

ENERGOLD DRILLING CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2007 and 2006

Unaudited

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements have been prepared by management and are in accordance with Canadian generally accepted accounting principles. Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal control is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has a process in place to evaluate internal control over financial reporting. Based on that evaluation, management has concluded that internal control over financial reporting was effective as of June 30, 2007.

The board of directors approves the financial statements and ensures that management discharges its financial responsibilities. The board's review is accomplished principally through the audit committee. The audit committee meets periodically with management and the auditors to review financial reporting and control matters.

"F.W. Davidson"
President and Chief Executive Officer

"R. S. Younker"
Chief Financial Officer

August 17, 2007

Energold Drilling Corp.

Statement 1

Interim Consolidated Balance Sheets

As at

Canadian Dollars

Unaudited

	June 30, 2007	June 30, 2006 <i>Restated</i> <i>(Note 13)</i>	December 31, 2006 <i>Audited</i>
ASSETS			
Current			
Cash and cash equivalents	\$ 21,793,344	\$ 5,039,273	\$ 10,864,516
Accounts receivable and prepaid expenses	10,099,686	4,779,586	4,315,101
Short-term investments	78,806	43,130	43,130
Inventory	9,231,030	7,299,706	8,198,605
	41,202,866	17,161,695	23,421,352
Investment in IMPACT Silver Corp. - (Note 3)	2,860,533	2,674,850	2,763,105
Resource Properties - Schedule (Note 4)	1,452,619	2,176,610	2,180,491
Property, Plant and Equipment - (Note 5)	3,074,840	2,495,423	2,518,726
	\$ 48,590,858	\$ 24,508,578	\$ 30,883,674
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$ 3,337,317	\$ 1,256,925	\$ 2,387,621
Income taxes payable	625,218	-	1,131,430
Deferred revenue – current portion	707,568	-	480,000
Due to related parties – (Note 6)	750,000	600,000	750,000
	5,420,103	1,856,925	4,749,051
Future Income Taxes	292,507	277,332	282,052
Deferred Revenue	-	-	120,000
Due to Related Parties – (Note 6)	1,088,533	2,141,066	2,065,194
Non-Controlling Interests - (Note 7)	6,841,919	4,054,280	5,637,552
	13,643,062	8,329,603	12,853,849
Commitments - (Note 11)			
SHAREHOLDERS' EQUITY			
Share Capital - (Notes 8, 9)	28,122,337	15,041,249	15,116,249
Warrants- (Note 8c)	1,298,971	-	-
Contributed Surplus - (Note 8b)	921,792	1,015,097	1,024,869
Retained Earnings (Deficit) - Statement 2	4,544,020	122,629	1,888,707
Accumulated Other Comprehensive Income	60,676	-	-
	34,947,796	16,178,975	18,029,825
	\$ 48,590,858	\$ 24,508,578	\$ 30,883,674

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.

Statement 2

Interim Consolidated Statements of Income and Retained Earnings (Deficit)

Canadian Dollars

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006 <i>Restated</i> <i>(Note 13)</i>	2007	2006 <i>Restated</i> <i>(Note 13)</i>
Revenue from Drilling Contracts	\$ 8,639,798	\$ 6,947,844	\$ 16,113,248	\$ 11,052,730
Direct Costs	<u>4,899,281</u>	<u>4,566,923</u>	<u>9,522,416</u>	<u>7,509,278</u>
	3,740,517	2,380,921	6,590,832	3,543,452
Indirect and Administrative Expenses				
Accounting, audit and legal	192,242	52,969	358,643	83,441
Amortization	135,514	100,301	261,732	191,636
Insurance	25,729	25,922	50,466	46,186
Investor relations, promotion and travel	79,063	68,908	141,436	109,993
Management fees and consulting	175,175	25,710	204,575	40,585
Office and sundry	84,692	64,733	146,684	137,098
Office salaries and services	332,165	175,928	576,942	352,472
Rent	52,789	40,454	97,230	72,802
Stock-based compensation expense – (Note 9b)	-	10,994	-	22,599
	<u>1,077,369</u>	<u>565,919</u>	<u>1,837,708</u>	<u>1,056,812</u>
Income Before the Following	<u>2,663,148</u>	<u>1,815,002</u>	<u>4,753,124</u>	<u>2,486,640</u>
Other Income (Expenses)				
Dilution gain on investment in IMPACT Silver Corp. – (Note 3)	22,740	1,064,840	61,279	1,391,547
Foreign exchange gain (loss)	(1,205,790)	(275,637)	(1,333,409)	(335,886)
Gain on disposal of assets	1,316,900	-	1,316,900	-
Interest income	162,625	26,841	261,590	53,410
Income in IMPACT Silver Corp. – (Note 3)	(7,593)	74,432	36,149	116,794
Non-controlling interest – (Note 7)	(406,063)	(902,512)	(1,319,504)	(1,327,245)
Other income (expenses)	182,209	35,255	190,008	46,305
Write-off of resource properties	(1,149)	(1,580)	(1,929)	(3,695)
	<u>63,879</u>	<u>21,639</u>	<u>(788,916)</u>	<u>(58,770)</u>
Income before Taxes	<u>2,727,027</u>	<u>1,836,641</u>	<u>3,964,208</u>	<u>2,427,870</u>
Future income taxes	(3,880)	(181,662)	(10,455)	(237,398)
Income and other taxes	<u>(886,740)</u>	<u>(144,529)</u>	<u>(1,298,440)</u>	<u>(259,831)</u>
Net Income for the Period	<u>1,836,407</u>	<u>1,510,450</u>	<u>2,655,313</u>	<u>1,930,641</u>
Retained Earnings (Deficit) – Beginning of period	<u>2,707,613</u>	<u>(1,387,821)</u>	<u>1,888,707</u>	<u>(1,808,012)</u>
Retained Earnings - End of Period	\$ <u>4,544,020</u>	\$ <u>122,629</u>	\$ <u>4,544,020</u>	\$ <u>122,629</u>
Earnings per Share – Basic	\$ <u>0.07</u>	\$ <u>0.07</u>	\$ <u>0.11</u>	\$ <u>0.09</u>
– Diluted	\$ <u>0.07</u>	\$ <u>0.07</u>	\$ <u>0.11</u>	\$ <u>0.09</u>
Weighted Average Number of Shares Outstanding - Basic	26,442,138	21,538,805	24,431,858	21,802,625
Weighted Average Number of Options Outstanding	545,565	626,984	424,177	563,034
Weighted Average Number of Shares Outstanding - Diluted	26,987,703	22,165,789	24,856,035	22,365,659

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

Energold Drilling Corp.

Schedule

Interim Consolidated Statements of Comprehensive Income

Canadian Dollars

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Net Income for the Period	\$ 1,836,407	\$ 1,510,450	\$ 2,655,313	\$ 1,930,641
Other Comprehensive Income				
Unrealized gains on available-for-sale securities	60,676	-	60,676	-
Total Comprehensive Income	\$ 1,897,083	\$ 1,510,450	\$ 2,715,989	\$ 1,930,641

Energold Drilling Corp.

Statement 3

Interim Consolidated Statements of Cash Flows

Canadian Dollars

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006 <i>Restated</i> <i>(Note 13)</i>	2007	2006 <i>Restated</i> <i>(Note 13)</i>
Cash Resources Provided By (Used In)				
Operating Activities				
Income for the period	\$ 1,836,408	\$ 1,510,450	\$ 2,655,314	\$ 1,930,641
Items not affecting cash				
Amortization	135,514	100,301	261,732	191,636
Dilution gain on investment in IMPACT Silver Corp.	(22,740)	(1,064,840)	(61,279)	(1,391,547)
Future income taxes	3,880	181,662	10,455	237,398
Gain on disposal of short term investments	(103,406)	(7,370)	(103,406)	(7,370)
Loss (income) in IMPACT Silver Corp.	7,593	(74,432)	(36,149)	(116,794)
(Gain) on disposal of assets	(1,317,874)	-	(1,316,900)	-
Non-controlling interest	286,176	743,912	1,204,367	1,175,645
Stock-based compensation expense	-	10,994	-	22,599
Write-off of resource properties	1,149	1,580	1,929	3,695
Changes in non cash working capital	(3,774,928)	(962,367)	(6,145,959)	(2,110,660)
	(2,948,228)	439,890	(3,529,896)	(64,757)
Investing Activities				
Deferred revenue	(120,000)	-	(120,000)	-
Proceeds on sale of assets	2,000,000	-	2,000,000	-
Proceeds on sale of short term investments	128,406	26,745	128,406	26,745
Purchase of property, plant and equipment	(331,041)	(16,504)	(816,872)	(421,098)
Resource property costs	51,425	(4,422)	41,869	(24,418)
	1,728,790	5,819	1,233,403	(418,771)
Financing Activities				
Due to related parties	(465,739)	(270,888)	(976,661)	(388,215)
Share capital issued	14,049,982	108,000	14,201,982	501,400
	13,584,243	(162,888)	13,225,321	113,185
Net Increase in Cash and Cash Equivalents	12,364,805	282,821	10,928,828	(370,343)
Cash and cash equivalents - Beginning of period	9,428,539	4,756,452	10,864,516	5,409,616
Cash and Cash Equivalents – End of Period	\$ 21,793,344	5,039,273	\$ 21,793,344	\$ 5,039,273

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

Energold Drilling Corp.

Schedule

Interim Consolidated Schedules of Resource Properties

Canadian Dollars

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Concessions, Dominican Republic – (Notes 4(b)(i), 4(d))				
Deferred exploration costs				
Field office, rent and costs	\$ 2,608	\$ 3,599	\$ 7,593	\$ 6,195
Wages and consulting	766	823	5,303	18,223
	3,374	4,422	12,896	24,418
Option payment – (Note 4 (d) (iv))	(54,765)	-	(54,765)	-
Sale of resource properties – (Note 4(e))	(684,074)	-	(684,074)	-
Write-off of resource properties	(1,149)	(1,580)	(1,929)	(3,695)
	(736,614)	2,842	(727,872)	20,723
Resource Property Costs for the Period	(736,614)	2,842	(727,872)	20,723
Balance – Beginning of period	2,189,233	2,173,768	2,180,491	2,155,887
Balance – End of Period	\$ 1,452,619	\$ 2,176,610	\$ 1,452,619	\$ 2,176,610

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

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

June 30, 2007 and 2006

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 statements as at December 31, 2006.

b) New Accounting Standards

On January 1, 2007, the Company adopted two new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1530, *Comprehensive Income* and Handbook Section 3855, *Financial Instruments – Recognition and Measurement*. The Company adopted these standards and amendments prospectively: accordingly, comparative amounts for prior periods have not been restated.

Comprehensive Income

Section 1530 introduces Comprehensive Income, which consists of net income and other comprehensive income ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translations gains and losses arising from self-sustaining foreign operations, net of hedging activities, and changes in the fair value of the effective portion of cash flow hedging instruments.

The Company has determined that its foreign subsidiaries are not self-sustaining.

Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, effective for fiscal years beginning on or after October 1, 2006, establishes standards for the recognition, classification and measurement of financial instruments including the presentation of any resulting gains and losses. Assets classified as available-for-sale securities will have revaluation gains and losses included in other comprehensive income (and not included in the income statement) until such time as the asset is disposed of or incurs a decline in fair value that is other than temporary. At such time, any gains or losses will be realized and reclassified to the income statement.

Adjustments arising from remeasuring financial assets classified as available-for-sale at fair value were recognized in OCI for the period ended June 30, 2007 and amounted to \$60,676.

2. Financial 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. As at June 30, 2007, the Company holds an asset equivalent of CAD\$13,612,791 (2006-\$10,234,720) 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. It is management's opinion that the Company is not exposed to significant interest, or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values due to their short-term nature, unless otherwise noted.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

June 30, 2007 and 2006

Canadian Dollars

Unaudited

3. Investment in IMPACT Silver Corp. ("IMPACT")

The Company recorded its investment in IMPACT on a fully consolidated basis until June 30, 2005. Thereafter, the Company's investment in IMPACT was determined by management to have converted from a controlled entity to an equity investment. At both June 30, 2007 and 2006, the Company owned 6,610,001 shares of IMPACT Silver Corp. The Company's interest in IMPACT declined from 17.37% to 15.96% during the period 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 \$61,279 in the six months ended June 30, 2007 (2006 - \$1,391,547). 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 June 30 TSXV closing market prices of \$1.58 and \$1.19 per share, this investment has a quoted market value of \$10,443,802 at June 30, 2007 and \$7,865,901 at June 30, 2006.

4. Resource Properties

a) Details are as follows:

i) For the period ended June 30, 2007:

	Acquisition Costs	Deferred Exploration	Sale of Resource Properties	Accumulated Write-off	2007
Dominican Republic Concessions					
Actividades	\$ 142,640	\$ 175,785	\$ -	\$ -	\$ 318,425
Casa Real	302,694	605,519	-	-	908,213
Energold Dominicana (formerly Minera Hispaniola)	1,265,275	2,386,382	(684,074)	(2,741,602)	225,981
	\$ 1,710,609	\$ 3,167,686	\$ (684,074)	\$(2,741,602)	\$1,452,619

ii) For the period ended June 30, 2006:

	Acquisition Costs	Deferred Exploration	Accumulated Write-off	2006
Dominican Republic Concessions				
Actividades	\$ 142,640	\$ 201,789	\$ -	\$ 344,429
Casa Real	302,694	616,812	-	919,506
Energold Dominicana	1,265,275	2,384,306	(2,736,906)	912,675
	\$ 1,710,609	\$ 3,202,907	\$(2,736,906)	\$ 2,176,610

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

June 30, 2007 and 2006

Canadian Dollars

Unaudited

4. Resource Properties – continued

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 Energold Dominicana. Energold Dominicana 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 Energold Dominicana 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 the vendors retain a 1% net smelter return royalty capped at US\$1,000,000.

c) MJD Agency Ltd. ("MJD")

By agreement dated July 25, 1996 and amended November 4, 1998, March 28, 2002, and July 9, 2007, 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, 2008. To June 30, 2007, a total of \$295,808 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, 2008. 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 Josefina, 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 was required to spend US\$1.5 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 could earn an 80% interest by taking the project to a bankable feasibility study. In early 2006, the third party failed to meet its obligations under the option agreement and the property was subsequently returned to the Company.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

June 30, 2007 and 2006

Canadian Dollars

Unaudited

4. Resource Properties – continued

- iii) In January, 2004, the Company entered into an option agreement 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.
- iv) In May 2006, the Company entered into an option agreement with a third party, giving that party the right to acquire up to a 100% interest in any nickel laterite deposits within four mineral concessions, Elsa 1, Loma Bombara, Loma Camronal and La Parcela. The third party may earn an initial 75% interest by completing a US\$900,000 work program and making payments of US\$50,000 per year for three years (US\$50,000 paid). The third party has the right to purchase the Company's remaining 25% interest for a cash consideration of US\$500,000, thus converting its interest into a 2% smelter return which can be halved anytime in consideration of an amount of US\$1,000,000. Payments may be made in cash or in shares.

e) Purchase Agreement – Dominican Republic (Note 4(b)(i))

The Company entered into a binding letter of agreement, effective June 29, 2007 with a Canadian controlled private corporation ("CCPC") to transfer, all of its rights and obligations in the La Parcela Concession in the Dominican Republic property to a newly incorporated, wholly owned subsidiary of its Canadian subsidiary, San Antonio (Dominicana) Ltd. ("SAD"). Pursuant to a purchase agreement to be entered into, Energold will transfer all of the issued and outstanding shares of SAD to this CCPC in exchange for \$2.0 million Canadian, which Energold has agreed to invest in an initial public offering to be undertaken by that CCPC, provided that such offering take place by late fall 2007.

As part of this purchase Agreement, Energold has undertaken to provide, through SAD, non-exclusive access to its Dominican Republic intellectual portfolio, including access to its property data base of mineral properties in the Dominican Republic until June 30, 2009. Energold has also undertaken to provide technical assistance and support services to this CCPC, at then current market rates, for exploration drilling services on this property. Under the Agreement, SAD and its new subsidiary will agree to assume all of the rights and obligations of Energold and Energold's Dominican subsidiary, Energold Drilling Dominicana, S.A. with respect to the La Parcela mineral exploration concession.

5. Property, Plant and Equipment

	2007	2006
Drilling Equipment	\$ 4,339,188	\$ 3,424,225
Exploration Equipment	51,416	51,416
Vehicles	293,419	192,082
Office Furniture and Equipment	364,349	327,206
	5,048,372	3,994,929
Accumulated amortization	(1,943,532)	(1,499,506)
Net Book Value	\$ 3,074,840	\$ 2,495,423

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

June 30, 2007 and 2006

Canadian Dollars

Unaudited

6. Due to Related Parties

	2007		2006
Total	\$ 1,838,533	\$	2,741,066
Less: current portion	750,000		600,000
Long-term portion	\$ 1,088,533	\$	2,141,066

Monies owed to related parties, who own interests directly or indirectly in Kluane, are unsecured, non-interest bearing and without specific repayment terms. Currently management and the other shareholders have not determined the exact repayment terms over the next five years. Repayment will be dependent upon the cash flow generated from operations in Kluane not otherwise agreed by the shareholders to be retained to support and grow the business. Management has therefore recorded an estimate of the current portion.

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

	2007	2006
Total net assets as at the date of acquisition at carrying value	\$ 1	\$ 1
Multiplied by the non-controlling interest – 49.99%	1	1
Prior years income allocated to non-controlling interest, net of distributions	3,843,259	2,034,743
Current periods income allocated to non-controlling interest, net of distributions	652,256	95,387
Total non-controlling interest – Pac Rim	\$ 4,495,516	\$ 2,130,131

Kluane

Total assets as at the date of incorporation	\$ 100	\$ 100
Multiplied by the non-controlling interest – 50.00%	50	50
Prior years income (loss) allocated to non-controlling interest	1,794,242	843,841
Current periods income allocated to non-controlling interest	552,111	1,080,258
Total non-controlling interest – Kluane	\$ 2,346,403	\$ 1,924,149
Total non-controlling interest	\$ 6,841,919	\$ 4,054,280

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements June 30, 2007 and 2006

Canadian Dollars

Unaudited

8. Share Capital

a) Details are as follows:

	Number	Amount
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
Balance – June 30, 2006	22,153,833	\$ 15,041,249
Issued as bonus to officers and directors	81,519	75,000
Balance – December 31, 2006	22,235,352	\$ 15,116,249
Fair value of warrants issued	-	(1,298,971)
Private placement	6,830,000	15,026,000
Share issue costs	-	(1,153,018)
Share purchase options exercised	837,500	329,000
Value assigned to options exercised	-	103,077
Balance – June 30, 2007	29,902,852	\$ 28,122,337

b) **Contributed Surplus**

Balance – June 30, 2006	\$ 1,015,097
Fair value of stock options issued	9,772
Balance – December 31, 2006	1,024,869
Value assigned to options exercised	(103,077)
Balance – June 30, 2007	\$ 921,792

c) **Warrants**

	Number	Amount
Balance – June 30, 2006	1,200,000	\$ -
Expired	(1,200,000)	-
Balance December 31, 2006	-	-
Private placement (i)	3,415,000	1,213,992
Compensation warrants (i)	239,050	84,979
Balance – June 30, 2007	3,654,050	\$ 1,298,971

i) The Company determined the fair value of the May 15, 2007 private placement and agent's compensation warrants based upon a Black-Scholes model using the following weighted average assumptions: expected life of 12 months, expected volatility 58.18%, risk free interest rate 4.57%, dividend yield of 0%.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements June 30, 2007 and 2006

Canadian Dollars
Unaudited

8. Share Capital - continued

- d) In March 2004, the Company issued 500,000 warrants with respect to a non-brokered private placement, of which 485,000 were issued to directors and officers. 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 the warrants were exercised prior to the expiry date.
- e) 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. All the warrants expired on that date.
- f) On May 15, 2007, the Company issued a private placement of 6,830,000 units at a price of \$2.20 per unit, of which 1,370,000 units were sold to the agent. Each unit consists of one common share and one-half share purchase warrant. One share purchase warrant entitles the holder to acquire one common share at a price of \$2.85 per share until May 15, 2008. The Company paid a cash commission to the agent of 7% of the gross proceeds of the placement, and issued the agent 478,100 compensation options which entitle the holder to purchase units at a price of \$2.20 per unit until May 18, 2008. To June 30, 2007 none of the warrants or compensation options have been exercised.

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. Under the stock option plan 4,591,070 options have been authorized, however as of June 30, 2007, only 897,500 have been allocated. 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 are as follows:

i) At June 30, 2007 and changes for the period

Number Outstanding June 30, 2006				Number Outstanding June 30, 2007			Exercise Price Per Share	Expiry Date
650,000	-	(650,000)	-	-	\$	0.16	April 29, 2007	
1,100,000	-	(187,500)	(15,000)	897,500	\$	1.20	May 3, 2010	
150,000	-	-	(150,000)	-	\$	1.14	December 21, 2006	
1,900,000	-	(837,500)	(165,000)	897,500	\$	1.20	May 3, 2010	

All options are fully vested at June 30, 2007.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements June 30, 2007 and 2006

Canadian Dollars

Unaudited

9. Share Purchase Options - continued

ii) At June 30, 2006 and changes for the period

Number Outstanding June 30, 2005				Number Outstanding June 30, 2006		Exercise Price Per Share	Expiry Date
Granted	Exercised	Expired					
-	(850,000)	(20,000)	870,000	-	\$ 0.15	June 14, 2006	
-	(40,000)	-	690,000	650,000	\$ 0.16	April 29, 2007	
-	-	(50,000)	1,150,000	1,100,000	\$ 1.20	May 3, 2010	
150,000	-	-	-	150,000	\$ 1.14	December 21, 2006	
					\$ 0.16	April 29, 2007	
150,000	(890,000)	(70,000)	2,710,000	1,900,000	- 1.20	- May 3, 2010	

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

- i) 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.
- ii) 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 (\$11,605 expensed in 2006). 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 employees and consultants of the Company for the period ended June 30, 2007 is \$nil (2006 - \$11,605), 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.

Notes to the Interim Consolidated Financial Statements June 30, 2007 and 2006

Canadian Dollars

Unaudited

10. Related Party Transactions

Related party balances not disclosed elsewhere are as follows:

- a) During the period, the Company had a three year employment contract (expiring April 1, 2008) with one director and officer for fees of \$15,250 per month until March 31, 2007, and \$17,500 per month thereafter. During the six months ended June 30, 2007, fees, salary and cash bonus in the amount of \$166,500 (2006 - \$91,500) were accrued or paid to this director and officer. In addition fees and cash bonus of \$72,750 (2006 - \$39,113) were also paid or accrued to another officer of the Company. Salary of \$52,000 (2006 - \$46,800) was accrued or paid to an individual related to a director.
- b) During the six months ended June 30, 2007, directors fees in the amount of \$75,000 were paid or accrued by the Company. In addition a cash bonus of \$15,000 was also paid or accrued to one of the directors.
- c) During the six months ended June 30, 2007, legal fees in the amount of \$260,073 (2006 - \$14,776) were accrued or paid to a firm related to a director.
- d) During the six months ended June 30, 2007, fees in the amount of \$662,999 (2006 - \$258,274) 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.

11. 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. Subsequent to the year end, the Company signed a new lease which commenced June 1, 2007 and ends May 31, 2010. Lease obligations, net of operating costs, will be \$112,185 per year during the new agreement.
 - 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.
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Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements June 30, 2007 and 2006

Canadian Dollars

Unaudited

12. Segmented Information

	As at June 30, 2007	As at June 30, 2006 <i>Restated</i> <i>(Note 13)</i>	As at December 31, 2006
Assets by geographic area			
Caribbean	\$ 11,989,796	\$ 6,572,988	\$ 8,893,364
Canada	24,555,136	12,638,265	12,513,463
South America	12,045,925	5,297,325	9,476,847
	\$ 48,590,857	\$ 24,508,578	\$ 30,883,674
Property, plant and equipment by geographic area			
Caribbean	\$ 1,505,957	\$ 559,599	\$ 1,133,163
Canada	842,429	1,402,899	754,743
South America	726,453	532,925	630,820
	\$ 3,074,839	\$ 2,495,423	\$ 2,518,726
Assets by industry			
Drilling	\$ 41,906,555	\$ 19,327,210	\$ 25,590,120
Exploration and mining	6,684,302	5,181,368	5,293,554
	\$ 48,590,857	\$ 24,508,578	\$ 30,883,674
Property, plant and equipment by industry			
Drilling	\$ 3,009,366	\$ 2,429,637	\$ 2,454,443
Exploration and mining	65,473	65,786	64,283
	\$ 3,074,839	\$ 2,495,423	\$ 2,518,726

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

June 30, 2007 and 2006

Canadian Dollars

Unaudited

12. Segmented Information - continued

Details at June 30 are as follows:

	Three months ended June 30		Six months ended June 30	
	2007	2006 <i>Restated</i> <i>(Note 13)</i>	2007	2006 <i>Restated</i> <i>(Note 13)</i>
Revenue by geographic area				
Caribbean	\$ 3,895,789	\$ 2,775,971	\$ 7,149,024	\$ 4,992,014
Other	434,239	401,148	591,599	654,088
South America	4,309,770	3,770,725	8,372,625	5,406,628
	<u>\$ 8,639,798</u>	<u>\$ 6,947,844</u>	<u>\$ 16,113,248</u>	<u>\$ 11,052,730</u>
Net income (loss) by geographic area				
Caribbean	\$ 2,171,360	\$ 26,427	\$ 2,770,365	\$ 260,633
Canada	(1,124,597)	513,274	(1,818,388)	463,593
Other	145,117	91,429	186,091	159,764
South America	644,528	879,320	1,517,246	1,046,651
	<u>\$ 1,836,408</u>	<u>\$ 1,510,450</u>	<u>\$ 2,655,314</u>	<u>\$ 1,930,641</u>
Revenue by industry				
Drilling	\$ 8,639,798	\$ 6,947,844	\$ 16,113,248	\$ 11,052,730
Net income (loss) by industry				
Drilling	\$ 528,084	\$ 557,912	\$ 1,272,639	\$ 644,170
Exploration and mining	1,308,324	952,538	1,382,675	1,286,471
	<u>\$ 1,836,408</u>	<u>\$ 1,510,450</u>	<u>\$ 2,655,314</u>	<u>\$ 1,930,641</u>

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

June 30, 2007 and 2006

Canadian Dollars

Unaudited

13. Restatement

The Company records its investment in IMPACT using the equity method. When there are third parties that are issued shares of IMPACT a dilution gain or loss can occur. For fiscal 2005, the Company restated its financials and recorded a gain on dilution of \$224,346 and a future income tax expense of \$39,934, and a reduction in the previously reported deficit of \$184,412. For the six months ended June 30, 2006, the Company should have recorded a gain on dilution of \$1,391,547 and a future income tax expense of \$237,398 resulting in a net increase in income for the period of \$1,154,149, and a corresponding reduction in the previously reported deficit. The effect of the restatement on the June 30, 2006 consolidated financial statements is as follows:

	As previously reported	As restated
Investment in IMPACT	\$ 1,058,957	\$ 2,674,850
Future income tax liability	\$ -	\$ 277,332
Income for the period	\$ 776,492	\$ 1,930,641
Deficit	\$ (1,215,932)	\$ 122,629
Earnings per share - basic	\$ 0.04	\$ 0.09
Earnings per share - diluted	\$ 0.03	\$ 0.09
