Energold Drilling Corp.
(formerly Energold Mining Ltd.)
Form 51-102F1
Management Discussion and Analysis
For the Period Ended March 31, 2007

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%) ("Pac Rim"), 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 the 6.6 million shares that it holds in IMPACT Silver Corp. ("IMPACT"). The Company's consolidated operations include Pac Rim, and Kluane. The Company's interest in IMPACT is currently 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.

Summary

Group gross drilling revenues for the first quarter were $7.47 million, compared to $4.10 million in the first quarter of 2006 based on 53,000m of drilling (2006 - 32,000m). This is the second highest number of meters drilled for any quarter in our history. The Company recorded a profit of $818,906 (EPS of $0.04) for the quarter, compared to a restated $420,191 (EPS of $0.02) for the comparative period.

Energold has determined to establish itself as the premier socially and environmentally sensitive drilling contractor in the world. In response to world wide demand, especially with regard to our unique niche, the Company is continuing an aggressive program of expansion designed to access new markets for its drills and to increase its market share in current markets. The Company is now firmly established in a number of countries in South America, Mexico and is currently expanding into parts of Africa.

This expansion has also resulted in higher than normal costs for the period but in turn is now achieving record levels of production. As margins continue to rise over the next year, profits for the group should continue to improve.

The industry is enjoying a dramatic period of growth and while our Company is participating in this development we continue to fall short of one of our objectives, significantly increasing our market share. Our growth to date has been limited by the resources available to the Company. Personnel, rigs, logistics and supplies all represent possible constraints. We have developed an approach and a technology that has put our Company on the leading edge of our industry but to retain that leadership role we need to aggressively expand our markets before they are occupied by our competitors. Organic growth alone is not sufficient and as a result the Company reviewed a number of alternatives and concluded that additional equity funding was essential to maintain and grow our position.

On May 15th the Company concluded a bought deal with Clarus Securities Inc. ("Clarus") for a total of $15.02 million. A total of 6.83 million units of the Company were issued pursuant to an underwriting agreement between the Company and Clarus at a price of $2.20 per unit for gross proceeds of $15,026,000, including 1.37 million units that were issued pursuant to the exercise in full by Clarus of an underwriter's option.

Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire an additional common share at a price of $2.85 per common share for a period of 12 months following the closing of the offering. All securities issued under the offering are subject to a four–month hold period.

Clarus was paid a cash compensation equal to 7% of the gross proceeds of the offering. Clarus was also granted 478,100 compensation options, equal to 7% of the units sold pursuant to the offering. Each compensation option entitles Clarus to acquire one unit at an exercise price of $2.20 during the 12 month period following the offering.

The funds will be used to accelerate construction of drill rigs, physical infrastructure, provide working capital and give the Company the capital to review new opportunities. We had set an objective of having approximately 50 of our specialized drill rigs (jointly and 100% owned) by the end of 2008. Rates of expansion like that strain the Company's cash flow and yet the total fleet is not significant in today's market. As a result the additional funds will enable Energold to not only achieve but exceed that target and to reach new markets. Crews and logistics are also difficult to secure and there are opportunities where the Company may be able to acquire operating entities that can provide both as well as established activities in attractive markets, again the recent funding will assist to identifying those opportunities.

We would expect to see the initial results of this program by late fall and onwards as new rigs start to arrive in the field.

Prior to the placement the Company maintained a strong balance sheet with a fully consolidated working capital position of about $19.6 million as at March 31, 2007 (2006 - $14.1million) and consolidated group cash of about $9.4 million (2006 - $4.7 million). Non current liabilities including due to related parties and non-controlling interests increased to a total of $8.5 million from $5.8 million at March 31, 2006.

As at the end of March, the Company has a total of 30 drills, (either jointly or wholly owned) being mobilized or in the field and a further two drills under construction. Currently, to finance part of this expansion, the Company has entered into a number of longer term contracts with clients who have provided substantial advances to cover new rig construction costs as well as guaranteeing sufficient contracts to amortize the investment. While this strategy has helped move the company forward it is not in itself sufficient to achieve the growth rates we would like to maintain.

The Company's principal exploration efforts, primarily focused on silver in Mexico, are through its 6.6 million shares (~16.6%) investment in IMPACT. During 2006 IMPACT raised in excess of $10.5 million by private placement and acquired the Royal Mines of Zacualpan in the State of Mexico. This acquisition included two operating mines, a mill and plant with a capacity of 500 tonnes-per-day ("tpd") and control over approximately 125 sq kilometers of highly prospective ground. Zacualpan represents multiple exploration opportunities for IMPACT: that of a smaller but relatively high-grade silver mine; an asset that is sensitive to a rising silver and now zinc price where historical mining has left large lower-grade material; and the exploration potential for new and larger deposits. IMPACT has a continuing exploration program at Zacualpan while current operations at the plant are now in excess of 230tpd throughput.

In late 2006 IMPACT announced the optioning of a second silver mill this one located in the prolific silver district of Zacatecas. The acquisition the "Veta Grande Project" includes a 200tpd mill and five mineral concessions. Early this year IMPACT acquired through public auction the 200 sq kilometer "Mamatla" concession immediately south of the Zacualpan concession. IMPACT now controls two mineral districts and has a substantial presence in a third in Mexico.

Both IMPACT and Energold enjoy certain synergies in working in Mexico including sharing logistical and accounting support as well as providing diamond drilling for IMPACT's exploration program. In 2006 Energold drilled approximately 4,800m for IMPACT and has already drilled in excess of 3,500m for IMPACT for 2007.

Holding its mining assets through another public company like IMPACT provides Energold the maximum flexibility in asset management. Although IMPACT is currently carried on Energold's balance sheet at approximately $2.8 million, its quoted market value at March 31, 2007 was $12.0 million. More details about IMPACT's operations and outlook are discussed separately below.

With the future of the Company focused on contract drilling the Board is reviewing a number of alternatives regarding the balance of the Company's exploration projects in the Dominican Republic. We have already successfully optioned out a number of the projects to technically competent partners that would allow us to continue to develop these assets while minimizing further dilution to Energold.

CONTRACT DRILLING

Global mineral exploration in 2006 is purported to have grown to over US$7.0 billion, a 47% year-over-year increase. The contract drilling industry is also 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. In the last year, activity in each quarter was a record for production for the respective quarter, and the first quarter of 2007 having generated 53,000m of drilling, is no exception. This is in direct response to Energold decision in late 2004 to take an aggressive policy towards expansion to meet the growing industry demand.

Social and political issues are actively interfering with the industry throughout the world however our unique approach to diamond drilling has generated a positive response from the industry which is trying to address local concerns. Increasing demand for commodities continues to put pressure on the service industry for rigs and the industry as a whole is almost fully employed. Overall, new contracts and requests for tenders suggest that 2007 will continue to be extremely busy. With the recent financing, new rigs in place and new equipment under construction we hope to capitalize on the continuing demand during 2007 and into 2008.

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.

As we anticipated, start-up situations in new markets and rig mobilizations have contributed to increased operating costs but have generated very dramatic increases in production and firmly establishing ourselves in the market place. Although equipment suppliers are also increasing prices, with the increasing demand for drill rigs worldwide margins have stabilized and are starting to improve. Over the last two years, the Company has had to address the ongoing shortage of quality crews and down-hole supplies. We are also experiencing increasing delays in shipping and customs which has led to excessive downtime.

Our investment in drilling supplies inventories to support our operations continues to increase and is currently $8.6 million up from $7.2 million at March 31, 2006. Part of this increase in inventory carrying values is attributable to higher supplier prices and part is due to our decision to put more inventories into the field to have supplies closer on hand to service our client drilling needs. Because of the need to be self sustaining in remote operating locations, we estimate that we require an investment in inventory of approximately $300,000 for each new drill that we put into the field.

Crews remain a significant bottleneck in our expansion as it requires trained personnel with additional social skills to work in remote locations. The Company pays extremely well and offers the more talented drillers the opportunity to take on challenging programs in rather exotic locales. 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. This also provides an effective statement of our willingness to ensure there are social benefits to the local communities from our activities.

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 included improved communications systems and warehouse facilities, and increased inventories at a number of strategic locations. We also experienced the costs of establishing Energold in Mexico and two new markets including the necessary infrastructure and management.

The Company's equipment is amongst the newest in design and performance, but we continue to redesign our rigs and are now producing a Series III rig with additional power and pullback while retaining its high degree of mobility. Our current equipment is regularly upgraded to improve performance.

In certain countries we have a market niche that allows us to maintain good margins. Local competition is limited and new competitors from outside are generally unwilling to expose themselves to the risks and invest the time and energy to establish themselves in these markets.

Energold Drilling Division (100%)

Energold has taken an aggressive position to expansion and since July 2006 nearly all the newest rigs being mobilized as well as the next rigs under construction are all 100% owned.

Mexico

In 2005, the Company expanded into Mexico through its 100% subsidiary Energold de Mexico S.A. (formerly Minera Monte Plata de Mexico S.A. de C.V.). Contract drilling in Mexico by Energold complements the exploration activities of IMPACT and enjoys a number of administrative synergies. The Company had six rigs in Mexico at the end of the quarter and has delivered a seventh recently. This compares to four rigs at the end of March 2006. Because of the need to build infrastructure in 2006 the Company incurred large start-up costs in Mexico as well as mobilization costs on the new rigs. The first quarter of 2007 was an improvement however still below expectations. The Company was targeting eight rigs for the year however with additional funding and improved local logistics it intends to add additional rigs in response to the heavy demand.

New Markets

The Company is developing new markets for its services. It has recently mobilized a Series II portable rig to Argentina and has another Series II rig located in Madagascar working on a project by project basis. Africa has been set as a significant market opportunity for the Company in 2007 and we expect to have three to five additional rigs working there by late fall.

The Company has set a number of objectives for the next two years. Energold will continue its research and development to ensure it remains ahead of the industry as well as expanding product lines to better serve our clients. The Company anticipates the need to increase its additions to the drill fleet to at least ten rigs per year of its Series II and Series III rigs, and plans to penetrate more deeply some existing markets while expanding into at least one new market a year. Recognizing that Energold is in a service industry, the Company is intent upon expanding its product lines, to build on an already established clientele.

Technical developments are continuing to improve the competitive position of the Company. The recent introduction of our prototype 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.

Energold Drilling Dominicana S.A.
(formerly Minera Hispaniola, S.A.)

In the Dominican Republic, the Company now has five rigs, two of which are subject to a net profit interest, conducting a combination of smaller projects and during the first quarter of 2007 an extensive drill program at the Pueblo Viejo mine, which is jointly owned by Barrick Gold Inc. ("Barrick") and Goldcorp Inc. ("Goldcorp"). The Company completed in excess of 25,000m in 2006 and expects to significantly exceed that figure in 2007. The Company has worked in the Dominican Republic for approximately ten years, and the drilling joint venture has been a natural compliment to its on going exploration activities.

Kluane International Drilling Division (50%)

In Ecuador, the Company continued to expand its client base and generated a number of new contracts during the quarter, while drilling additional meters for existing clients. Mineral exploration throughout Ecuador has expanded dramatically over the last two years. The area includes mountainous terrain and areas of heavy forestation, ideal for our approach to exploration. At the beginning of 2006 Kluane had four drills in Ecuador, and added a fifth drill late in the first quarter, completing in excess of 56,000m during the year. A number of the drills are currently being upgraded to 128hp with improved pullback, to increase their depth capabilities. The politics of Ecuador continue to remain an issue of concern however the fiscal needs of the government are such that we believe that it will inevitably come to terms with the companies operating in this mineral rich country. The first quarter has been marginally slower than in prior years.

Brazil especially is very suitable for the type of work we specialize in and represents a significant growth opportunity. To increase our service capabilities, we shipped a second drill rig to Brazil in early 2006 and converted our existing rig to a turbo diesel from gas powered, improving reliability and capability. The work here tends to be seasonal and reflects the issues of working in the Amazon basin. Brazil has certain cost and bureaucratic issues which we hope with time to overcome however we intend to add further rigs to the Brazilian market in 2007.

In Central America, we have a further two rigs, where we have drilled for a limited number of clients including Glamis and Firestone and have various contracts either under way or scheduled. These countries, while limited in size, represent an excellent opportunity as they have experienced environmental and social issues that our drilling approach can help address. Overall the level of activity has been similar to the prior year's experience.

Kluane is also conducting limited programs for two clients, one each in Vietnam and Zambia.

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 delayed certain exploration activities in 2005. In spite of the fact this lack of activity spilt over into the first quarter in 2006, the year's meters drilled (31,000m+) exceeded the comparable period last year by more than 100%. Peruvian voters went to the polls in a general election in June of 2006. These election results appear to have had a positive influence over the pace of mining exploration and drilling activities in Peru and we anticipate that 2007 will continue to be relatively good. This is a very large but competitive market where our clients and projects vary in size and nature. Peru was very active in the first quarter and with its established infrastructure demonstrated positive growth and earnings.

The Company currently had four drills operating in Peru during the first quarter, including our largest version of the modular rigs with the capability of running with 168hp. Energold plans to expand its number of rigs in Peru to six by the end of 2007.

PROJECT AND EQUITY HOLDINGS

IMPACT Silver Corp. (IPT:TSX-V)

As at March 31, 2007, the Company owned 6.6 million shares or approximately 16.4% of the issued and outstanding shares. This investment which is carried on the Company's balance sheet at $2.8 million, has a current quoted market value $8.0 million in excess of its' carried value as of May 25, 2007.

During 2006 IMPACT completed two financings totalling in excess of $10.0 million. This allowed IMPACT to purchase the Royal Mines of Zacualpan Silver Project in central Mexico. The project includes two operating silver mines, a 500tpd processing plant, mining equipment and mineral concessions covering 124.5 sq kilometer over most of the silver district. Upon completion of the acquisition IMPACT immediately implemented a program to improve safety, and operating efficiency, resulting in higher through puts and improved recoveries.

Extensive exploration was planned for the district with the aim to increase volume and the number of sources for production. This work includes a surface and underground drill programs. The first surface core drilling program commenced on the property in the beginning of May 2006 and during the year completed over 4,800m of drilling. A second phase program commenced early in 2007 designed to follow up the first priority targets identified and is expected to exceed 10,000m. This work is being carried out by Energold Drilling's Mexican division.

In July, 2006 IMPACT acquired an option on a second processing plant (200tpd capacity) (the "Veta Grande Project") and purchased five concessions in the Zacatecas mining district. Since obtaining the option the mill has commenced processing third parties' ore and IMPACT has acquired a further twelve concessions in the district. Four of the concessions have been joint ventured with Yale Resources Ltd. ("Yale"). In the first quarter of 2007, Yale and IMPACT commenced a 1,800m drill program testing some of the immediate targets. This program has now been completed and the Company is awaiting the return of assay results.

In the first quarter, IMPACT announced the acquisition through a Mexican government auction of mineral exploration rights to the Mamatla district covering an area of approximately 200 sq kilometers for a nominal cost of US$200,000 and a 1% NPI. The district includes a number of established VMS and epithermal exploration targets. This acquisition is a major step forward as the Company now controls two mineral districts and is involved in a third.

Operating Statistics for 2007:

	1st Quarter 2007	1st Quarter 2006
Total tonnes (t) Produced	22,845	13,069
Tonnes Produced per Day	253	145
Silver Production (Oz)	85,606	98,950
Lead (t)	135.68	69.55
Zinc (t)	243.58	139.86
Cdn. $ direct costs per tonne	$50.97	$49.34

IMPACT operates in Mexico with a highly qualified management of Mexican professionals directing operations. The IMPACT team has come together very quickly and successfully over the last fifteen months giving the Company a competitive edge in seeking out further opportunities in Mexico. IMPACT has demonstrated profitability and positive cash flows since the acquisition of the Zacualpan project and plans to grow into a significant producer of silver by expanding and upgrading the Royal Mines of Zacualpan operations, developing the Veta Grande Project, the recent acquisition of the Mamatla concession and through continuing acquisitions.

Dominican Republic

Initially, the Dominican Republic was the principal target of the Company's exploration and business activities. The country continues to attract considerable interest from the industry, with the ongoing success of Barrick and Goldcorp Inc. ("Goldcorp") at Pueblo Viejo, and Falconbridge Limited ("Falconbridge")as well as a number of juniors including GoldQuest Mining Corp. ("GoldQuest"), Unigold Inc. ("Unigold"), Globestar Mining Corporation ("Globestar"), Linear Gold Corp. ("Linear"), IMPACT, and Everton Resources Inc. ("Everton"). Energold as part of its overall strategy has optioned some of its projects and is currently reviewing how best to enhance the shareholders value in its property holdings there. Over the last twelve months active exploration occurred at both the Longyear and the Centenario projects where each property has been drill tested by our partners GoldQuest using Energold's drills.

Longyear

A program of 1002.6m of diamond drilling in 14 holes was completed in Spring 2005 by GoldQuest on the Longyear project, 4km west of the Pueblo Viejo gold deposit (15.2 M oz gold resource, Barrick/Goldcorp.) using the Company's drilling division. During the first quarter of 2006, a second program of approximately the same number of meters was drilled on the property by GoldQuest. GoldQuest did not complete the balance of the exploration expenditures required under the option agreement and has returned the property to the Company. Recent work conducted by Barrick at the nearby Pueblo Viejo mine has caused a number of companies to express interest in the concession.

Centenario

After completing a National Instrument 43-101 resource estimate on the original discovery zone at Centenario, GoldQuest has completed a drill program on a new target approximately 7km east, part of which is on the Centenario concession and has advised the Company of its intention to drill another program. GoldQuest, for a total expenditure of US$1.0 million, has the right to earn 60% of the project over three years, and shall have the right to earn up 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.

OTHER

Investor Relations

Over the three 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, Pac Rim and IMPACT. Energold conducts Kluane's, Pac Rim's and its own public relations and communications. Energold also assists IMPACT with its day to day investor relations.

Energold currently retains a consulting firm to assist in its investor relations program. That group receives $7,000 per month.

With the change in name to Energold Drilling Corp. the drilling group hopes to establish itself as the name plate for its innovative 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 efforts. The development of our drills is a direct successful offshoot of the need to explore with a light footprint using a drill pad size of only 4m by 4m which does not require 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. During the last year the Company has published social, environmental and other policies related to its field programs.

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 Prospectors and Developers Association of Canada "E3" initiative of Environmental Excellence in Exploration.

The Company published in its 2005 annual report 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. During the last year the Company developed and published a driller's safety manual for its staff and has commenced translating it into Spanish. It has implemented a number of technical courses for its personnel.

FINANCIAL DISCUSSION AND ANALYSIS

Risk Factors

The Company is faced with a number of risks with respect to its contract drilling operations as well as its property exploration activities. Contract drilling is a highly competitive industry, where numerous competitors may tender bids for contracts. The Company's ongoing ability to continue to secure profitable contracts on an ongoing basis is not assured.

Cyclical industry Risks

The contract drilling industry is reliant on demand from two primary categories of commodities, gold and base metals, while certain industrial minerals may also be tested. Under favourable market conditions rising commodity prices normally spur an increased demand for drilling services, however cyclical down turns in commodity prices can have the opposite effect and the Company could be exposed to an investment in drilling equipment and supplies which might not be able to be utilized to their full capacity.

The Company believes that it has a competitive advantage through diversifying its operations to a number of areas of the world with high prospects for mineral exploration and development. This necessitates however building up inventories of drilling equipment and supplies in each of those areas in which we operate and maintaining long supply chains in order to maintain and provide an adequate level of service to our drilling clients. Transportation and value added taxes imposed by importing countries can add significantly to the landed cost of drilling equipment and supplies. The cost of building, maintaining, and monitoring control over the utilization of inventory supplies held in remote areas is a significant factor in the cost of business operations. In the event of a sudden downturn of activities related to a particular project, country, or industry sector as a whole it can be more costly and difficult to redeploy this remote inventory to other regions where it can be better utilized.

Reliance on Key Accounts

From time to time, the Company may be dependent on a small number of customers for a significant portion of its overall drilling revenues and net income. When contracts expire or are terminated there can be no guarantee that the Company will obtain sufficient replacement contracts to maintain its existing revenue and income levels. With the trend towards increased consolidation within the gold and base metal sectors of the mining industry control of major exploration operations is falling into fewer hands. While recognizing the business risk of relying on key clients, the Company's approach to dealing with this risk is to develop a reputation for business fairness in pricing its drilling services while providing an outstanding level of service to its clients. The Company also emphasizes the fact that its drilling approach, using man portable drills, is more environmentally friendly and socially responsible in terms of the local population than some alternative drilling approaches that potential clients might otherwise consider using.

Workforce Availability

The Company, like all other drilling companies, has been impacted by the shortage of qualified skilled drillers as the industry adjusts from a period of many years of low mining exploration activity to a new cyclical upturn. Drilling is as much an art as a science and it takes considerable time and experience for an individual to become a well qualified driller. The Company is addressing this issue in a number of ways including an effort to hire and train more locally based drillers in the countries in which it operates. This issue however is likely to continue to persist for at least the next several years while the industry trains sufficient new drillers to catch up with the growth in demand for drilling services.

Extreme Weather Conditions

The Company operates in a variety of locations and areas in the world, some of which are subject to extreme weather conditions which can have a significant impact on operations. In addition, natural and other disasters could have an adverse financial impact on operations should an incident occur affecting the Company's operations.

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 own, or its clients business outlook. 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 or its clients 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.

Environmental and Other Regulatory Requirements

The current or future operations of the Company and its clients involving contract drilling, exploration, development activities and commencement of production on their properties require permits from various federal, provincial, and local governmental authorities. 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 or its clients may require for drilling 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 affect 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.

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.

Repatriation of Earnings and Foreign Exchange

There is no assurance that any of the 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.

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.

Mineral Exploration and Development Risks

In addition to these risks with respect to its contract drilling operations, the Company also faces certain additional risks to those already identified above, with respect to its mineral exploration activities. These include the following:

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 represent 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.

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, 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.

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.

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.

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.

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.

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.

Summary of Quarterly Results (Canadian $ 000's except per share amounts)

Quarter	Revenues	Net Income (loss)	Net Income per Share (Basic) *(Note 1)*	Diluted Net Income Per Share *(Note 1)*	Total Assets	Total Long-term Liabilities *(Note 2)*
1st 2007	7,473	819	0.04	0.04	33,003	8,519
4th 2006	6,667	1,724	0.08	0.08	30,884	8,105
3rd	7,752	1,197	0.05	0.05	26,023	7,286
2nd	6,949	627	0.03	0.02	22,893	6,195
1st *(note 3)*	4,105	420	0.02	0.02	22,067	5,818
4th 2005 *(note 4)*	3,927	91	0.01	0.01	20,739	5,448
3rd	3,815	412	0.02	0.02	19,862	5,376
2nd	4,635	345	0.01	0.01	21,097	6,647

Notes:

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

2: Long-term liabilities include non-controlling interest, the long-term portion due to a related party, deferred revenue and future and deferred income taxes.

3: Restated per Note 14 on the March 31, 2007 financial statements.

4: Restated per note 15 on the December 31, 2006 financial statements.

Results of Operations

Meters drilled for the quarter were 53,000m compared to 32,000m in the same quarter last year. This represented a 65% increase in meters drilled compared to the 2006 first quarter. This higher level of activity is partly attributable to our increased number of drill rigs as well as the earlier resumption of drilling and mineral exploration activities by our clients many of whom started drilling from early January this year. The Company recorded net earnings of $819,000 for the first quarter ($0.04 per share basic) compared to a restated first quarter earnings of $420,000 ($0.02 per share basic) in 2006. The 2007 first quarter earnings included an adjustment for a $39,000 dilution gain on IMPACT Silver Corp. compared to a dilution gain of $327,000 in the first quarter of 2006. Excluding the affect of the dilution gain in both the 2007 and 2006 first quarters the basic fundamental increase in net operating earnings was an overall improvement of $686,000 over the prior comparative period. This significant improvement in our overall operating results is partially attributable to our gaining efficiencies through volume in our operations and is also a result of overcoming some problems that we incurred in 2006 in the start up of our Mexican drilling operations. A review of our operating results on our income statement shows that we improved our gross margin percentage on operations from 28.3% in the first quarter of 2006 to 38.1% in the first quarter of 2007. As the Company increases its number of wholly owned rigs, and successfully deploys these in the field, it expects its bottom line results to continue to improve.

Indirect and Administrative Expenses

Consolidated indirect and administrative expenses for the most recent quarter were $760,000 or $269,000 more than the comparative quarter in the prior year. The most significant changes in the period related to accounting, audit and legal, amortization and office salaries and services. While these cost increases are significant, the rate of increase at 55% is less than the growth rate of overall revenues in the first quarter of 82%. As a result, our overall reported costs for 2007 for indirect and administrative expenses have actually declined on a relative basis compared to the 2006 period. The overall rate of growth of indirect administrative expenses is expected to decrease to more modest levels going forward.

Some of the more significant items comprising indirect and administrative expenses are discussed individually below.

Accounting, audit and legal fees increased by about $136,000 in the first quarter of 2007 compared to the 2006 first quarter. We incurred significant costs during the quarter in connection with our year end audit and our efforts to plan for the growth of our Company organization. We also incurred additional tax planning, legal and consulting costs in connection with our review of our investment in our operating subsidiaries in various foreign jurisdictions as we examine the future direction of the Company as it moves into a position of becoming a tax paying entity in many countries in which it operates.

Amortization costs increased by $35,000 during the first quarter compared to the similar period in the prior period basically as a result of the higher number of drill rigs in the field. Insurance expense increased modestly and reflects 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 insuring its drilling rigs and drilling supplies for physical loss, only while being physically transported. We expect our general insurance costs to increase in 2007 compared to 2006 as a result of higher levels of overall corporate activity and insurance premium pressures.

Investor relations, promotion and travel costs were $62,000 in the recent quarter compared to $41,000 in the same time period a year ago. Approximately 50% of these costs relate to industry conferences, and marketing efforts on behalf of the Company's drilling activities. The Company continues to be pleased with the performance of the new investor relations firm which it appointed last September, on a monthly retainer of $7,000, to handle some of its investor relations activities. Going forward, we anticipate that these costs will continue to increase as the Company expands its operations and incurs higher costs in servicing its customer and investor base.

Reported management fees and consulting, and office salaries and services together increased by about $83,000 in the first quarter of 2007 compared to 2006. In total these costs increased to $274,000 from $191,000 in the first quarter of 2006. The Company has found it necessary to continue to add accounting and logistics support staff to support the growth of its drilling operations and the increased complexity of financial and regulatory reporting requirements. These costs are likely to continue to grow in future as the Company increases the size of its drill fleet.

With the Company's continuing growth, senior management foresees the need to further enhance its client service capabilities through additional middle management hires. While there is currently a world wide shortage of drillers and people who understand the drilling industry, there is a great opportunity for a Company such as ours to continue to expand its operations if it can provide superior service and drilling performance to its clients. We would like to add several field service operations managers to develop and improve Energold's drilling services capacity and capabilities. As a result of these possible hires and the need to hire other support staff we expect that the Company's staff support costs in 2007 will be significantly greater than the costs incurred in 2006. Further increases are expected as a result of additional staff requirements to service drill contracts, and to conduct project reviews for Energold. Overall, these staff cost increases are fully supported by the growth of our business.

Other Income (Expenses)

Other income and expenses is comprised of a number of items that contribute to or reduce the Company's overall reported earnings results but which do not reflect directly on the drilling operations of the Company. The most significant of these are the allocation of earnings to non-controlling interests, the recognition of the dilution gain on investment in IMPACT Silver Corp. and the influence of foreign exchange gains or losses and interest income on the earnings of the Company.

The amount of income allocated to non-controlling interests increased significantly in the first quarter of 2007 compared to the similar period in the prior year from $425,000 in 2006 to $913,000 in 2007. The overall increase was due to the improvement in our overall earnings in our joint venture operations in 2007 compared to 2006. As the Company is increasing its investment in wholly owned rigs, the percentage of income allocated to the non-controlled interest is decreasing. This percentage decreased to 43.7 % in the first quarter of 2007 from over 50% in the similar period in 2006.

During the first three months of 2007 the Company earned about $99,000 (2006- $27,000) in interest income on its cash accounts, reflecting increasing interest rates and higher cash balances held by the

Company and its foreign subsidiaries. The Company retains cash on hand because it must act as its own banker to finance its working capital needs as no financial intermediary is normally willing to provide working capital loans in many of the foreign countries in which we operate because of the lenders inability to take adequate security to secure its loans.

The Company also holds its foreign earnings in some of its foreign subsidiaries pending the determination of the most tax effective means of repatriating a portion of these earnings to Canada. As indicated, it is necessary to maintain some foreign capital investment abroad in order to fund the working capital requirements involved with managing our foreign subsidiary operations. During the most recent quarter, the Company recognized a foreign exchange loss of $128,000 compared to a foreign exchange loss on translation of our foreign working capital of $60,000 in the similar period in 2006. The international industry generally works in US dollars and as the US dollar fluctuates against the Canadian dollar, the stated values of the Company's foreign working capital, including significant inventories, are affected. During the first quarter the value of the Canadian dollar started to appreciate against the US dollar as it had done in the similar period last year. A portion of the Company's expenditures are US dollar denominated and represent a partial hedge against US dollar fluctuations but this is not normally sufficient to offset significant changes in relative currency values during the quarter. We believe that the Canadian dollar remains somewhat tied to commodity prices and as energy and minerals remain strong, we anticipate a strengthening Canadian dollar coincidental with stronger commodity prices to continue through the second quarter of 2007. Like many companies, we have been taken by surprise by the very rapid increase in the value of the Canadian dollar as against the US currency since late April of this year. We expect, if exchange rates remain at today's level, to record a significantly greater foreign exchange loss in the second quarter of 2007 than we recorded in the first quarter. We also expect that our operating margins may be influenced in the near term as most of our drilling contracts are quoted in U.S. dollar terms. While we have been making gains in improving our gross operating margins the currency exchange affect will work against us achieving as high a margin as we might otherwise desire.

The Company's interest in IMPACT declined from 22.50% to 16.41% during the twelve months from March 31, 2006 to March 31, 2007 as a result of share issuances of common shares by IMPACT from private placements and the exercise of stock options and warrants. The dilution of the Company's interest in IMPACT due to the private placements and exercises of stock options and warrants resulted in a dilution gain of $39,000 in the current quarter versus a dilution gain of $327,000 in the first quarter of 2006. The dilution gain represents the fair value of the Company's share of the consideration paid by the new investors in IMPACT in excess of the carrying value of the Company's investment in IMPACT. Based upon year end TSXV closing market prices of $1.82 and $2.12 per share, this investment has a quoted market value of $12.0 million at March 31, 2007 compared to a quoted value of $14.0 million at March 31, 2006. This aggregate quoted market value is well in excess of the book carrying value of this asset which is carried on our balance sheet at $2.8 million at March 31, 2007.

Income and other taxes increased dramatically to a total of $412,000 for the quarter from about $115,000 in the similar period of 2006. A significant portion of these relate to taxes paid by offshore subsidiaries. The Company also has fully utilized tax losses which it had in place in certain jurisdictions in prior years. The amounts for taxes incurred may also vary significantly from quarter to quarter depending upon decisions made by management to repatriate earnings as well as the timing of local tax payments imposed by foreign jurisdictions. Taxes now also include a provision for future income taxes of $7,000 in 2007 and $56,000 in 2006 for anticipated taxes payable related to the dilution gain recognized on the Company's investment in IMPACT.

Liquidity and Capital Resources

Consolidated cash and cash equivalents at the end of the first quarter of 2007 were $9,429,000 an increase of $4,673,000 from $4,756,000 as at March 31, 2006, and a decrease of $1,436,000 from the previous quarter. Accounts receivable and prepaid expenses at March 31, 2007 of $7,009,000 are approximately $3,286,000 greater than at March 31, 2006 and $ 2,694,000 greater than at December 31, 2006. This build up in accounts receivable reflects the very significant 82% increase in our first quarter revenue billings from drilling activity compared to the same period last year.

Working capital at March 31, 2007 now exceeds $19.6 million compared to $18.7 million at December 31, 2006 and $14.1 million at March 31, 2006. Approximately 44% of the working capital is invested in inventories essential for servicing and maintaining the Company's drilling activities in the various markets in which it operates. Because the Company operates primarily in foreign offshore markets where normal credit facilities are not available to it, the Company must be its own financier holding cash resources on hand to fund the long lead times for ordering and obtaining drilling supplies and equipment and funding the mobilization costs and working capital requirements of the business during slow periods in order to be able to operate and finance the working capital requirements of the business during peak operating periods.

During the first quarter of 2007, the Company spent $486,000 ($405,000 - 2006) on property, plant and equipment almost all of which relates to new drill rigs as the Company continues its steady build out of new drill rigs to meet the market demand. The major portion of the cost of equipping and outfitting a drill for field service is accumulated under inventories and is estimated as representing approximately $250,000 to $300,000 per rig.

Monies owed to related parties 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.

Subsequent to the close of the first quarter, the Company significantly enhanced its overall liquidity and capital resources by the issuance on May 15, 2007, as part of a private placement of 6,830,00 units at a price of $2.20 per unit. Each unit consists of one common share and one-half share purchase warrant. One full warrant entitles the holder to purchase an additional share in the Company at a price of $2.85 per share until May 15, 2008. The Company paid an underwriters commission in the amount of $1,051,820 and also granted to the underwriter 478,100 "compensation options" entitling the underwriter to acquire up to 478,100 units at a price of $2.20 per unit for a period of 12 months under the same terms and conditions as the private placement. The net cash received on this private placement underwriting of $13.9 million has been added to working capital to be redeployed in growing and expanding our business activities.

Outstanding Share Data

The following common shares and convertible securities of the Company were outstanding at May 25, 2007:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares at May 25, 2007	29,847,852		
Underwriters compensation unit share options	478,100	$ 2.20	May 15, 2008
Warrants (including underwriters unit warrants)	3,654,050	$ 2.85	May 15, 2008
Employee and consultant stock options	967,500	$ 1.20	May 3, 2010
Fully Diluted at May 25, 2007	34,947,502		

Transactions with Related Parties

The Company currently has a three year employment contract (expiring April 1, 2008) with one director and officer for fees of $15,250 per month. During the three months ended March 31, 2007 salary in the amount of $45,750 (2006 - $45,750) was accrued or paid to this director and officer. The Company also accrued or paid $31,164 in fees to another officer (2006 - $12,900). Salary of $26,000 (2006 - $23,400) was accrued or paid to an individual related to a director.

During the three months ended March 31, 2007, legal fees in the amount of $100,192 (2006 - $3,554) were accrued or paid to a firm related to a director.

During the three months ended March 31, 2007, fees in the amount of $221,653 (2006 - $nil) were charged to IMPACT for contract drilling services performed in Mexico.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, short-term investments, investment in IMPACT Silver Corp., accounts payable and due to related parties. 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 approximates their carrying values due to their short-term nature, unless otherwise noted.

Changes in Accounting Policies

The consolidated financial statements for the three month period ended March 31 ,2007 followed the same accounting policies and methods of application as in the prior year's annual financial statements.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined by the Canadian Securities Administrators (CSA), as of March 31, 2007. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements. Therefore even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

After reviewing our overall Company's internal controls and financial reporting and disclosure systems, management is satisfied that as at March 31, 2007 the Company has designed, established and is operating reasonable overall controls and systems to meet the needs of the Company, its shareholders, and other stakeholders who rely on the Company's financial information and reporting systems.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three month period ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of Energold has approved the year end financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

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

On behalf of the board of directors,

"Frederick W. Davidson", President, CEO
May 25, 2007