

**Energold Mining Ltd.**  
**Interim Consolidated Financial Statements**  
**June 30, 2005 and 2004**  
*Unaudited*

**NOTICE**

These interim consolidated financial statements for the six months ended June 30, 2005 of Energold Mining Ltd. have been prepared by management and have not been subject to review by the Company's auditors.

## Interim Consolidated Balance Sheets

As at

Canadian Funds

Unaudited

	June 30, 2005	June 30, 2004	December 31, 2004 <i>Audited</i>
<b>ASSETS</b>			
<b>Current</b>			
Cash and term deposits	\$ 6,812,024	\$ 1,304,587	\$ 5,170,450
Accounts receivable and prepaid expenses	3,002,185	3,827,476	1,909,050
Short-term investments	62,505	111,504	62,505
Inventory	5,074,625	3,368,606	3,833,730
	<b>14,951,339</b>	<b>8,612,173</b>	<b>10,975,735</b>
<b>Resource Properties - Schedule - (Note 3)</b>	<b>4,340,994</b>	<b>3,343,592</b>	<b>3,674,967</b>
<b>Property, Plant and Equipment - (Note 4)</b>	<b>1,804,252</b>	<b>1,374,758</b>	<b>1,514,469</b>
	<b>\$ 21,096,585</b>	<b>\$ 13,330,523</b>	<b>\$ 16,165,171</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 1,029,348	\$ 1,835,470	\$ 865,445
Due to Kluane Drilling Ltd. - (Note 5)	600,000	-	600,000
	<b>1,629,348</b>	<b>1,835,470</b>	<b>1,465,445</b>
<b>Due to Kluane Drilling Ltd. - (Note 5)</b>	<b>2,414,281</b>	<b>1,562,533</b>	<b>2,428,518</b>
<b>Non-Controlling Interests - (Note 6)</b>	<b>4,233,005</b>	<b>3,174,105</b>	<b>3,033,450</b>
	<b>8,276,634</b>	<b>6,572,108</b>	<b>6,927,413</b>
<b>Commitment - (Note 11)</b>			
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital - (Note 7,8)</b>	<b>14,483,599</b>	<b>10,158,164</b>	<b>11,729,848</b>
<b>Contributed Surplus - (Note 7(b))</b>	<b>647,457</b>	<b>383,779</b>	<b>402,734</b>
<b>Deficit - Statement 2</b>	<b>(2,311,105)</b>	<b>(3,783,528)</b>	<b>(2,894,824)</b>
	<b>12,819,951</b>	<b>6,758,415</b>	<b>9,237,758</b>
	<b>\$ 21,096,585</b>	<b>\$ 13,330,523</b>	<b>\$ 16,165,171</b>

ON BEHALF OF THE BOARD:

"F.W. Davidson" \_\_\_\_\_, Director

"J.H. Coleman" \_\_\_\_\_, Director

**Consolidated Statements of Income and Deficit**

Canadian Funds

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
<b>Revenue from Drilling Contracts, net of direct costs</b>	<b>\$ 1,864,993</b>	<b>\$ 2,303,934</b>	<b>\$ 2,862,281</b>	<b>\$ 3,807,913</b>
<b>Indirect and Administrative Expenses</b>				
Accounting, audit and legal	105,056	51,710	172,526	114,971
Amortization	80,500	64,973	140,081	115,328
Foreign exchange	(29,291)	(21,778)	(42,158)	(42,622)
Insurance	22,557	19,365	47,125	36,686
Investor relations, promotion and travel	75,302	42,385	132,941	67,677
Management fees and consulting	63,750	140,810	108,750	196,310
Office and sundry	52,429	74,017	99,257	129,567
Office salaries and services	220,451	66,098	333,158	132,272
Rent	32,727	27,566	61,256	50,740
Stock-based compensation expense – (Note 8(b))	300,179	19,259	326,652	43,873
	<b>923,660</b>	<b>484,405</b>	<b>1,379,588</b>	<b>844,802</b>
<b>Income (Loss) Before the Following</b>	<b>941,333</b>	<b>1,819,529</b>	<b>1,482,693</b>	<b>2,963,111</b>
<b>Other Income (Expenses)</b>				
Interest income (expense)	28,990	13,494	53,351	9,675
Gain on sale of short-term investments	-	-	-	2,675
Withholding and other taxes	(66,769)	(9,428)	(75,758)	(31,250)
Non-controlling interest	(527,631)	(925,431)	(825,468)	(1,541,351)
Write-off of resource properties	(31,244)	(489,872)	(51,099)	(501,345)
	<b>(596,654)</b>	<b>(1,411,237)</b>	<b>(898,974)</b>	<b>(2,061,596)</b>
<b>Net Income for the Period</b>	<b>344,679</b>	<b>408,292</b>	<b>583,719</b>	<b>901,515</b>
Deficit - Beginning of period	(2,655,784)	(4,191,820)	(2,894,824)	(4,685,043)
<b>Deficit - End of Period</b>	<b>\$ (2,311,105)</b>	<b>\$ (3,783,528)</b>	<b>\$ (2,311,105)</b>	<b>\$ (3,783,528)</b>
<b>Earnings per Share – Basic</b>	<b>\$ 0.02</b>	<b>\$ 0.03</b>	<b>\$ 0.03</b>	<b>\$ 0.06</b>
<b>– Diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.02</b>	<b>\$ 0.02</b>	<b>\$ 0.05</b>

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

**Consolidated Statements of Cash Flows**

Canadian Funds

Unaudited

Cash Provided By (Used In)	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
<b>Operating Activities</b>				
Income for the period	\$ 344,679	\$ 408,292	\$ 583,719	\$ 901,515
Items not affected by cash				
Amortization	80,500	64,973	140,081	115,328
(Gain) on disposal of short-term investments	-	-	-	(2,675)
Non-controlling interest	656,781	1,288,240	1,117,626	1,904,160
Stock-based compensation expense	300,179	19,259	326,652	43,873
Write-off of resource properties	31,244	489,872	51,099	501,345
Changes in non cash working capital	(1,242,090)	(3,437,921)	(2,170,127)	(4,485,608)
	<b>171,293</b>	<b>(1,167,285)</b>	<b>49,050</b>	<b>(1,022,062)</b>
<b>Investing Activities</b>				
Purchase of property, plant and equipment	(187,137)	(126,802)	(429,864)	(390,619)
Proceeds on sale of short-term investments	-	-	-	4,940
Resource properties	(372,478)	(243,221)	(717,126)	(405,005)
	<b>(559,615)</b>	<b>(370,023)</b>	<b>(1,146,990)</b>	<b>(790,684)</b>
<b>Financing Activities</b>				
Due to Kluane Drilling Ltd.	(10,096)	1,562,533	(14,237)	1,562,533
Share capital	12,250	-	2,753,751	703,000
	<b>2,154</b>	<b>1,562,533</b>	<b>2,739,514</b>	<b>2,265,533</b>
<b>Net Increase (Decrease) in Cash and Term Deposits</b>	<b>(386,168)</b>	<b>25,225</b>	<b>1,641,574</b>	<b>452,787</b>
Cash and term deposits - Beginning of Period	7,198,192	1,279,362	5,170,450	851,800
<b>Cash and Term Deposits - End of Period</b>	<b>\$ 6,812,024</b>	<b>\$ 1,304,587</b>	<b>\$ 6,812,024</b>	<b>\$ 1,304,587</b>
<b>Non-Cash Financing/Investing Activities</b>				
Stock-based compensation expense included in contributed surplus	\$ 236,202	\$ 7,584	\$ 244,723	\$ 19,083

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

**Consolidated Schedules of Resource Properties**

Canadian Funds

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
<b>Concessions, Dominican Republic –</b>				
<i>(Note 3(b)(ii)), 3(d)</i>				
Deferred exploration costs				
Field office, rent and costs	\$ 23,666	\$ 10,025	\$ 32,397	\$ 12,684
Travel and accommodation	4,397	-	4,749	-
Vehicles	5,242	808	6,884	808
Wages and consulting	22,970	4,560	32,140	18,489
	<u>56,275</u>	<u>15,393</u>	<u>76,170</u>	<u>31,981</u>
Recoveries	-	(100,000)	-	(100,000)
Write-off of resource properties	(31,244)	(14,364)	(51,099)	(20,447)
	<u>25,031</u>	<u>(98,971)</u>	<u>25,071</u>	<u>(88,466)</u>
<b>Real de Belem, Mexico –</b>				
<i>(Note 3(e))</i>				
Acquisition costs	-	-	-	72,907
Deferred exploration costs				
Assaying and laboratory	-	9,064	-	11,022
Drilling	-	176,508	-	176,508
Field office, rent and costs	-	9,362	-	11,760
Travel and accommodation	-	15,442	-	25,541
Vehicles	-	3,955	-	11,294
Wages and consulting	-	83,652	-	128,757
	-	<u>297,983</u>	-	<u>364,882</u>
Write-off of resource properties	-	(474,797)	-	(474,797)
	-	<u>(176,814)</u>	-	<u>(37,008)</u>
<b>Subtotal</b>	<b>\$ 25,031</b>	<b>\$ (275,785)</b>	<b>\$ 25,071</b>	<b>\$ (125,474)</b>

**Consolidated Schedules of Resource Properties**

Canadian Funds

Unaudited

	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
Subtotal	\$ 25,031	\$ (275,785)	\$ 25,071	\$ (125,474)
<b>Zacualpan, Mexico – (Note 3(f))</b>				
Acquisition costs	49,700	4,110	87,721	4,110
Deferred exploration costs				
Assaying and laboratory	47,815	1,902	88,978	1,902
Drilling	94,905	-	197,569	-
Field office, rent and costs	34,384	2,044	52,029	2,044
Travel and accommodation	11,061	5,565	27,012	5,565
Vehicles	18,062	1,130	28,655	1,130
Wages and consulting	60,276	14,383	158,992	14,383
	266,503	25,024	553,235	25,024
	316,203	29,134	640,956	29,134
<b>Other Properties, Mexico</b>				
Wages and consulting	-	711	-	6,101
Write-off of resource properties	-	(711)	-	(6,101)
	-	-	-	-
<b>Deferred Exploration Costs for the Period</b>	372,478	243,221	717,126	405,005
<b>Write-off of Resource Properties for the Period</b>	(31,244)	(489,872)	(51,099)	(501,345)
	341,234	(246,651)	666,027	(96,340)
Balance – Beginning of period	3,999,760	3,590,243	3,674,967	3,439,932
<b>Balance – End of Period</b>	\$ 4,340,994	\$ 3,343,592	\$ 4,340,994	\$ 3,343,592

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

**Energold Mining Ltd.**

**Notes to the Interim Consolidated Financial Statements**

**June 30, 2005 and 2004**

*Canadian Funds*

*Unaudited*

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**1. Significant Accounting Policies**

**a) Basis of Presentation**

These interim financial statements follow the same accounting policies and methods of their application of the most recent annual financial statements. These financial statements should be read in conjunction with the audited financial statements as at December 31, 2004.

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**2. Financial Instruments**

The Company's financial instruments consist of cash and term deposits, accounts receivable, short-term investments, accounts payable and due to Kluane Drilling Ltd. As at June 30, 2005, the Company holds an equivalent of CAD\$5,376,754 in financial instruments held in U.S., Dominican and other foreign currencies, which is exposed to currency risk based on fluctuations in the prevailing foreign exchange rates. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

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**3. Resource Properties**

**a) Details are as follows:**

	Acquisition Costs	Deferred Exploration	Accumulated Write-off	2005	2004
<b>Dominican Republic</b>					
Actividades Concessions	\$ 142,640	\$ 201,590	\$ -	\$ 344,230	\$ 343,075
Casa Real Concessions	302,694	614,134	-	916,828	889,870
Los Pedregones Concession	353,038	216,724	(239,531)	330,231	329,649
Proyectos Concessions	549,324	331,177	-	880,501	859,872
La Parcela Concession	597,007	70,093	-	667,100	664,504
Other Concessions	315,230	2,373,550	(2,451,355)	237,425	227,488
	<u>2,259,933</u>	<u>3,807,268</u>	<u>(2,690,886)</u>	<u>3,376,315</u>	<u>3,314,458</u>
<b>Mexico</b>					
Real de Belem	99,173	375,624	(474,797)	-	-
Zacualpan	198,210	766,469	-	964,679	29,134
Other properties	-	25,739	(25,739)	-	-
	<u>297,383</u>	<u>1,167,832</u>	<u>(500,536)</u>	<u>964,679</u>	<u>29,134</u>
	<u>\$ 2,557,316</u>	<u>\$ 4,975,100</u>	<u>\$ (3,191,422)</u>	<u>\$ 4,340,994</u>	<u>\$ 3,343,592</u>

**Energold Mining Ltd.**

**Notes to the Interim Consolidated Financial Statements**

**June 30, 2005 and 2004**

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**3. 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 Minera Hispaniola, S.A. ("Minera"). Minera is the holder of several exploration concessions located in the Dominican Republic. These exploration concessions are subject to the following terms:

- i) On the properties already granted to Minera as at January 20, 1995, 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, 2004, the Company acquired the right from MJD to purchase a 40% interest in the Dominican Republic company, Actividades Mineras, S.A. ("AMSA") for an exploration work commitment of \$300,000 to be completed by July 25, 2006. To June 30, 2005, a total of \$294,230 has been spent by the Company, including allowable acquisition costs of \$92,640. The 40% interest will be earned proportionately as the \$300,000 is spent. Once complete, the Company has the right to purchase another 20% for an additional \$300,000 work commitment to be completed by July 25, 2006. All costs spent to date with regard to the purchase of AMSA have been recorded as resource property costs. This agreement is subject to the 1% net smelter royalty (*Note 3(b)*).

**d) Option Agreements – Dominican Republic (*Note 3(b)(i)*)**

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

## Energold Mining Ltd.

# Notes to the Interim Consolidated Financial Statements

June 30, 2005 and 2004

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### 3. Resource Properties - continued

#### e) Real de Belem

On December 22, 2003, the Company acquired an option from a third party on the Real de Belem project in Mexico. Under the terms of the agreement, the Company was to advance US\$70,000 (paid) and complete an exploration program and a 1,500 metre drill program in the following six months. Upon completion of this program, the Company, at its option, could opt to loan US\$1.43 million to the third party after which the third party had two years to achieve commercial production. At any time, the Company had the right to acquire a 100% interest in the project for an additional US\$5.0 million, expiring three months following the commencement of commercial production.

In June 2004, the Company terminated its option agreement on the Belem project and as a result wrote-off resource properties in the amount of \$474,797 in the current period.

#### f) Zacualpan

On June 14, 2004, IMPACT Silver Corp., formerly IMPACT Minerals International Inc., ("IMPACT") signed two option agreements with third parties in the Zacualpan Silver Mining District in Central Mexico.

The first option agreement is a three-year lease with an option to purchase mining leases and concessions, including the producing Cuchara Mine. Under terms of this agreement, IMPACT is required to make payments of US\$3,000 per month for three years (US\$33,000 paid), and issue 100,000 shares per year (200,000 issued) to the third party, as well as incur work commitments totalling US\$1,000,000 over three years covering the properties in both agreements. IMPACT has also agreed to pay in advance US\$45,000 against the US\$3,000 per month payments for years two and three, of which US\$45,000 has been paid. IMPACT shall have the option at any time before the end of the third year to purchase 100% interest in the mining leases and concessions for US\$1,000,000.

The second is a three-year agreement for mining leases and concessions including the producing Alacran Mine, and a 500-tonne-per-day processing plant with associated facilities. The assets in this second agreement are presently under lease by a third party, and IMPACT has an option to purchase all the lease rights to the assets for US\$500,000.

If IMPACT terminates the agreement before the end of the third year, the balance of the 300,000 shares is to be issued as a cancellation penalty.

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### 4. Property, Plant and Equipment

	2005		2004
Drilling Equipment	\$ 2,422,471	\$	1,788,665
Exploration Equipment	39,036		37,720
Vehicles	175,450		154,832
Office Furniture and Equipment	335,257		301,860
	<u>2,972,214</u>		<u>2,283,077</u>
Accumulated amortization	(1,167,962)		(908,319)
Net Book Value	<u>\$ 1,804,252</u>	\$	<u>1,374,758</u>

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**Energold Mining Ltd.**

**Notes to the Interim Consolidated Financial Statements**

**June 30, 2005 and 2004**

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*Unaudited*

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**5. Due to Kluane Drilling Ltd.**

	2005		2004	
Total	\$	3,014,281	\$	1,562,533
Less: current portion		(600,000)		-
Long-term portion	\$	2,414,281	\$	1,562,533

Monies owed to Kluane Drilling Ltd. are unsecured, non-interest bearing and without specific repayment terms. Currently management has not determined the exact repayment terms over the next five years, because repayment will be dependent upon the cash flow generated from operations in Kluane International Drilling Inc., subject to other cash flow requirements in the same period. Over the past year, the Company decided to invest in capital assets and working capital to carry out Kluane International Drilling Inc.'s drilling operations and therefore the 2004 current portion was not repaid.

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**6. 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.

During the six months ended June 30, 2005, IMPACT issued 3,169,166 shares of which the Company acquired, through exercising share purchase warrants, 393,334 shares. As a result the Company decreased its ownership of IMPACT from 33.86% to 30.52%. Consequently, the non-controlling interest increased to 69.48%.

During 2004, IMPACT issued 6,435,000 shares, of which the Company acquired, through two private placements a total of 798,334 shares, 393,334 units at a price of \$0.15 per unit, and 405,000 units at a price of \$0.30 per unit. As a result the Company decreased its ownership of IMPACT from 46.72% to 33.86%. Consequently, the non-controlling interest increased to 66.14%.

On May 15, 2002, the Company acquired 50% of the issued and outstanding shares of Pac Rim by paying \$11,635.

**IMPACT**

Total net assets as at the date of acquisition at carrying value	\$	1,165,403
Multiplied by the non-controlling interest – 57.21%		666,727
1999-2004 losses allocated to non-controlling interest and non-controlling interest adjustments		590,855
2005 loss allocated to non-controlling interest and non-controlling interest adjustment		325,747
Total non-controlling interest – IMPACT	\$	1,583,329

**Pac Rim Drilling, S.A.C. (“Pac Rim”)**

Total net assets as at the date of acquisition at carrying value	\$	1
Multiplied by the non-controlling interest – 50.00%		1
2002-2004 income allocated to non-controlling interest		1,873,342
2005 income allocated to non-controlling interest, net of distributions		(30,417)
Total non-controlling interest – Pac Rim	\$	1,842,926

**Energold Mining Ltd.**

**Notes to the Interim Consolidated Financial Statements**

**June 30, 2005 and 2004**

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**6. Non-Controlling Interests - continued**

**Kluane International Drilling Inc. ("Kluane")**

Total assets as at the date of incorporation	\$ 100
Multiplied by the non-controlling interest – 50.00%	50
1999-2004 losses allocated to non-controlling interest	(97,525)
2005 income allocated to non-controlling interest	904,225
Total non-controlling interest – Kluane	<u>\$ 806,750</u>
Total non-controlling interest	<u>\$ 4,233,005</u>

**7. Share Capital**

a) Details are as follows:

	Number	Amount
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
Balance – June 30, 2004	15,777,396	\$ 10,158,164
Issued as bonus to officers and directors	74,562	42,500
Private placement at \$0.80 per share	1,875,000	1,500,000
Share purchase options exercised	290,000	43,500
Share issue costs	-	(14,316)
Balance – December 31, 2004	18,016,958	\$ 11,729,848
Private placement at \$1.25 per share - (Note 7(d))	2,400,000	3,000,000
Share purchase options exercised	250,000	39,250
Share purchase warrants exercised	10,000	7,500
Issued to a director in relation to a private placement	50,000	57,500
Share issue costs		(350,499)
Balance – June 30, 2005	<u>20,726,958</u>	<u>\$ 14,483,599</u>

b) **Contributed Surplus**

Balance – June 30, 2004	\$ 383,779
Fair value of stock options issued - IMPACT	18,955
Balance – December 31, 2004	402,734
Fair value of stock options issued - IMPACT	36,625
Fair value of stock options issued	208,098
Balance – June 30, 2005	<u>\$ 647,457</u>

The addition to Contributed Surplus for 2004 and 2005 is for the Company's proportionate share of the stock-based compensation relating to the stock options issued in IMPACT, as well as the stock based compensation relating to the stock options issued by the Company.

## Energold Mining Ltd.

# Notes to the Interim Consolidated Financial Statements

June 30, 2005 and 2004

Canadian Funds

Unaudited

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### 7. Share Capital - continued

- c) In March 2004, the Company issued 500,000 warrants with respect to a non-brokered private placement. One warrant entitles the holder to purchase an additional share of the Company until March 11, 2006 at a price of \$0.75 per share. During the six months ended June 30, 2005, 10,000 warrants were exercised.
- d) In March 2005, the Company issued 1,200,000 warrants with respect to a brokered private placement, entitling the holder to acquire one common share at a price of \$1.50 per share until December 31, 2005. In addition the Company also granted 90,000 broker's warrants and 180,000 broker's shares in connection with the placement. Each broker's share entitles the holder to acquire one common share at a price of \$1.40 and one broker's warrant entitles the holder to purchase an additional share of the Company at a price of \$1.50 per share, until December 31, 2005.

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### 8. Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant. Options vest 25% on the date granted and 12½% every quarter thereafter.

- a) A summary of the Company's options at June 30, 2005 and the changes for the period are as follows:

Number Outstanding June 30, 2004					Number Outstanding June 30, 2005		Exercise Price Per Share	Expiry Date
1,235,000	-	(365,000)	-	-	870,000	\$0.15	June 14, 2006	
865,000	-	(175,000)	-	-	690,000	\$0.16	April 29, 2007	
-	1,150,000	-	-	-	1,150,000	\$1.20	May 3, 2010	
2,100,000	1,150,000	(540,000)	-	-	2,710,000	\$0.15-1.20	June 14, 2006 – May 3, 2010	

- 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, with an estimated value of \$632,197 on the grant date. The options are exercisable on or before May 3, 2010 at a price of \$1.20 per share.
- b) The fair value of stock options used to calculate compensation for employees is estimated using the Black-Scholes Option Pricing Model. The Company recognized a stock based compensation expense and an increase to contributed surplus of \$208,098 for the six months ended June 30, 2005, based on a grading vesting schedule as follows:

Number of options granted	1,150,000
Risk-free interest rate	3.30%
Expected dividend yield	NIL
Expected stock price volatility	65.609%
Expected option life in years	3

**Energold Mining Ltd.**

**Notes to the Interim Consolidated Financial Statements**

**June 30, 2005 and 2004**

*Canadian Funds*

*Unaudited*

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**8. Share Purchase Options - continued**

The total value stock compensation expense on stock options granted to employees of IMPACT for the six months ended June 30, 2005 is \$118,554 (2004 - \$43,873), which has been recorded in the accounts of the Company based on a graded vesting schedule. This value is estimated at the date of the grant with the following weighted average assumptions:

Number of options granted	780,000	475,000	300,000	50,000	710,000
Risk-free interest rate	4.14%	3.73%	2.97%	2.81%	3.30%
Expected dividend yield	NIL	NIL	NIL	NIL	NIL
Expected stock price volatility	191.6%	124.7%	117.23%	138%	206%
Expected option life in years	5	5	2	2	2

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.

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**9. Related Party Transactions**

Related party balances not disclosed elsewhere are as follows:

- a) During the six months ended June 30, 2005, fees in the amount of \$75,240 (2004 - \$100,000) were accrued or paid to one director and officer of the Company, and fees of \$44,300 (2004- \$41,055) were accrued or paid to an individual related to a director. The Company had a management and consulting agreement with one director and officer for fees of \$12,500 per month which terminated April 1, 2005. This was replaced by a \$12,500 per month, three year employment contract. In addition, \$75,000 (2004 - \$77,500) was accrued as a bonus to directors and officers, of which \$56,250 is to be paid in the form of 46,875 shares of the Company at a deemed value of \$1.20 per share.
- b) In May 2005, the Company issued 50,000 shares at a deemed price of \$1.15 per share to a director and officer in relation to the private placement. The deemed value of \$57,500 is shown as share issue costs. These shares are subject to a four month hold period.
- c) During the six months ended June 30, 2005, fees in the amount of \$50,050 (2004 - \$22,770) were paid or accrued to two directors of IMPACT, of which \$18,016 is shown in various administrative expenditures on the income statement, and \$32,034 is shown in mineral properties. In November 2004, IMPACT entered into a management and consulting agreement with one director and officer for fees of \$2,500 per month for a period of twenty-four months, renewing automatically on a month by month basis for one year thereafter.
- d) In March 2004, two directors and officers acquired 870,000 units of a 1.0 million unit private placement of the Company at a price of \$0.70 per unit. Each unit consists of one common share and one-half share purchase warrant . One warrant entitles the holder to purchase an additional share of the Company until March 11, 2006 at a price of \$0.75 per share.
- e) In April 2004, the Company acquired through a private placement 393,334 units of IMPACT at a price of \$0.15 per unit. Each unit consists of one share and one share purchase warrant. One warrant entitled the holder to purchase an additional share of IMPACT at a price of \$0.185 per share until April 14, 2005. In March 2005, the Company exercised 393,334 warrants.

**Energold Mining Ltd.**

**Notes to the Interim Consolidated Financial Statements**

**June 30, 2005 and 2004**

*Canadian Funds*

*Unaudited*

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**9. Related Party Transactions - continued**

- f) In October 2004, the Company acquired through a private placement 405,000 units of IMPACT at a price of \$0.30 per unit. Each unit consists of one share and one share purchase warrant. One warrant entitles the holder to purchase an additional share of IMPACT at a price of \$0.35 per share until December 9, 2006.
- g) During the six months ended June 30, 2005, legal fees in the amount of \$54,180 (2004 - \$nil) were accrued or paid to a firm related to a director.
- h) During the six months ended June 30, 2005, fees in the amount of \$183,020 (2004 - nil) were charged to IMPACT for contract drilling services performed in Mexico at the Zacualpan concessions.

**10. Income Taxes**

The Company operates in several tax jurisdictions and is subject to varying rates of taxation. In addition, the Company has various non-capital losses and deferred exploration expenditures that are available for carry forward to reduce taxable income of the current and future years. Future income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income taxes. The significant components of the Company's Canadian future tax assets as of December 31, 2004 are as follows:

Non-capital loss carry-forwards	\$	64,054
Resource property exploration expenditures		1,711,865
Capital assets		32,520
		<u>1,808,439</u>
Valuation allowance		<u>(1,808,439)</u>
	\$	<u>-</u>

The Company's Canadian non-capital loss carry-forwards expire between 2004 and 2014, while the Canadian exploration expenditures may be carried forward indefinitely.

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

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**11. Commitment**

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.

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**12. Comparative Figures**

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

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**Energold Mining Ltd.**

**Notes to the Interim Consolidated Financial Statements**

**June 30, 2005 and 2004**

*Canadian Funds*

*Unaudited*

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**13. Segmented Information**

	Three Months Ended June 30		Six Months Ended June 30	
	2005	2004	2005	2004
Revenue by geographic area				
Caribbean	\$ 908,794	\$ 759,523	\$ 1,203,866	\$ 1,153,945
Orient	92,122	120,455	144,621	217,304
South America	864,077	1,423,956	1,513,794	2,436,664
	<u>\$ 1,864,993</u>	<u>\$ 2,303,934</u>	<u>\$ 2,862,281</u>	<u>\$ 3,807,913</u>
Net income (loss) by geographic area				
Caribbean	\$ 447,623	\$ (38,550)	\$ 615,195	\$ 185,556
Canada	(615,164)	(278,289)	(872,994)	(524,114)
Orient	46,061	60,228	72,310	108,652
South America	466,159	664,903	769,208	1,131,421
	<u>\$ 344,679</u>	<u>\$ 408,292</u>	<u>\$ 583,719</u>	<u>\$ 901,515</u>
Revenue by industry				
Drilling	<u>\$ 1,864,993</u>	<u>\$ 2,303,934</u>	<u>\$ 2,862,281</u>	<u>\$ 3,807,913</u>
Net income (loss) by industry				
Drilling	\$ 937,134	\$ 1,113,722	\$ 1,381,394	\$ 1,821,952
Exploration	(592,455)	(705,430)	(797,675)	(920,437)
	<u>\$ 344,679</u>	<u>\$ 408,292</u>	<u>\$ 583,719</u>	<u>\$ 901,515</u>

**Energold Mining Ltd.**

**Notes to the Consolidated Financial Statements**

**June 30, 2005 and 2004**

*Canadian Funds*

*Unaudited*

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**13. Segmented Information - continued**

	<b>As at June 30, 2005</b>		<b>As at June 30, 2004</b>		<b>As at December 31, 2004</b>
<b>Assets by geographic area</b>					
Caribbean	<b>\$ 6,306,082</b>	\$	3,877,123	\$	4,215,306
Canada	<b>11,129,902</b>		6,915,376		8,124,655
South America	<b>3,660,601</b>		2,538,024		3,825,210
	<b>\$ 21,096,585</b>	\$	13,330,523	\$	16,165,171
<b>Property, plant and equipment by geographic area</b>					
Caribbean	<b>\$ 368,869</b>	\$	114,566	\$	111,318
Canada	<b>1,013,266</b>		815,668		967,102
South America	<b>422,117</b>		444,524		436,049
	<b>\$ 1,804,252</b>	\$	1,374,758	\$	1,514,469
<b>Assets by industry</b>					
Drilling	<b>\$ 12,647,150</b>	\$	9,043,406	\$	9,744,844
Exploration	<b>8,449,435</b>		4,287,117		6,420,327
	<b>\$ 21,096,585</b>	\$	13,330,523	\$	16,165,171
<b>Property, plant and equipment by industry</b>					
Drilling	<b>\$ 1,718,702</b>	\$	1,238,069	\$	1,374,027
Exploration	<b>85,550</b>		136,689		140,442
	<b>\$ 1,804,252</b>	\$	1,374,758	\$	1,514,469

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