

Energold Drilling Corp.

Form 51-102F1 Management's Discussion and Analysis For the Period Ended September 30, 2007

Forward-Looking Information

This Management's Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to Energold Drilling Corp. ("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.C. ("Pac Rim"), Kluane International Drilling Inc. and its affiliates ("KID"). 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 KID. The Company's interest in IMPACT is currently accounted for on an equity basis.

At the end of the quarter, the Company completed a Corporate Reorganization Agreement ("the Corporate Agreement") with its former joint venture partner, whereby the Company has obtained 100% ownership and control of its drilling operations in Peru, Brazil, the Dominican Republic, Nicaragua, Zambia and Vietnam. As a result of the transaction, Energold now also owns, directly and indirectly, 100% of both KID and Pac Rim. Its former partner acquired a 100% interest in KID's subsidiary companies operating in Ecuador and Guatemala which have seven drilling rigs.

Prior to entering into the Corporate Agreement, the Company shared a 50% interest in 17 drilling rigs with its joint venture partners, effectively owning an equity income interest in 8.5 drilling rigs. Following the closing of the transactions, the Company now has a 100% interest in all of its 35 drilling rigs (October 1st), which includes 10 drill rigs in which it previously only had a 50% interest.

We are extremely pleased at this new development and believe it is very beneficial to our Company and shareholders moving forward. This transaction should streamline the Company from a legal, corporate, accounting and financial analysis perspective. The Company will be also become more cost effective and management will be able to focus totally on their own operations.

We now control all our operations and rigs, are well financed with a strong working capital position with very positive business prospects.

As part of the Corporate Agreement, all amounts due to related parties and non-controlling interests have been settled in full. Energold has no long term debt or long term liabilities outstanding, other than a small allowance for future income taxes. The Company has the financial strength and capacity to continue with its planned expansion plans unencumbered by issues involved with managing joint venture operations.

The Company expects that the implementation of the Corporate Agreement should have a positive impact to net income in future years as the Company capitalizes on the strong growth opportunities that it sees in Peru, Brazil, the Dominican Republic, Zambia and other countries in which the Company previously had to share its profits as a result of being involved in joint venture operations. To protect their mutual interests and investments, the Company and its former joint venture partners, have agreed to enter into a 30 month

non-compete agreement with respect to countries in which the subject companies were operating prior to closing.

As a result of the consolidation of its activities in conjunction with its former partner whereby the latter would assume 100% over two markets, Ecuador and Guatemala, while Energold acquired the balance of the joint activities the accounting for this transaction means that the comparative third quarter will record the net revenue from Ecuador and Guatemala as discontinued operations. All the other operations are fully consolidated.

The Company has enjoyed an especially strong performance in the markets it will retain, with a year-over-year growth of 69% for meters drilled to September 30, 2007.

Summary of Results Related to Operations

As a result of the corporate reorganization and the accounting treatment of this transaction, management has included within the financial statements a condensed proforma balance sheet and income statement. The proforma statements represent what the Company's year-to-date position would have been without the effects of the corporate reorganization.

The Company is required to include the results from the operations up to September 30, 2007, even though the effective date of the Corporate Agreement was January 1, 2007. Under Generally Accepted Accounting Principles ("GAAP"), the results have been separated between continuing operations and discontinued operations, with the non-controlling interest expense relating to acquisitions included in continuing operations, and the non-controlling interest expense relating to the subsidiaries sold recorded within discontinued operations.

The Company recorded an overall accounting gain on the corporate reorganization, netting the gains on the subsidiaries sold and the subsidiaries acquired. This gain also includes a goodwill component.

The accounting results reported in the financial statements are preliminary estimates and will be subject to further post-closing adjustments.

Group gross drilling revenues under GAAP for the third quarter were \$6.9 million, compared to \$5.6 million in the third quarter of 2006, on year-to-date revenues of \$19.0 million (2006- \$11.6 million). The ongoing operations of the Company actually drilled 139,168m in nine months which is in fact more than all the meters drilled, including the previous joint venture, for the entire year of 2006 (118,036m).

The Company recorded net income from continuing operations of \$.7 million for the quarter, year-to-date of \$2.8 million, compared to a restated \$0.7 million in the quarter and a year-to-date \$1.6 million for 2006. The Company also reported a gain on reorganization which because of the terms of the Corporate Agreement included reallocating certain earnings between the partners from January 1, 2007 onwards and a goodwill gain on acquisition which resulted in an additional gain to the Company of \$1.5 million. The Company also recorded income from discontinued operations of \$0.5 million for net income of \$2.7 million for the quarter and \$5.4 million year-to-date. Net income for the period was \$2.7 million, year-to-date \$5.4 million compared to restated net income for 2006 of \$1.2 million and \$3.1 million for the quarter and nine months respectively.

On a proforma basis, for the quarter the Company recorded revenues of \$9.96 million, with net income of \$1.1million, compared to \$7.67 million and net income of \$1.2 million in the same quarter for 2006. In the net income calculation the Company recorded a tax provision of \$0.6 million (2006 - \$0.08million) and a foreign exchange loss of \$1.14million (2006 - nil). Basic earnings per share for the quarter on a proforma basis were \$0.04 and for the nine months \$0.14.

Summary of Quarterly (Q) and Year-To-Date (YTD) Meters Drilled on a Consolidated Basis

September 30, 2007	Q3 2007	Q3 2006	% Change	YTD 2007	Comparable 2006	% Change
Previously consolidated – Meters Drilled	71,279	56,349	26	189,353	140,532	35
Ongoing markets only - Meters Drilled	49,041	38,361	28	139,168	82,444	69

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 Latin America, including Mexico, and is currently expanding into parts of Africa. To help our product and our service the Company will be changing the names of its subsidiaries and create a clear identity for the group as the "Energold Drilling Group". On October 31, 2007, Energold was recently acknowledged by the Vancouver Sun newspaper as being one of the top 50 fastest growing public companies in British Columbia.

This expansion has also resulted in higher than normal costs for the period but in turn is now achieving record levels of production. While the US dollar decline impacted on margins during the quarter, the Company is revising its contracts to reflect the change.

The industry is enjoying a dramatic period of growth. Our Company's objective is to lead our niche, the fastest growing sector, in the next few years. Our growth to date has only 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 continue to expand our markets before they are occupied by our competitors. Organic growth alone was 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 15, 2007, the Company concluded a bought deal with Clarus Securities Inc. ("Clarus") for a total of \$15 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 million, including 1.37 million units that were sold to Clarus. The Company also issued Clarus an option on 478,100 compensation units, at a price of \$2.20 per unit, which were exercised during the quarter.

The funds were to be used to accelerate construction of drill rigs, physical infrastructure, provide working capital and give the Company the capital to review new opportunities. However with the elimination of our joint venture interests and the additional funding we have accelerated our growth and expect to have approximately 41 rigs either being mobilized or in the field by the beginning of 2008 with planned additions of approximately five each quarter thereafter, with a target of approximately 60 rigs by the end of 2008 all 100% owned. Rates of expansion like that could have strained the Company's cash flow and yet the total fleet is not significant in today's market. As a result, the funds are enabling Energold to not only achieve but exceed our previous targets 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 are starting to see the initial results of this program and by January 2008 onward increases in production will be registered, as new rigs start to arrive in the field.

After the placement and the resolution of the former joint venture interests, the Company has an exceptionally strong balance sheet with a fully-consolidated working capital position of \$31.7 million as at September 30, 2007 (2006 - \$17.6 million) and consolidated cash of about \$20.6 million (2006 - \$5.1 million). Where non-current liabilities included due to related parties and non-controlling interests totalled \$7.56 million at September 30, 2006, these are \$0.3 million as at September 30, 2007.

To help finance part of this expansion, and to assure the Company of ongoing support from clients, the Company also 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.

The Company's principal exploration efforts, primarily focused on silver in Mexico, are indirect through its 6.6 million shares 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 square 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 and lead prices 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 approximately 300 tpd throughput.

Upon the recent exercise of the outstanding warrants IMPACT now has over \$9.5 million to fund its ongoing activities.

In late 2006, IMPACT announced the optioning of a second silver mill this one located in the prolific silver district of Zacatecas. The acquisition of the "Veta Grande Project" includes a 200 tpd mill and five mineral concessions. By September 2007, IMPACT has acquired or has an interest in seventeen concessions in the Zacatecas district. We believe this position will be extremely useful in the consolidation of property interests that is bound to occur in that district.

Early this year IMPACT acquired, through public auction, the 200 square kilometer "Mamatla" concession immediately southwest of the Zacualpan concession. This district has had in excess of \$10.0 million in exploration expenditures spent on it over the last ten years and IMPACT will be consolidating that information and preparing an extensive exploration program for 2008 on this property package. In a period of approximately 18 months, IMPACT has demonstrated positive cash flows from operations and 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 6,200m 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 \$2.9 million, its quoted market value at September 30, 2007 was \$10.6 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 has been 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. In late June, the Company entered into a Letter Agreement selling the "San Antonio" Volcanogenic Massive Sulphide deposit ("VMS") project, access to Energold's extensive exploration library on the Dominican Republic as well as providing its operational expertise to a Canadian-Controlled Private Corporation ("CCPC") for \$2.0 million. The funds are to be held in trust and Energold has undertaken to use those funds to participate in an initial public offering of the CCPC if it occurs before the year-end; otherwise, they will be released 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 certain areas of the world seasonality is also a function of environmental issues, including cold weather, rainy seasons and even drought conditions. In the last year, activity in each quarter was a record for production for the respective quarter, and the three quarters of 2007 having generated consolidated 189,000m of drilling, (almost the equivalent of what we drilled for the entire year in 2006). Total meters for operations on a going forward basis exceeded 139,000m. This is in direct response to Energold's ongoing program of rapid expansion to meet the growing industry demand.

The third quarter saw the first of the six recently-ordered drill rigs arrive in the field. These new additions as they commence operations should result in higher levels of activity than typical for the next two generally slow quarters. Energold's rapid expansion of its drilling capacity is designed to respond to the very significant demand in our particular industry niche. The two Series III rigs originally scheduled for delivery in September were delayed approximately two months for modifications as recent field tests with existing prototypes have provided upgrades that will improve the Series III model overall performance well beyond the original design parameters of 700+ meters. The Company has ordered a further five rigs which are anticipated to be delivered over the next three to four months. Previous orders were to increase the fleet to approximately 41 rigs by the beginning of 2008 and with the latest additions we expect to have 46 rigs actually either in the field or being mobilized by the end of the first quarter, 2008.

Increasing demand for commodities continues to put pressure on the service industry for rigs and the industry as a whole is almost fully employed. 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. As exploration continues with mixed results in established areas, more of the industry's interest is becoming focused on "frontier areas" where the lack of infrastructure has held back exploration in the past. As a direct result of all of the trends outlined above, we believe the niche for our style of drilling is even expanding faster than the industry as a whole. Overall, new contracts and requests for tenders suggest that the balance of 2007 and into 2008 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 the immediate future.

Revenues are generally denominated in US dollars and the Company's margins remain sensitive to foreign exchange variations. During the last quarter especially, because of the declining US dollar, our margins were reduced. This and rising industry costs in turn have prompted us to revise contract rates, however there is a lag between the US\$ declines and the revised contract rates. We are also endeavouring to have more contracts negotiated in currencies other than US\$. Some of our operating costs are US-dollar-denominated, which also provides a partial protection 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 should start to improve over the next few months. 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 continuing operations increased to \$7.6 million up from \$7.3 million at September 30, 2006. Part of this increase in inventory carrying values is attributable to higher supplier prices, part because of the number of new rigs that need to be supplied 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 \$270,000 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 and flexibility. 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 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. 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 well beyond 700m. Combined with a new program of redesign and retrofitting older models, we anticipate improved performance capabilities from our rigs in the coming year.

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.

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 seven rigs in Mexico at the end of the period, with two more just being mobilized. This compares to four rigs at the end of September 2006. Because of the need to build infrastructure and train crews etc., the Company incurred significant start-up costs in Mexico as well as mobilization costs on the new rigs. The first nine months of 2007 were an improvement, yet still well below expectations; however productivity has improved significantly in the fourth quarter. The Company is targeting having a total of nine rigs by the end of the year. With the additional funding and improved local logistics, it will add additional rigs in response to the continuing demand in the first quarter of 2008.

Africa

The Company has one Series II rig located in Madagascar working on a project by project basis. Recent demand indicates this could be increased to as many as three or four by next year. In the area of Zambia and the Democratic Republic of Congo ("DRC") demand has increased dramatically and in addition to one Series II rig already working in the DRC, the Company has added two more rigs one working in Zambia and a second in the DRC both working in the general area of the Zambian copper belt. Central Africa is a frontier area with very limited infrastructure and where our mobility and efficiency make us the leading competitor. Africa is a significant market opportunity for the Company and we expect to have five to six additional rigs working in the region in the next year.

Dominican Republic

In the Dominican Republic the Company now has six rigs, conducting a combination of smaller projects and, during the nine months of 2007, operating 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 has already drilled 38,381m in the first nine months of 2007. In December the Company will be replacing one of the Series II rigs with a Series III to provide an improved capacity for the Island. The Company has worked in the Dominican Republic for approximately ten years and the drilling was previously a natural compliment to its previous exploration activities there.

Ecuador

The Company as part of a general settlement discussed earlier agreed to sell its 50% interest in its Ecuadorian activities. 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. Whereas KID completed in excess of 43,000m in Ecuador during the first nine months of 2006, meters drilled to September 30, 2007 only reached 34,899m, in part due to political intervention. 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. With the political issues and increasing competition in the country the nine months has been slower than in prior years, and the Company believed that this was an excellent opportunity to "trade off" on its value for other areas with what we believe are higher growth potential.

Brazil

Brazil especially is very suitable for the type of work we specialize in and represents a significant growth opportunity. The work here tends to be seasonal and reflects the issues of working in the Amazon basin. We are currently bidding additional contracts outside of this area as our infrastructure expands. To increase our service capabilities, we shipped a Series II drill rig to Brazil during the quarter bringing the total to three Series II rigs we have in country, while a fourth Series I rig will be assembled to train crews and handle less challenging assignments. Brazil has certain cost and bureaucratic issues which we hope to overcome with time; however, we will be adding further rigs to the Brazilian market in 2008 as demand warrants.

Central America

In Central America, Guatemala, where we had two drill rigs remains active, however this market was also disposed of as part of the Corporate Agreement. The balance of Central America, while limited in size, continues to represent an excellent opportunity for Energold as they have experienced environmental and social issues that our drilling approach can help address. The Company is currently negotiating contracts for work in Nicaragua for 2008 which could require between two and three rigs for the majority of the year. There are a number of other opportunities in this general area which we hope to exploit over the next two years.

Peru

Peru represents an excellent opportunity to develop new business as this mineral-rich country develops. Growing confidence in the stability of the Peruvian economy and increasing demand for commodities have made this mineral rich country a prime market. This is a very large but competitive market where our clients and projects vary in size and nature. Many of the programs are conducted at altitudes over 3,500m and the Company is replacing the 32hp turbo diesels engines on the majority of its Series II rigs with larger 42hp turbo diesels to provide extra power and capacity. The Company has drilled in excess of 49,000m in Peru to date (2006-21,515m) the operation there is well established and represents excellent growth potential.

The Company currently has six drills operating in Peru, including our largest version of the modular rigs with the capability of running with 168hp. Energold has just mobilized a seventh rig and plans to expand its number of rigs in Peru to at least nine by the beginning of 2008.

Other

The Company mobilized a Series II portable rig to Argentina in the spring which has had limited service, we are expecting it to be fully employed for 2008 and to establish a permanent infrastructure.

One of the new Series III rigs is being completed for an extended contract in Albania for 2008.

The Company is also conducting a limited program in Vietnam with a Series I rig. Southeast Asia remains a prospective area for us in the future where our standard series II rig will outperform most of the local competition.

While the Company generally does not work in Canada from time to time it has provided rigs for one off programs in Canada, and two rigs were mobilized to a remote area of Quebec on a test basis. Weather limited logistical support and the program finished earlier than expected.

PROJECT AND EQUITY HOLDINGS

IMPACT Silver Corp. (IPT: TSX.V)

The Company owns 6.6 million shares or approximately 15.24% of the issued and outstanding shares, at September 30, 2007. This investment, which is carried on the Company's balance sheet at \$2.9 million, had a current quoted market value of \$7.7 million in excess of its carried value as of September 30, 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 500-tpd processing plant, mining equipment and mineral concessions covering 124.5 square 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 throughputs 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 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's Mexican division.

In July 2006, IMPACT acquired an option on a second processing plant (200-tpd 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.

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 square kilometers for a 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 to September 30th:

	3rd Quarter 2007	Year-to-date 2007	Year-to-date 2006
Total tonnes (t) Produced	27,273	75,569	49,150
(t) Produced per Day	296	277	192
Silver Production (ounces)	85,610	245,177	307,007
Lead (t)	155.01	448.04	267.98
Zinc (t)	229.69	716.97	534.74
Cdn. \$ direct costs per tonne	38.34	43.85	58.63

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 eighteen months giving the Company a competitive edge in seeking out further opportunities in Mexico. IMPACT has demonstrated continuing 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 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 or sold some of its projects and is currently reviewing how best to enhance the shareholders value in its property holdings there.

Longyear

A program of 1002.6m of diamond drilling in 14 holes was completed in Spring 2005 by GoldQuest on the Longyear project, west of the Pueblo Viejo gold deposit (15.2 million 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 in the first quarter completed a drill program on a new target approximately seven kilometers east, part of which is on the Centenario concession and has now completed a second program, results for which are pending. 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.

San Antonio Project

Composed of a number of concessions in the Maimon formation, the San Antonio project is oriented to discovering and developing a VMS. Globestar is currently building a plant capable of processing VMS-style ores and with previous drill results on the La Parcela concession, there is reason to believe that the target may be able to provide feed for that mill. Globestar has already entered into an option to acquire an interest in any lateritic nickel deposit that it finds on four of the western Maimon concessions, and on June 29th, the Company entered into a Letter Agreement selling the San Antonio VMS project, access to Energold's extensive exploration library on the Dominican Republic, as well as providing its operational expertise to a CCPC for \$2.0 million. The funds are to be held in trust and Energold has undertaken to use those funds to participate in an initial public offering of the CCPC, if it occurs before the year-end otherwise they will be released to Energold.

Coincidental with that agreement, the Company has also entered into an option agreement with the CCPC over the next year to purchase one or more of four concessions for US\$50,000 each, plus costs.

OTHER

Investor Relations

Over the first nine months, the Company's officers and employees attended a number of industry and investor conferences in Europe, Canada and Latin America on behalf of Energold, KID, Pac Rim and IMPACT. Energold also conducted a number of very successful meetings with Fund and Money managers over the last nine months. Energold conducts the subsidiaries and its own public relations and communications and also assists IMPACT with its day-to-day investor relations.

Energold also retains a consulting firm to assist in its investor relations program for fees of \$7,000 per month.

With the change in name to Energold Drilling Corp., the drilling group hopes to establish itself as the name plate world wide 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 very limited size and which does not require the construction of roads and complex access.

The equipment, however, is 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 has published 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. 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

Contract Drilling 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. Like every business operating internationally, the Company faces numerous risks in its day to day business operations which are highlighted in the headings below and briefly summarized. More elaboration on the nature of these risks, and the steps being taken by the Company to ameliorate these risks, is contained in the Company's annual report.

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.

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.

Workforce Availability

The Company, like all 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 as described in our annual report.

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.

Foreign Countries and Regulatory Requirements

Contract drilling, mineral exploration and mining activities may be affected in varying degrees by political instability 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, and expropriation of property, environmental legislation and mine safety.

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, state, 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. 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 and its clients in any jurisdiction in which the Company operates.

Permits and Licences

The operations of the Company and its clients may require licenses and permits from various governmental authorities. There can be no assurance that the Company or its clients will be able to obtain all necessary licenses and permits that they may require to carry out contract drilling or exploration, development and mining operations on their 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 could face certain additional risks to those already identified above, with respect to its mineral exploration activities, if it were to resume such activities on an active basis, for its own account. While the Company retains a core legacy of mineral concession exploration properties in the Dominican Republic from its historic roots as a mineral exploration company, it does not currently have any plans to resume exploration activities on these mineral property concessions for its own account. Rather, the Company intends to realize value with respect to

these mineral property concessions by various means, including the possible sale or optioning of such property concessions to others, as the Company deems advisable, as demonstrated by its recent announced sale of the La Parcela concession earlier this year. The Company believes that current exploration efforts by other mineral exploration companies in the Dominican Republic are enhancing the future value of these mineral exploration concessions and that further opportunities to realize value for these concessions will come available to the Company over the next year.

Because the Company's management has had considerable prior experience in mining operations, it understands that the exploration for and development of mineral deposits is a speculative venture necessarily involving substantial risks. Management understands that very few properties which are explored will result in the discoveries of commercially viable mineral deposits which will ultimately be developed into a profitable commercial mining operation. It is for this reason that the Company has chosen to reduce its business risk to its shareholders by using its mining knowledge and know how to provide contract drilling services to the mining mineral exploration sector, thus providing an essential service available to all mineral exploration companies with a contract drilling service offered in a cost effective and environmentally friendly manner.

Consolidation of Control Over Joint Venture Operations

Background Introduction

Our entry into contract mining drilling operations began in 1999, as a process of diversification and business risk reduction from our mining exploration roots, when we formed a 50/50 joint venture with a privately held company, which had been successfully providing diamond drilling services, to jointly develop diamond drilling operations in certain countries in the Caribbean, Central and South America. These operations were conducted through KID which was incorporated with nominal capitalization and was funded initially by shareholders loans from the joint venture partners. At a later date Energold entered into a second joint venture (51/49) in Peru through the operations of Pac Rim.

As time progressed the interests of Energold and the two private companies diverged and it became apparent that it was appropriate to wind-up the respective joint ventures. Under the Corporate Agreement to wind-up the joint ventures with its partners, the terms proposed to divide up the mutual activities whereby the private partners would acquire 100% of the Company's activities in Ecuador and Guatemala including liquid assets, seven rigs and their related inventories through the acquisition from KID of the two subsidiaries that operated in those countries. In return the private companies surrendered their interest in all of the other assets of KID and Pac Rim and their 50% net profit interest in two of the drilling rigs being operated by Minera Hispaniola S.A. in the Dominican Republic.

Energold's management believed that the growth opportunities in the remaining markets, particularly in Peru, Brazil, Zambia, and elsewhere were superior to what it believed was a mature market in Ecuador.

Overview of the Corporate Reorganization Agreement (“the Corporate Agreement”)

The Corporate Agreement, entered into on September 30, 2007 documented the transaction agreement that the Parties had reached for the effective exchange of the joint venture interests. During negotiations, both parties recognized that the time required to complete new audited financial statements for the joint venture entities and their wholly owned subsidiaries and to carry out a goodwill valuation of certain of the businesses involved in the proposed purchase and sale agreements would unduly delay closing an agreement. Time was also required to carry out a detailed tax planning review, to develop a corporate reorganization model of the proposed transaction and to plan for the capital reorganization of KID to affect the transaction. Effectively, the Parties agreed to solve that problem by splitting up the assets effective January 1, 2007 by using the Canadian prepared 2006 year end audited financial statements, and adjusting them for the change in the respective net equity of the principal companies and the impact of the US\$ devaluation on assets to the date of the Agreement.

Net Result of the Transactions

The net result of the overall transaction was to accomplish the intent of the Parties to arrive at an equitable division of their former common joint venture interests, in a tax effective manner, on a basis that they could mutually agree upon. The Company was able to settle in full, all obligations previously shown on its financial statements as amounts due to related parties and non-controlling interests. Following closure on October 2nd of all of the transactions contemplated in the Master Agreement, the Company acquired full

ownership of KID and indirectly, through KID, complete ownership of all of the issued and outstanding shares of Pac Rim.

The Company was able to record a net overall gain on the transaction of \$1,515,838 which includes an estimated increase in goodwill of \$850,000 from January 1, 2007 to September 30, 2007 related to the Company's share of the net incremental goodwill realized from the improved business outlook for the assets and business opportunities acquired in this transaction.

The accounting for the net results of the transaction has been done on a preliminary basis and will be subject to post-closing adjustments.

Reclassification of Discontinued Operations

GAAP requires that the Company report and record separately its results from continuing and discontinued operations. Effective September 30, 2007, the Company's wholly-owned subsidiary KID no longer has any ongoing equity interest in Ecuador and Guatemala. Under GAAP, the disposal of KID's interest in its subsidiaries in Ecuador and Guatemala meets the criteria of discontinued operations. As a result, operations for the nine months ended September 30, 2007 and the comparative nine-month period have been classified as Discontinued Operations.

Prior to the transaction, the Company consolidated 100% of KID and Pac Rim, and reflected their partner's 50% interest by allocating it to non-controlling interest. Upon completion of this transaction, the Company owns 100% of KID and Pac Rim, directly and indirectly. Thus, the non-controlling interest has been adjusted to reflect the full ownership of the Company.

Restatement

During the process of completing its 2006 year end audited financial statements, management determined that it had not previously recognized and recorded a dilution gain on its investment in IMPACT Silver Corp. The Company has retrospectively restated its 2005 fourth quarter and the first three quarters of 2006 comparative amounts in accordance with the recommendations contained in CICA handbook 1506.42. During the 2006 calendar year, the Company's interest in IMPACT declined from 31.44% to 16.74% as a result of share issuances by IMPACT from private placements and exercises of stock options and warrants. The effect of the restatement on the September 30, 2006 consolidated financial statements is to recognize an equity pick up gain in the Company's investment in IMPACT Silver Corp. in the first nine months of 2006 of \$1,423,713 less a future income tax expense of \$242,886 resulting in a net increase in income for the nine month period of \$1,180,827. The reported net income for the nine month period from January 1, 2006 to September 30, 2006 should therefore be increased from the \$1,973,846 previously reported to \$3,154,673, as shown in the restated nine month comparative statements. The basic earnings per share, as previously reported, at \$0.09 per share are restated to be \$0.14 per share basic.

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)
3 rd 2007	6,891	2,756 **	0.09 **	0.09 **	45,310	310
2 nd 2007	6,302	1,836 ***	0.07	0.07	48,591	8,223
1 st 2007	5,844	819 ***	0.04	0.04	33,003	8,519
4 th 2006	4,809	543 ***	0.02	0.02	30,884	8,105
3 rd	5,551	1,224 ***	0.06	0.05	27,892	7,569
2 nd (note 3)	4,241	1,510 ***	0.07	0.07	24,508	6,472
1 st (note 3)	1,854	420	0.02	0.02	22,067	5,818
4 th 2005 (note 4)	3,927	91	0.01	0.01	20,739	5,448
3 rd	3,815	412	0.02	0.02	19,862	5,376
2 nd	4,635	345	0.01	0.01	21,097	6,647

Notes:

- 1: These numbers have been rounded to two 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 and Note 13 on the June 30, 2007 financial statements.
- 4: Restated per note 15 on the December 31, 2006 financial statements.
- ** Net income is comprised of income from continuing operations, a gain on corporate reorganization, and income from discontinued operations.
- *** Net income is comprised of income from continuing operations and income from discontinued operations.

Results of Operations - Highlights Overview

The third quarter has been another very busy quarter for the Company with activity on many fronts. Management has spent considerable time negotiating and acquiring new drilling contracts, planning the company's drilling fleet expansion, negotiating and closing the plan of arrangement to consolidate the Company's control over its operations, and carrying out investor relations activities as a result of the Company's increased profile in the investment community. The Company has also had to contend with the short term impact that the rapid decline in the relative currency value of the US dollar to the Canadian dollar has had on its operating margins, since many of its contracts in affect were negotiated prior to the dollars decline. As discussed, management believes that its current consolidated income statements, as presented in accordance with GAAP, do not present a clear picture to the reader of the Company's progress over the past year in growing its business operations. This is because of the distortions therein resulting from the exclusion of income and expense items related to our discontinued operations and the inability to record therein the income and expenses related to our newly acquired operations without the non-controlling expense, both of which took affect from January 1, 2007. We have provided in the financial statements a proforma condensed balance sheet and statement of income that reflects the consolidated activities as they would previously have been reported. As a consequence, management plans to make very limited comment in this MD&A on a comparative analysis of revenues and expenses between the current quarter and previous quarters. Instead, we will highlight for the reader what we believe to be the important trends going forward, discussing some trends based on pre consolidation data and others on a post consolidation basis.

In a November 13, 2007 news release, we reported that meters drilled for the quarter on a pre-consolidation basis were 71,000m compared to 56,000m in the same quarter last year. For the first nine months of 2007, meters drilled were 189,000 (35% greater than the 140,000 meters drilled in the first nine months of 2006). On a post consolidation reorganization basis we reported that our meters drilled in our ongoing markets was 49,000 meters in the third quarter and 139,000 meters for the first nine months of 2007. This represents an increase of 28% for the quarter and 69% for the year-to-date compared with the comparative 2006 periods. We now benefit from 100% of the drilling revenue from our ongoing operations whereas before we were only enjoying 50% of the net revenue generated by our drilling revenue from our joint venture projects. Our increased 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 \$2.8 million for the third quarter (\$0.09 per share basic) an amount that included income from both continuing and discontinued operations as well as recognizing a gain on the corporate reorganization. This represents a significant increase over the \$1.224 million of restated earnings for the comparative third quarter of 2006 (\$0.06 per share basic) which amount included an even split between continuing and discontinued operations. Net income for the first nine months of 2007 was \$5.412 million (\$0.21 per share basic) compared to a restated first nine month earnings of \$3.155 million (\$0.14 per share basic) in 2006.

In the third quarter, the Company recorded revenues from drilling contracts exclusive of discontinued operations, of \$6.890 million, an increase of \$1.339 million from the comparative third quarter of 2006. Because gross revenues are expressed in Canadian dollars, the actual rate of growth of the Company's drilling activities is understated when US dollar based revenues are converted to Canadian dollars. Because the value of one US dollar expressed in Canadian currency terms declined by about 7% during the third quarter from \$1.06 to \$0.99, our reported operating margins for the third quarter decreased from 40.9% in the comparative 2006 period to 37.5% in the third quarter of 2007. Year-to-date, our gross margins improved by a full ten percentage points to 40.1% for the first nine months of 2007 compared to 30.1% for the restated results for the similar period of 2006. While indirect and administrative expenses have continued to grow, the increase in these expenses in the current quarter has been quite muted. For the first nine months of 2007, these expenses represent 12.7% of revenue compared to 14.9% of gross billings in the comparative restated period of 2006.

There are a number of items included in the category of other income (expenses) that have had a particularly significant impact on the Company's operations and on the comparison of quarterly results for both the 2007 and 2006 years. These include the following four items;

1. Dilution gains on investments.

The 2006 second quarter operating results, as restated, were particularly affected by the inclusion of a dilution gain on its investment in IMPACT Silver Corp. This gain has continued to occur in 2007 but has been of minor significance to this years income overall at \$165,000 year-to-date, whereas in 2006 it accounted for over \$1.423 million in the first nine months of the year.

2. Foreign exchange losses.

The 2007 third quarter results continue the trend of the second quarter of being particularly affected by significant foreign exchange losses on the translation of the Company's foreign income and foreign denominated assets into Canadian currency for financial statement purposes. The loss recorded in the third quarter of 2007 at \$955,000 compares with a small gain of \$8,000 recorded in the similar period of 2006. For the year-to-date, we have recorded foreign exchange translation losses of \$2,126,000 or almost \$2.0 million more than the \$240,000 of translation losses that we recorded in the same period of 2006. This loss occurred because of the very rapid appreciation in the value of the Canadian dollar relative to the US dollar and certain other foreign currencies from March 31, 2007 to September 30, 2007. During this six month period, the mid point exchange value of a US dollar relative to Canadian currency declined from \$1US = \$1.1546 Canadian to \$1US = \$0.99 Canadian, an unprecedented rapid decrease in value of more than 15%. From June 30th to September 30th, the value of one US dollar decreased from a mid point value of \$1US = \$1.065 Canadian to \$1US = \$0.99 Canadian.

3. Gain on disposal of assets.

The 2007 the second quarter results were significantly impacted by the realization and recording of a gain on the disposition of assets as a result of the Company's entering into a binding letter of agreement to sell certain resource base assets under its control to a Canadian controlled private corporation for gross proceeds of \$2.0 million Canadian. The gain recorded by the Company on this sale of \$1,316,000 in the second quarter has had a significant and material impact on the second quarter results in 2007. No similar asset sales were recorded in the third quarter of 2007 or the first nine months of 2006.

4. Non-controlling interests

Under GAAP, the treatment for the non-controlling interest expense is separated between continuing operations and discontinued operations. Therefore, as a result, the non-controlling interest expense relating to the acquisitions is included in continuing operations, and the non-controlling interest expense on the disposal of the subsidiaries is recorded within discontinued operations. The non-controlling interest expense of \$914,329 for the nine months ended September 30, 2007, relates to the operations acquired. A further non-controlling interest expense of \$1,140,538 was netted against the income from discontinued operations during the period.

Excluding the impact of the above four items, of other income and expenses, the Company's overall operations continue to show a strong improvement in overall operating results. 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. 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.

In the following section we discuss in more detail certain specific elements of expenses.

Indirect and Administrative Expenses

Consolidated indirect and administrative expenses for the most recent quarter were \$699,000 or \$49,000 less than the comparative period in 2006. For the first nine months of 2007 these expenses totalled \$2.429 million, compared to \$1.732 million in the comparative period in the prior year. The overall increase in indirect and administrative expenses of some \$697,000 can largely be explained by several factors related to our recent financing and corporate reorganization activities and the overall growth of our business. The most significant changes in the period related to accounting, audit and legal, amortization and office salaries

and services. We incurred higher costs this year in connection with our recent private placement activities and the sale of one of our mineral property concessions, as well as increasing our investor relations service efforts. We also paid directors fees and management bonuses during the second quarter which will only impact second quarter operations and are not expected to affect operation results for the balance of the year. 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 for the year-to-date are discussed individually below.

Accounting, audit and legal fees were \$61,000 for the third quarter of 2007 and \$413,000 for the year-to-date, compared to \$209,000 for the first nine months of 2006. Higher 2007 costs relate to our recent private placement and our efforts to plan for the growth of our corporate reorganization. We 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 prepared for and carried out our recent corporate reorganization.

Amortization costs were \$148,000 during the third quarter and \$363,000 for the first nine months of 2007. This is about \$70,000 greater than the nine-month period in 2006. This cost is greater basically as a result of the higher number of drill rigs in the field, and will increase more significantly in future as we rapidly expand our drilling fleet.

Our office rent costs have increased significantly in 2007 as our basic head office lease renewal rate jumped by 70% from a base rent of \$65,000 to \$112,000 annually. Taxes, utilities, and other operating costs are not included in this base cost and have also increased significantly. 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 be about the same in 2007 compared to 2006.

Investor relations, promotion and travel costs were \$61,000 in the recent quarter and \$201,000 for the first nine months of 2007 compared to \$139,000 for the first nine months of 2006. Approximately 50% of these costs relate to industry conferences, and marketing efforts on behalf of the Company's drilling activities. The Company has been spending increased amounts on investor relations in response to increased investor attention on the Company's overall drilling 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 expenses were \$63,000 during the current quarter and \$267,000 year-to-date compared with \$130,000 spent during the first nine months of 2006. This amount includes director's fees and management cash bonuses paid on a once annual basis normally in the second quarter of the year. In prior years director's fees were paid in shares but this year a decision was made to pay directors a cash stipend of \$15,000 per director. Higher management bonuses were also paid in 2007 compared to 2006 in recognition of management's contribution to the growth of the Company's overall operations.

Office salaries and services were \$259,000 in the third quarter of 2007, \$19,000 greater than the similar period in 2006. For the first nine months of 2007, these costs totalled \$809,000 compared to \$582,000 for the similar period in 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 2008 will be somewhat greater than the costs incurred in 2007. 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 (no longer applies on a go-forward basis), the recognition of the dilution gain on investment in IMPACT and the influence of foreign exchange gains or losses and interest income on the earnings of the Company. A fourth item, investment income is also now starting to contribute to other income. As these items have already been discussed earlier, they will not be elaborated on here, with the exception of investment income, and foreign exchange.

During the third quarter of 2007 the Company earned \$193,000 in investment income on monies invested in bank investment certificates compared to \$34,000 earned in the third quarter of 2006. Year-to-date, the Company has earned about \$403,000 in interest income compared to \$85,000 in the same period in 2006. The greater interest income on its cash accounts reflects increasing interest rates and higher cash balances held by the Company and its foreign subsidiaries. These balances have been enhanced by the net proceeds received by the Company from its recent private placement completed in May 2007. As a result of its enhanced cash position, the Company expects to report higher investment income in the fourth and future quarters, as it works to keep its funds well invested until such time as they can be redeployed into higher earning drilling related assets. All cash balances are conservatively managed and invested with investments placed through a Canadian chartered bank. Our enhanced liquidity position gives us great flexibility to rapidly expand our drilling fleet and to seize upon other specific opportunities should they arise.

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 operations. 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. A portion of the Company's expenditures are US dollar denominated and represent a risk reduction 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 over the later half of 2007. The Canadian dollar also appears to be being influenced by capital investment flows into Canada as a result of corporate merger and takeover activity affecting some of the countries largest corporations. Like many companies, we were 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. While our losses have been significant, we hope that if exchange rates remain at today's level our ongoing foreign exchange translation losses will be significantly reduced. 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. In an effort to maintain our margins we have been working with our clients to notify them of the impact that foreign exchange is having on our operations and to take measures to renegotiate contract rates where possible to maintain our desired margins.

The Company's interest in IMPACT declined from 17.20% to 15.24% during the twelve months from September 30, 2006 to September 30, 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 \$104,000 in the current quarter versus a dilution gain of \$32,000 in the similar period in 2006. The dilution gain for the first nine months of 2007 was \$165,000 compared to \$1.424 million for the similar period in 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 September 30th TSX.V closing market prices of \$1.61 and \$1.00 per share, this investment has a quoted market value of \$10.6 million at September 30, 2007 compared to a quoted value of \$6.6 million at September 30, 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 \$2.9 million at September 30, 2007.

Income and other taxes are about the same as the prior quarter but have increased dramatically for the year-to-date to \$1.608 million for the first nine months of 2007 from about \$204,000 in the similar period of 2006. A significant portion of these relate to taxes paid by our offshore subsidiaries. The Company also has now 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. The third quarter included a provision for a previous under accrual of approximately \$200,000 in its foreign subsidiaries. Taxes now also include a provision for future income taxes of \$28,000 in 2007 and \$243,000 in 2006 for anticipated future taxes payable related to the dilution gain recognized on the Company's investment in IMPACT. As a result, the percentage of tax appears significantly higher than the normal percentage on Income from Continuing Operations before Taxes.

Liquidity and Capital Resources

During the second 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 million 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. During the third quarter, all of the underwriter's compensation options and warrants were exercised to raise an additional \$1.733 million of funds for investment by the Company.

Because of this private placement, consolidated cash and cash equivalents at the end of the third quarter of 2007 was \$20,606,000 a modest decrease from the second quarter by \$1,187,000. During the quarter we added to our drill fleet and completed a corporate reorganization which involved the retirement of over \$7.9 million of non-controlling interest. Cash and cash equivalents on hand at September 30, 2007 was over \$15.0 million greater than at September 30, 2006 and more than \$12.0 million greater than at December 31, 2006. We have invested the net funds received from the Company's recent private placement in short term bank term deposits pending its redeployment into longer term uses. Some of this newly raised capital has been allocated to the construction and deployment of new drill rigs. Accounts receivable and prepaid expenses at September 30, 2007 related to continuing operations was \$8,829,000 or approximately \$3,798,000 greater than the \$5,032,000 at September 30, 2006. This build up in accounts receivable reflects the very significant increase in our drilling activity compared to the same period last year. It also includes an amount receivable of \$2.0 million at September 30th related to our sale of resource properties.

Working capital at September 30, 2007 exceeds \$31.7 million compared to \$35.8 million at June 30, 2007 and \$17.5 million at September 30, 2006. The Company needs to hold 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. The current working capital position of the Company places it in an extremely strong capital position to selectively expand its operations in the most favourable manner and to capitalize on other investment opportunities that it may identify. Management intends to take the time necessary to investigate such opportunities in order to make a wise redeployment of the Company's excess liquidity, resulting from the recent private placement.

Under the Corporate Agreement dated September 30, 2007, the Company acquired, as part of a corporate reorganization, full ownership of KID and Pac Rim previously held by non-controlling interests. As part of the transaction settlement process all amounts previously shown as being due to related parties and non-controlling interests have been shown as being settled in full and netted out against other considerations paid in calculating the net gain on reorganization. As a consequence of these settlements, the Company no longer has any long term indebtedness, other than a provision for future income taxes, on its balance sheet as at September 30, 2007.

Outstanding Share Data

The following common shares and convertible securities of the Company were outstanding at November 21, 2007:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares at November 21, 2007	30,757,502		
Warrants	3,415,000	\$2.85	May 15, 2008
Employee and consultant stock options	760,000	\$1.20	May 3, 2010
Fully Diluted at November 21, 2007	34,932,502		

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 until March 31, 2007, and \$17,500 per month thereafter. During the nine months ended September 30, 2007, fees, salary and cash bonus in the amount of \$224,625 (2006 - \$137,250) was accrued or paid to this director and officer. In addition, the Company also accrued or paid \$112,625 in fees and cash bonus to another officer (2006 - \$69,113). Salary of \$82,000 (2006 - \$70,200) was accrued or paid to an individual related to a director.

During the nine months ended September 30, 2007, director's fees in the amount of \$75,000 were paid by the Company. In addition, a cash bonus of \$15,000 was also paid to one of the directors.

During the nine months ended September 30, 2007, legal fees in the amount of \$257,002 (2006 - \$32,038) were accrued or paid to a firm related to a director.

During the nine months ended September 30, 2007, fees in the amount of \$1,140,690 (2006 - \$533,554) 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 September 30, 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 September 30, 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 September 30, 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 September 30, 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
November 21, 2007