impact upon earnings we may have to review alternatives to granting of options.

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 we believe is a temporary decline in activity in Peru also meant that our strongest division did not provide the contribution we hoped, and that some of our drilling equipment remained idle awaiting drilling permits during the quarter.

Energold has conducted a strategic shift in its activities. The Company is actively developing its potential as a contract diamond drilling company through its 50% interest in Kluane, and since the first quarter of 2005, through a 100% owned subsidiary in Mexico. As of this date, the Company has a total of 19 drills either operating or mobilizing and an additional 2 under construction.

During the next twelve months the Company 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 has a very strong balance sheet with consolidated cash and term deposits of \$6,812,024. Anticipating the weak equity markets during this spring and summer, Energold completed an equity issue of \$3.0 million early in the year. This will allow 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 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.

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 with 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 directed to contract drilling, we are continuing to review opportunities to ensure the shareholders realize full value for non-drilling assets.

EXPLORATION

IMPACT Properties

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.

Production and Development

Under terms of IMPACT's option agreements, the Mexican companies may continue mining and processing material from the properties until IMPACT exercises its purchase options for the operations, contracts and properties. Mining is presently continuing at the Compadres Mine and on a smaller scale at the Cuchara Mine and Guadalupe Mine. Material is trucked from the operating mines to the central processing plant. Mining and processing is often interrupted at Zacualpan due to lack of capital to maintain continuous operations. IMPACT geologists periodically visit and sample the active areas in the mines to keep directly informed of developments.

During the quarter, mining was completed down to Level 3 at the Compadres Mine and a ramp was being developed to continue mining on Levels 4 and 5. Levels are about 12 m. apart. Prior to mining, IMPACT geologists collected three samples from a 6 m. long high grade portion of Silver Shoot No. 1 exposed at the time on Level 3 to confirm the high grades reported by miners. These three Level 3 samples collected by IMPACT averaged 12,591 g/t silver and 12.07 g/t Au over 1.67 m. true width.

Drilling

During the quarter, IMPACT completed a 1,866 m. 12-hole core drilling program on the property. The objective of the drill program was to test extensions of the high grade Compadres Silver Shoot No. 1, the nearby Soledad section of the Compadres Vein System and the early stage Cometa Navideno Vein System.

Four holes tested extensions of Compadres Silver Shoot No. 1 and demonstrated that the Compadres Vein System consists of a series of stacked parallel veins with several high grade sections as listed in the table of drilling highlights below:

SILVER SHOOT No. 1 SECTION OF COMPADRES VEIN SYSTEM						
Vein Name DRILL HOLE No.	TOP OF INTERCEPT (m)	ESTIMATED TRUE WIDTH (m)	SILVER (g/t)	GOLD (g/t)	ZINC (%)	LEAD (%)
AC VEIN						
2	58.7	0.6	546	0.15	0.22	0.08
CHAPARITA VEIN						
1	67.9	0.9	259	0.28	0.33	0.09
2	79.2	0.4	434	0.73	2.43	1.30
3	41.4	2.1	229	0.18	0.53	0.12
CONCEPCIÓN VEIN						
1	138.8	1.8	293	0.40	1.25	1.40
2	163.5	0.8	6,013	2.31	0.36	0.47
3	127.8	0.4	115	0.29	3.67	1.05
4	153.6	4.4	2,713	0.36	1.01	0.74
	including:	0.4	27,793	3.40	9.47	7.52
SAN AGUSTÍN VEIN						
2	174.2	1.6	3,234	0.41	2.67	1.91
	including:	0.7	7,010	0.73	5.87	4.26
3	133.5	1.2	450	0.23	2.30	0.75
4	168.4	0.6	1,140	3.68	0.56	0.23
FOOTWALL VEIN						
4	185.0	0.7	202	4.23	0.60	0.42

Drill holes 1 and 2 intersected the Concepción Vein about 70 m. and 115 m., respectively, down dip (downward along the plane of the vein) of the Level 3 mine workings. (Level 3 workings lie about 65 m. below surface and the vein system dips about 50 degrees to the northeast.) Drill holes 3 and 4 were drilled 35 m. northwest of drill holes 1 and 2 and intersected the Concepción Vein 60 m. and 125 m. down dip of Level 3.

The drilling has demonstrated good continuity to the vein system and the deepest intersections in the Concepción and San Agustín Veins are also the highest grade leaving the zones open for expansion along strike and down dip.

The Compadres Vein System has now been mapped over several kilometres with higher grade sections (shoots) occurring in a generally lower grade vein system. Silver Shoot No. 1, as observed on Level 2 of the active mine workings, is a 50 m. x 3 m. section of the vein system with medium to high grade silver values.

The next six holes were drilled 200 m. to the southeast to test another possible shoot in the Soledad section of the Compadres Vein System. Several of these holes intersected old open mine workings and did not recover any vein material. Others intersected veins and results included 225g/t silver and 0.49g/t gold over 2.40 m. estimated true width and 635g/t silver and

0.09g/t gold over 1.20 m. estimated true width. Results of this work indicate that these holes stem may have intersected the top of another mineralized shoot similar to the nearby high grade Silver Shoot No. 1. The Soledad drill holes were collared on top of a high ridge and the deepest holes in this program only penetrated to the elevation of the top of Silver Shoot No. 1. Plans call for future drilling to test the Soledad system down to greater depths at elevations similar to those that host the high grade portions in Silver Shoot No. 1.

Drill holes 11 and 12 tested the Cometa Navideno Vein System located about one kilometer north of the Compadres area. The best intersection returned 7.26% zinc, 7.45% lead, 75g/t silver and 0.59g/t Au across 0.65 m. estimated true width.

Field Work and Engineering Studies

During the quarter, field work continued with mapping and sampling on surface and in historic underground workings. This work is leading to a better understanding of the geological controls on mineralization and is defining additional targets for future drilling. Assay results from this work are pending.

During the quarter, IMPACT continued preliminary engineering studies to evaluate the active mining and metallurgical operations at Zacualpan. A site visit was made by IMPACT's consulting tailings engineer and metallurgical test work continued to optimize metal recoveries.

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 m. in width. Individual production shoots are often 30 to 150 m. long and predominantly steeply dipping.

Future plans

Near term plans call for compilation of the considerable database collected to date and continued fieldwork to establish targets for another drill program. This work, along with the engineering studies, will form the basis for making a purchase decision for the Royal Mines of Zacualpan claims, operating mines and 500-tonne-per-day processing plant lease. If IMPACT decides to purchase the Zacualpan assets, it would immediately become a significant producer of silver as well as by-product zinc, lead and gold. IMPACT is also evaluating other precious metal projects as possible acquisitions to continue to build the Company into a premier precious metals producer.

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 with the ongoing activities of Placer Dome at the Pueblo Viejo gold mine and Falconbridge, as well as a number of juniors including Unigold, Globestar, GoldQuest, Linear, and Everton.

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 Placer Dome's 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 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 Moz gold resource, Placer Dome) using the Company's drilling division.

The highlights of the results are shown in the following table:

Hole	From meters	To meters	Interval meters	Au g/t	Cu %
LY-01	0	8.5	8.5	0.51	0.03
LY-03	40	46	6	0.48	0.06
LY-04	0	12	12	0.82	0.03
LY-05	0	32	32	1.08	0.66
Inc.	0	22	22	1.54	0.90
LY-11	6	52	46	0.20	0.13
Inc.	10	16	6	0.94	0.46
LY-12	0	4	4	0.68	0.03

The sample lengths are generally 2.0 m. Composite grades are length-weighted.

The principal target drilled was Au-Cu mineralization on the Loma La Mina hill. Drilling intersected low grade Au and Cu in most holes. The best intersection was 22 m. at 1.54 g/t Au and 0.81% Cu (hole LY-05 from 0 m.) and the maximum sample values were 4.95 g/t Au and 4.13% Cu. Mineralization is associated with widespread strong pyritization and quartz-sericite alteration with a stockwork of sheared quartz veinlets. The host rocks are sericite schists of the Early Cretaceous Maimón Formation with precursor felsic and less abundant mafic volcanic rocks, and quartz porphyry intrusions. The mineralization has strongly anomalous molybdenum, silver and zinc, and weaker anomalies of arsenic, bismuth, cadmium, mercury, lead, antimony and tellurium. A low-grade chalcocite enrichment zone has developed beneath the base of oxidation.

Analyses

Drill core was cut lengthwise with a diamond saw after logging and half-core sampled at 2.0 m. intervals. The other half is kept for reference in the Company's secure storage facility. Preparation and geochemical analyses of all samples was carried out by ALS Chemex, Vancouver. Gold was assayed by fire assay on a 30-gramme aliquot with ICP-MS finish, and a suite of multi elements was analyzed by aqua regia digestion and a combination of ICP-MS and ICP-AES. Rock standards, blanks and duplicates are routinely inserted into all sample batches for quality control.

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.

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.

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 quarter of 2005 and in fact extending into May, 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 Kluane for the second quarter were \$4.7 million on 37,259 m. drilled compared to the first quarter of approximately \$2.5 million on 20,682 m. or a total of \$7.2 million on 58,061 m (2004 - \$7.5 million on 61,000 m.) The slow first quarter 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. Revenues are generally denominated in US dollars and a number of our operating costs are Canadian dollar based. The Company's margins remain sensitive to foreign exchange variations.

The second quarter, with the exception of Peru, was extremely active as we mobilized most 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.

Social and political issues are actively interfering with the industry throughout the world and some of our larger projects have been temporarily delayed, despite responsible efforts on our clients part to address local concerns. Two of these projects were in Peru and as it is one of our most efficient and productive divisions this reduced revenues and further affected our overall margins during the first half of the year. Overall new contracts and requests for tenders suggest that the balance of 2005 will be extremely busy.

Margins also weakened slightly during the second quarter 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. As we advised earlier over the second quarter, 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, which resulted in higher operating costs for the period.

The Company's equipment is amongst the newest in design and performance, but it continues to redesign its rigs and is now producing a new Series III rig with additional power and pull back while retaining its high degree of mobility. The Company is continuing to conduct research and development to keep its' equipment on the leading edge technically. While our drillers are some of the best in the industry, we also continue to train personnel from local communities to fill a number of positions, including some positions as drillers.

Kluane International Drilling Division (50%)

In Ecuador, Kluane 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 southeastern 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.

In the Caribbean basin and Central America, Kluane has drilled for a number of clients and has various contracts either under way or programmed. This is proving to be an area of growth for our activities, as this region has environmental and social issues that our approach can help solve.

Kluane is also active in both Vietnam 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, issues which we believe we have now resolved and we expect to add an additional rig in the near future.

The Company in the past has worked in Africa and the Middle East on a project-by-project basis. We believe that in certain specific areas there is a real demand for our style of drilling and another opportunity for our drilling Group. The new rig recently arrived in Zambia but the time and cost of getting it there demonstrates the growing issues of bureaucracy and security that is occurring world-wide.

Pac Rim Drilling S.A. (50.01%)

Peru represents an excellent opportunity to develop new business as this mineral rich country develops. In spite of the importance of mining in the economy as a whole, critical social and permitting issues have delayed certain exploration activities there during the first four months. A number of our contract start-ups have been and are continuing to be delayed. The Company currently has four drills located in Peru, including our largest version with 126 hp. However two of the Company's more significant contracts have been delayed or cancelled as a direct result of social intervention.

Energold Drilling Division (100%)

Early in 2005 the Company expanded into Mexico through its 100% subsidiary Minera Monte Plata (de Mexico) 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 rig has just arrived in Mexico to help service the demand and a third rig is being constructed. The Company is

anticipating adding a total of 3 to 4 rigs to this division during 2005. Recognizing that Energold is in a service industry, the company is intent upon expanding its product lines, to build on an already established clientele.

OTHER

Investor Relations

Over the last twelve 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.

IMPACT has entered into an agreement for conducting Investor Relations with Fryban Financial S.A. of Switzerland for a period of up to 2 years, at \$4,000 per month, to provide ongoing consultation on investor services and communications in the European and international markets. During the quarter, IMPACT engaged a local representative, at \$1,500 per month, and an option on 50,000 shares of IMPACT to assist in investor communications in Canada. That contract has subsequently been cancelled.

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. 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.

We work as part of the community whose members must be kept informed in 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 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 \$)

Period	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)
2 nd Quarter 2005	1,864,993	344,679	0.02	0.01	21,096,585	6,647,286
1 st Quarter 2005	997,288	239,040	0.01	0.01	20,056,964	5,936,623
4 th Quarter 2004	(664,261) (Note 3)	94,229	0.00	0.00	16,165,171	5,461,968
3 rd Quarter 2004	2,251,883	794,475	0.05	0.04	13,946,514	4,069,926
2 nd Quarter 2004	2,303,934	408,292	0.03	0.02	13,330,523	4,736,638
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 (Note 3)	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	1,070,163

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

Gross drill revenues for the six month period of \$7.2 million were approximately \$0.3 million less than in the comparative period in 2004. Earnings for the six months were \$583,719 or \$0.03 per share (2004 - earnings of \$901,515 or \$0.06 per share). As previously discussed the earnings for the year to date are net of a stock based compensation expense of \$326,652 (2004- \$43,873), which represented almost \$0.02 per share.

Activity in the first quarter of 2005 was lower than expected as a result of deferrals in a number of proposed contracts. Margins were only slightly down from previous quarters 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 six months were \$1,379,588 up from \$844,802 in the comparative period in 2004, with over 50% of the increase being accounted for by the stock-based compensation expense.

1. During the quarter, the Company recognized a foreign exchange gain of \$29,291 (2004- \$21,278). 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.

2. Accounting, audit and legal fees for the six months increased for a total of \$172,526 (2004 - \$114,971). 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.
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 \$132,941. 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.
5. The cost of office and sundry was \$99,257 or 3.5% of net revenues compared to \$129,567 or 3.4% in the first half of 2004. These costs are anticipated to increase as the Company continues to upgrade its computer services and communication systems, and to reorganize its warehouse facilities in Vancouver and overseas. Increased activities in the company's expanding operating subsidiaries are likely to result in higher office and sundry costs.
6. Management fees and consulting, and office salaries and services increased by \$113,326 from the comparative period in 2004. Part of this increase reflected bonuses and stipends paid to directors and officers in shares. 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 \$326,652 (2004-\$43,873) to directors, officers and employees in 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 quarter, the Company had \$28,990 in interest income (2004 - \$13,494) earned on its cash accounts.

Liquidity and Capital Resources

Consolidated cash and cash equivalents were \$6,812,024 up from \$5,170,450 as at December 31, 2004. The principal reasons for the increase from December related 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 consists of a common share and one-half share purchase warrant exercisable up to December 31, 2005 at \$1.50 per share.

Monies owed to Kluane Drilling Ltd. are due from the Company's consolidated drilling subsidiaries 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 International Drilling Inc., 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 \$717,126 in exploration related expenditures during the period, of which \$640,956 was related to the Zacualpan project in IMPACT. During the period the Company wrote down \$51,099 in exploration costs, representing minor holding costs in the Dominican Republic.

During the same period, the Company invested a further \$429,864 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 August 18, 2005:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares at August 18, 2005	20,726,958		
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 August 18, 2005	25,396,958		

Transactions with Related Parties

During the six months ended June 30, 2005, fees in the amount of \$75,240 (2004 - \$100,000) were accrued or paid to one director and officer of the Company, and fees of \$44,300 (2004-\$41,055) 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 \$12,500 per month, three year employment contract. In addition, \$75,000 (2004 - \$77,500) was accrued 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 \$0.57 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 the private placement. The deemed value of \$57,500 is shown as share issue costs. These share are subject to a four month hold period.

Fees in the amount of \$50,050 (2004 - \$22,770) were paid or accrued to two directors of IMPACT, of which \$18,016 is shown in various administrative expenditures on the income statement, and \$32,034 is shown in mineral properties. In November 2004, IMPACT entered into a management and consulting agreement with one director and officer for fees of \$2,500 per month for a period of twenty-four months, renewing automatically on a month by month basis for one year thereafter.

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.

In April, 2004, the Company acquired through a private placement 393,334 units of IMPACT at a price of \$0.15 per unit. Each unit consists of one share and one share purchase warrant. One warrant entitles the holder to purchase an additional share of IMPACT at a price of \$0.185 per share until April 14, 2005. In March 2005, the Company exercised 393,334 warrants.

In October, 2004, the Company acquired through a private placement 405,000 units of IMPACT at a price of \$0.30 per unit. Each unit consists of one share and one share purchase warrant. One warrant entitles the holder to purchase an additional share of IMPACT at a price of \$0.35 per share until December 9, 2006.

During the six months ended June 30, 2005, legal fees in the amount of \$54,180 (2004 - \$nil) were accrued or paid to a firm related to a director, and fees in the amount of \$183,020 were charged to IMPACT for contract drilling services performed in Mexico at the Zacualpan concessions.

Changes in Accounting Policies

The consolidated financial statements for the quarter ended June 30, 2005 followed the same accounting policies and methods of application as in the prior year's annual financial statements.

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, CFO
August 18, 2005