

ENERGOLD DRILLING CORP.

(formerly Energold Mining Ltd.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2006 and 2005

Unaudited

NOTICE

These interim consolidated financial statements for the three months ended March 31, 2006 of Energold Drilling Corp. have been prepared by management and have not been subject to review by the Company's auditors.

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Statement 1

Consolidated Balance Sheets

As at

Canadian Dollar

Unaudited

ASSETS	March 31, 2006	March 31, 2005	December 31, 2005
Current			
Cash and term deposits	\$ 4,756,452	\$ 7,198,192	\$ 5,409,616
Accounts receivable and prepaid expenses	3,722,814	2,741,184	3,346,516
Short-term investments	62,505	62,505	62,505
Inventory	7,239,451	4,357,708	6,344,636
	15,781,222	14,359,589	15,163,273
Investment in IMPACT Silver Corp. - (Note 3)	984,525	-	942,163
Resource Properties - Schedule (Note 4)	2,173,768	3,999,760	2,155,887
Property, Plant and Equipment - (Note 5)	2,576,383	1,697,615	2,263,124
	\$ 21,515,898	\$ 20,056,964	\$ 20,524,447
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 1,099,428	\$ 1,293,521	\$ 976,608
Due to related party – (Note 6)	600,000	600,000	600,000
	1,699,428	1,893,521	1,576,608
Due to Related Party – (Note 6)	2,411,954	2,424,377	2,529,281
Non-Controlling Interests - (Note 7)	3,310,368	3,512,246	2,878,635
	7,421,750	7,830,144	6,984,524
Commitments - (Note 12)			
SHAREHOLDERS' EQUITY			
Share Capital - (Notes 8, 9)	14,933,249	14,471,349	14,539,849
Contributed Surplus - (Note 8b)	1,004,103	411,255	992,498
Deficit - Statement 2	(1,843,204)	(2,655,784)	(1,992,424)
	14,094,148	12,226,820	13,539,923
	\$ 21,515,898	\$ 20,056,964	\$ 20,524,447

ON BEHALF OF THE BOARD:

“F.W. Davidson” _____, Director

“H.W. Sellmer” _____, Director

- The accompanying notes form an integral part of these financial statements -

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Statement 2

Consolidated Statements of Income and Deficit For the Three Months Ended March 31

Canadian Dollars
Unaudited

	2006	2005
Revenue from Drilling Contracts, net of direct costs	\$ 1,162,531	\$ 997,288
Indirect and Administrative Expenses		
Accounting, audit and legal	30,472	67,470
Amortization	91,335	59,581
Foreign exchange	60,249	(12,867)
Insurance	20,264	24,568
Investor relations, promotion and travel	41,085	57,639
Management fees and consulting	14,875	45,000
Office and sundry	72,365	46,828
Office salaries and services	176,544	112,707
Rent	32,348	28,529
Stock-based compensation expense – (Note 9b)	11,605	26,473
	551,142	455,928
Income Before the Following	611,389	541,360
Other Income (Expenses)		
Interest income	26,569	24,361
Income in IMPACT Silver Corp.	42,362	-
Non-controlling interest	(424,733)	(297,837)
Other income	11,050	-
Write-off of resource properties	(2,115)	(19,855)
Withholding and other taxes	(115,302)	(8,989)
	(462,169)	(302,320)
Net Income for the Period	149,220	239,040
Deficit – Beginning of period	(1,992,424)	(2,894,824)
Deficit - End of Period	\$ (1,843,204)	\$ (2,655,784)
Weighted Average Number of Shares Outstanding	21,272,055	18,921,402
Diluted Number of Shares Outstanding	25,323,833	23,926,958
Earnings per Share – Basic	\$ 0.01	\$ 0.01
– Diluted	\$ 0.01	\$ 0.01

- The accompanying notes form an integral part of these financial statements -

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Statement 3

Consolidated Statements of Cash Flows For the Three Months Ended March 31

Canadian Dollars

Unaudited

Cash Resources Provided By (Used In)	2006	2005
Operating Activities		
Income for the period	\$ 149,220	\$ 239,040
Items not affecting cash		
Amortization	91,335	59,581
Non-controlling interest	431,733	460,845
Stock-based compensation expense	11,605	26,473
Write-off of resource properties	2,115	19,855
Changes in non cash working capital	(1,148,293)	(928,037)
	(462,285)	(122,243)
Investing Activities		
Investment in IMPACT Silver Corp.	(42,362)	-
Purchase of property, plant and equipment	(404,594)	(242,727)
Resource property costs	(19,996)	(344,648)
	(466,952)	(587,375)
Financing Activities		
Due to related party	(117,327)	(4,141)
Share capital	393,400	2,741,501
	276,073	2,737,360
Net Increase (Decrease) in Cash and Term Deposits	(653,164)	2,027,742
Cash and term deposits - Beginning of period	5,409,616	5,170,450
Cash and Term Deposits – End of Period	\$ 4,756,452	\$ 7,198,192
Non-Cash Financing/Investing Activities		
Stock-based compensation included in contributed surplus	\$ 11,605	\$ 8,521

- The accompanying notes form an integral part of these financial statements -

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Schedule

Consolidated Schedules of Resource Properties For the Three Months Ended March 31

Canadian Dollars

Unaudited

	2006	2005
Concessions, Dominican Republic – (Notes 4(b)(i), 4(d))		
Deferred exploration costs		
Field office, rent and costs	\$ 2,596	\$ 9,083
Vehicles	-	1,642
Wages and consulting	17,400	9,170
	19,996	19,895
Write-off of resource properties	(2,115)	(19,855)
	17,881	40
IMPACT Silver Corp. Properties	-	324,753
Resource Property Costs for the Period	17,881	324,793
Balance – Beginning of period	2,155,887	3,674,967
Balance – End of Period	\$ 2,173,768	\$ 3,999,760

- The accompanying notes form an integral part of these financial statements -

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Notes to the Consolidated Financial Statements March 31, 2006 and 2005

*Canadian Dollars
Unaudited*

1. Significant Accounting Policies

a) Basis of Presentation

These interim financial statements follow the same accounting policies and methods of their application of the most recent annual financial statements. These financial statements should be read in conjunction with the audited financial statements as at December 31, 2005.

2. Financial Instruments

The Company's financial instruments consist of cash and term deposits, accounts receivable, short-term investments, accounts payable and due to a related party. As at March 31, 2006, the Company holds an equivalent of CAD\$9,746,162 in financial instruments held in U.S. and other foreign currencies, which is exposed to currency risk based on fluctuations in the prevailing foreign exchange rates. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

3. Investment in IMPACT Silver Corp. (IMPACT)

In prior years, the Company recorded its investment in IMPACT on a fully consolidated basis. Effective from July 1, 2005, the Company's investment in IMPACT was determined by management to have converted from a controlled entity to an equity investment. At March 31, 2006 the Company owned 6,610,001 shares of IMPACT Silver Corp., recorded at \$984,525.

Subsequent to the quarter, IMPACT issued a private placement and as a result the Company's share position decreased to approximately 17.5% of the issued and outstanding shares of IMPACT.

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Notes to the Consolidated Financial Statements March 31, 2006 and 2005

Canadian Dollars
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4. Resource Properties

a) Details are as follows:

	Acquisition Costs	Deferred Exploration	Accumulated Write-off	Deconsolidation of IMPACT Silver Corp	2006	2005
Dominican Republic Concessions						
Actividades	\$ 142,640	\$ 201,699	\$ -	\$ -	\$ 344,339	\$ 344,121
Casa Real	302,694	615,799	-	-	918,493	916,050
Los Pedregones	353,038	217,150	(239,531)	-	330,657	329,690
La Parcela	597,007	94,193	-	-	691,200	665,034
Other	315,230	2,069,644	(2,495,795)	-	(110,921)	(117,216)
	<u>1,710,609</u>	<u>3,198,485</u>	<u>(2,735,326)</u>	<u>-</u>	<u>2,173,768</u>	<u>2,137,679</u>
IMPACT Silver Corp. Properties						
	747,534	1,457,119	(6,679)	(2,197,974)	-	1,862,081
	<u>\$ 2,458,143</u>	<u>\$ 4,655,604</u>	<u>\$ (2,742,005)</u>	<u>\$ (2,197,974)</u>	<u>\$ 2,173,768</u>	<u>\$ 3,999,760</u>

b) Royalty Agreements

By various agreements dated between January 20, 1995 and October 26, 1998, the Company purchased 100% of the issued and outstanding shares of Minera. Minera is the holder of several exploration concessions located in the Dominican Republic. These exploration concessions are subject to the following terms:

i) On the properties already granted to Minera as at January 20, 1995 (*Schedule*), the Company agrees to make the following cash payments:

- Upon commencement of commercial production US\$250,000
- On the first anniversary of commercial production US\$250,000

The vendors also retain a 1% net smelter return capped at US\$4,000,000 on these properties.

ii) On any additional properties acquired directly or indirectly by the Company from January 20, 1995 to October 26, 1998 (*Schedule*) the vendors retain a 1% net smelter return royalty capped at US\$1,000,000.

Energold Drilling Corp.

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Notes to the Consolidated Financial Statements

March 31, 2006 and 2005

Canadian Dollars

Unaudited

4. Resource Properties – continued

c) MJD Agency Ltd. ("MJD")

By agreement dated July 25, 1996 and amended November 4, 1998, March 28, 2002, and July 9, 2004, the Company acquired the right from MJD to purchase a 40% interest in the Dominican Republic company, Actividades Mineras, S.A. ("AMSA") for an exploration work commitment of \$300,000 to be completed by July 25, 2006. To March 31, 2006, a total of \$294,339 has been spent by the Company, including allowable acquisition costs of \$92,640. The 40% interest will be earned proportionately as the \$300,000 is spent. Once complete, the Company has the right to purchase another 20% for an additional \$300,000 work commitment to be completed by July 25, 2006. All costs spent to date with regard to the purchase of AMSA have been recorded as resource property costs. This agreement is subject to the 1% net smelter royalty (*Note 4(b)*).

d) Option Agreements – Dominican Republic (*Note 4(b)(i)*)

- i) The Company entered into an agreement with a third party who, by October 2003, was to incur, at its option, exploration expenditures of US\$1,300,000 on certain concessions located in the Dominican Republic, to earn a 51% interest in the concessions. Each concession had a minimum amount that must be incurred to be included in the option. In October 2003, the optionee confirmed that it met the minimum amount required on Bacco y Ofir and Josephina, but failed to meet the threshold expenditures on the remaining concessions, which were then returned to the Company.
 - ii) On December 1, 2003, the Company entered into a joint venture with a third party on the Longyear concession in the Dominican Republic. The third party is required to spend \$US1.5 million over three years and to issue 250,000 shares (paid) to earn a 60% interest in the project including the commitment to drill 1,000 metres. The third party can earn an 80% interest by taking the project to a bankable feasibility study.
 - iii) In January, 2004, the Company entered into a joint venture with a third party on the Centenario concession in the Dominican Republic. The third party is required to spend US\$1.0 million over three years to earn a 60% interest in the project. The third party can earn an 80% interest by taking the project to a bankable feasibility study.
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Energold Drilling Corp.

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Notes to the Consolidated Financial Statements

March 31, 2006 and 2005

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5. Property, Plant and Equipment

	2006		2005
Drilling Equipment	\$ 3,435,177	\$	2,260,331
Exploration Equipment	51,416		39,036
Vehicles	172,707		154,832
Office Furniture and Equipment	316,288		330,878
	3,975,588		2,785,077
Accumulated amortization	(1,399,205)		(1,087,462)
Net Book Value	\$ 2,576,383	\$	1,697,615

6. Due to Related Party

	2006		2005
Total	\$ 3,011,954	\$	3,024,377
Less: current portion	(600,000)		(600,000)
Long-term portion	\$ 2,411,954	\$	2,424,377

Monies owed to a related party are unsecured, non-interest bearing and without specific repayment terms. Currently management and the related party have 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.

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Notes to the Consolidated Financial Statements March 31, 2006 and 2005

Canadian Dollars

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7. Non-Controlling Interests

The non-controlling interests are initially recorded at the carrying values in the records of the subsidiary. This amount is adjusted by the non-controlling interest's portion of the income (loss) and certain other adjustments that occur subsequent to the acquisition of control of the company.

On May 15, 2002, the Company acquired 50.01% of the issued and outstanding shares of Pac Rim by paying \$11,635.

Pac Rim

Total net assets as at the date of acquisition at carrying value	\$ 1
Multiplied by the non-controlling interest – 49.99%	<u>1</u>
2002-2005 income allocated to non-controlling interest, net of distributions	2,034,743
2006 income allocated to non-controlling interest, net of distributions	<u>(7,295)</u>
Total non-controlling interest – Pac Rim	<u>\$ 2,027,449</u>

Kluane

Total assets as at the date of incorporation	\$ 100
Multiplied by the non-controlling interest – 50.00%	<u>50</u>
1999-2005 income allocated to non-controlling interest	843,841
2006 income allocated to non-controlling interest	<u>439,028</u>
Total non-controlling interest – Kluane	<u>\$ 1,282,919</u>
Total non-controlling interest	<u>\$ 3,310,368</u>

Energold Drilling Corp.

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Notes to the Consolidated Financial Statements

March 31, 2006 and 2005

Canadian Dollars

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8. Share Capital

a) Details are as follows:

	Number	Amount
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
Balance – March 31, 2005	20,596,958	\$ 14,471,349
Issued as bonus to officers and directors	46,875	56,250
Issued to a director in relation to a private placement	50,000	57,500
Share purchase options exercised	80,000	12,250
Share issue costs	-	(57,500)
Balance – December 31, 2005	20,773,833	14,539,849
Share purchase options exercised	170,000	25,900
Share purchase warrants exercised	490,000	367,500
Balance – March 31, 2006	21,433,833	\$ 14,933,249

b) **Contributed Surplus**

Balance – March 31, 2005	\$ 411,255
Deconsolidation of IMPACT Silver Corp.	(54,038)
Fair value of stock options issued	635,281
Balance – December 31, 2005	992,498
Fair value of stock options issued	11,605
Balance – March 31, 2006	\$ 1,004,103

- c) In March 2004, the Company issued 500,000 warrants with respect to a non-brokered private placement. One warrant entitles the holder to purchase an additional share of the Company until March 11, 2006 at a price of \$0.75 per share. During the year ended December 31, 2005, 10,000 warrants were exercised. During the quarter, 490,000 warrants were exercised, of which 485,000 were exercised by directors and officers.
- d) In March 2005, the Company issued 1,200,000 warrants with respect to a brokered private placement, entitling the holder to acquire one common share at a price of \$1.50 per share until December 31, 2005. In addition the Company also granted 90,000 broker's warrants and 180,000 broker's shares in connection with the placement. Each broker's share entitles the holder to acquire one common share at a price of \$1.40 and one broker's warrant entitles the holder to purchase an additional share of the Company at a price of \$1.50 per share, until December 31, 2005. In November 2005, the Company extended 1,200,000 warrants until September 30, 2006. The remaining warrants expired.
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Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Notes to the Consolidated Financial Statements

March 31, 2006 and 2005

Canadian Dollars

Unaudited

9. Share Purchase Options

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

a) A summary of the Company's options at March 31, 2006 and the changes for the year are as follows:

Number Outstanding March 31, 2005				Number Outstanding March 31, 2006			
Granted	Exercised	Expired		Exercise Price Per Share	Expiry Date		
-	(165,000)	-	905,000	\$ 0.15	June 14, 2006		
-	(65,000)	-	715,000	\$ 0.16	April 29, 2007		
1,150,000	-	-	-	\$ 1.20	May 3, 2010		
150,000	-	-	-	\$ 1.14	December 21, 2006		
				\$ 0.15	June 14, 2006 -		
				- 1.20	May 3, 2010		
1,300,000	(230,000)	-	1,620,000			2,690,000	

b) The fair value of stock options used to calculate compensation for employees and consultants is estimated using the Black-Scholes Option Pricing Model.

- In May 2005, the Company granted additional stock options under its Stock Option Plan to directors and employees exercisable for up to 1,150,000 shares of the Company. The fair value of these stock options was estimated at \$632,197 on the grant date. These options were fully vested on the grant date.
- In December 2005, the Company granted additional stock options under its Stock Option Plan to a consultant exercisable for up to 150,000 shares of the Company. The fair value of these stock options was estimated at \$43,976 on the grant date (\$23,210 expensed to date). These options vest 25% on the date granted and 25% every quarter thereafter.

The total value of stock compensation expense on stock options granted to consultants of the Company for the quarter ended March 31, 2005 is \$11,605 (2004 - \$nil), which has been recorded in the accounts of the Company. This value is estimated at the date of the grant with the following weighted average assumptions:

Number of options granted	1,150,000	150,000
Risk-free interest rate	3.30%	3.80%
Expected dividend yield	NIL	NIL
Expected stock price volatility	65.61%	61.82%
Expected option life in years	3	1

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Energold Drilling Corp.

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Notes to the Consolidated Financial Statements

March 31, 2006 and 2005

Canadian Dollars

Unaudited

10. Related Party Transactions

Related party balances not disclosed elsewhere are as follows:

- a) During the year, 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. During the three months ended March 31, 2006, fees and salary in the amount of \$45,750 (2005 – (\$37,500)) were accrued or paid to this director and officer. In addition fees of \$12,900 (2005 – nil) were also paid to another officer of the Company. Salary of \$23,400 (2005 - \$20,527) was accrued or paid to an individual related to a director.
- b) In May 2005, the Company issued 50,000 shares at a price of \$1.15 per share to a director and officer in relation to a private placement. The value of \$57,500 is shown as share issue costs. These shares were subject to a four month hold period.
- c) 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 consisted 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. All outstanding warrants were exercised prior to their expiry.
- d) During the three months ended March 31, 2006, legal fees in the amount of \$3,554 (2005 - \$24,452) were accrued or paid to a firm related to a director.
- e) During the three months ended March 31, 2006, fees in the amount of \$nil (2005 – \$24,452) were charged to IMPACT for contract drilling services performed in Mexico.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Energold Drilling Corp.

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Notes to the Consolidated Financial Statements

March 31, 2006 and 2005

Canadian Dollars

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11. Income Taxes

The Company operates in several tax jurisdictions and is subject to varying rates of taxation. In addition, the Company has various non-capital losses and deferred exploration expenditures that are available for carry forward to reduce taxable income of the current and future years. Future income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income taxes. The significant components of the Company's Canadian future tax assets as a December 31, 2005 are as follows:

	2005
Non-capital loss carry-forwards	\$ 5,984
Resource property exploration expenditures	1,361,084
Capital assets	39,743
	1,406,811
Valuation allowance	(1,406,811)
	\$ -

The Company's Canadian non-capital loss carry-forwards expire between 2005 and 2015 while the Canadian exploration expenditures may be carried forward indefinitely.

In addition, the Company also has various non-capital loss carry-forwards and deferred exploration expenditures that are available to reduce income in future years in Peru and the Dominican Republic. The benefits of these future tax assets have not been recorded in the accounts of the Company.

12. Commitments

- a) The Company has signed a lease for office premises which commenced May 15, 2002 and ends May 14, 2007. Lease obligations, net of operating costs, are \$65,441 per year during this period.
- b) The Company has signed a lease for warehouse premises which commenced July 1, 2005 and ends June 30, 2008. Lease obligations, net of operating costs, are \$16,149 per year for the first two years and \$16,726 per year for the third year.

13. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

Energold Drilling Corp.

(formerly Energold Mining Ltd.)

Notes to the Consolidated Financial Statements December 31, 2006 and 2005

Canadian Dollars

Unaudited

14. Segmented Information

Details at March 31 are as follows:

	2006	2005
Revenue by geographic area		
Caribbean	\$ 508,115	\$ 295,072
Orient	-	52,499
Middle East/Africa	136,670	-
South America	517,746	649,717
	\$ 1,162,531	\$ 997,288
Net income (loss) by geographic area		
Caribbean	\$ 234,206	\$ 167,572
Canada	(320,652)	(257,830)
Orient	-	26,249
Middle East/Africa	68,335	-
South America	167,331	303,049
	\$ 149,220	\$ 239,040
Revenue by industry		
Drilling	\$ 1,162,531	\$ 997,288
Net income (loss) by industry		
Drilling	\$ 106,258	\$ 444,260
Exploration	42,962	(205,220)
	\$ 149,220	\$ 239,040
Assets by geographic area		
Caribbean	\$ 7,435,280	\$ 5,268,890
Canada	9,813,787	11,071,611
South America	4,266,831	3,716,463
	\$ 21,515,898	\$ 20,056,964
Property, plant and equipment by geographic area		
Caribbean	\$ 576,668	\$ 228,843
Canada	1,588,885	1,045,432
South America	410,830	423,340
	\$ 2,576,383	\$ 1,697,615
Assets by industry		
Drilling	\$ 17,983,585	\$ 10,877,172
Exploration	3,532,313	9,179,792
	\$ 21,515,898	\$ 20,056,964
Property, plant and equipment by industry		
Drilling	\$ 2,509,927	\$ 1,617,195
Exploration	66,456	80,420
	\$ 2,576,383	\$ 1,697,615