

# **ENERGOLD DRILLING CORP.**

## **INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2007 and 2006**

**Unaudited**

## **Management's Responsibility for Financial Reporting**

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

Management has a process in place to evaluate internal control over financial reporting. Based on that evaluation, management has concluded that internal control over financial reporting was effective as of March 31, 2007.

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

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

"R. S. Younker"  
Chief Financial Officer

May 25, 2007

# Energold Drilling Corp.

Statement 1

## Interim Consolidated Balance Sheets

As at

Canadian Dollars

Unaudited

	March 31, 2007	March 31, 2006 <i>Restatement Note (13)</i>	December 31, 2006 <i>Audited</i>
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 9,428,539	\$ 4,756,452	\$ 10,864,516
Accounts receivable and prepaid expenses	7,009,141	3,722,814	4,315,101
Short-term investments	43,130	62,505	43,130
Inventory	8,610,221	7,239,451	8,198,605
	<b>25,091,031</b>	15,781,222	23,421,352
<b>Investment in IMPACT Silver Corp. - (Note 3)</b>	<b>2,845,386</b>	1,535,578	2,763,105
<b>Resource Properties - Schedule (Note 4)</b>	<b>2,189,233</b>	2,173,768	2,180,491
<b>Property, Plant and Equipment - (Note 5)</b>	<b>2,877,399</b>	2,576,383	2,518,726
	<b>\$ 33,003,049</b>	\$ 22,066,951	\$ 30,883,674
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 2,963,999	\$ 1,099,428	\$ 2,387,621
Income taxes payable – (Note 12)	989,677	-	1,131,430
Deferred revenue – current portion	780,000	-	480,000
Due to related parties – (Note 6)	750,000	600,000	750,000
	<b>5,483,676</b>	1,699,428	4,749,051
<b>Future Income Taxes</b>	<b>288,627</b>	95,670	282,052
<b>Deferred Revenue</b>	<b>120,000</b>	-	120,000
<b>Due to Related Parties – (Note 6)</b>	<b>1,554,272</b>	2,411,954	2,065,194
<b>Non-Controlling Interests - (Note 7)</b>	<b>6,555,743</b>	3,310,368	5,637,552
	<b>14,002,318</b>	7,517,420	12,853,849
<b>Commitments - (Note 11)</b>			
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share Capital - (Notes 8, 9)</b>	<b>15,290,239</b>	14,933,249	15,116,249
<b>Contributed Surplus - (Note 8b)</b>	<b>1,002,879</b>	1,004,103	1,024,869
<b>Retained Earnings (Deficit) - Statement 2</b>	<b>2,707,613</b>	(1,387,821)	1,888,707
	<b>19,000,731</b>	14,549,531	18,029,825
	<b>\$ 33,003,049</b>	\$ 22,066,951	\$ 30,883,674

ON BEHALF OF THE BOARD:

“F.W. Davidson” \_\_\_\_\_, Director

“H.W. Sellmer” \_\_\_\_\_, Director

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

# Energold Drilling Corp.

Statement 2

## Interim Consolidated Statements of Income and Retained Earnings (Deficit) For the Three Months Ended March 31

Canadian Dollars  
Unaudited

	2007	2006 Restated (Note 13)
<b>Revenue from Drilling Contracts</b>	\$ 7,473,450	\$ 4,104,886
<b>Direct Costs</b>	<u>4,623,135</u>	<u>2,942,355</u>
	<b>2,850,315</b>	1,162,531
<b>Indirect and Administrative Expenses</b>		
Accounting, audit and legal	166,401	30,472
Amortization	126,218	91,335
Insurance	24,737	20,264
Investor relations, promotion and travel	62,373	41,085
Management fees and consulting	29,400	14,875
Office and sundry	61,992	72,365
Office salaries and services	244,777	176,544
Rent	44,441	32,348
Stock-based compensation expense – (Note 9b)	-	11,605
	<u>760,339</u>	<u>490,893</u>
<b>Income Before the Following</b>	<u>2,089,976</u>	<u>671,638</u>
<b>Other Income (Expenses)</b>		
Dilution gain on investment in IMPACT Silver Corp. – (Note 3)	38,539	326,707
Foreign exchange gain (loss)	(127,619)	(60,249)
Interest income	98,965	26,569
Income in IMPACT Silver Corp. – (Note 3)	43,742	42,362
Non-controlling interest – (Note 7)	(913,441)	(424,733)
Other income (expenses)	7,799	11,050
Write-off of resource properties	(780)	(2,115)
	<u>(852,795)</u>	<u>(80,409)</u>
<b>Income before Taxes</b>	<u>1,237,181</u>	<u>591,229</u>
Future income taxes – (Note 12)	(6,575)	(55,736)
Income and other taxes – (Note 12)	<u>(411,700)</u>	<u>(115,302)</u>
<b>Net Income for the Period</b>	<u>818,906</u>	<u>420,191</u>
Retained Earnings (Deficit) – Beginning of period	<u>1,888,707</u>	<u>(1,808,012)</u>
<b>Retained Earnings (Deficit) - End of Period</b>	<u>\$ 2,707,613</u>	<u>\$ (1,387,821)</u>
<b>Earnings per Share – Basic</b>	<u>\$ 0.04</u>	<u>\$ 0.02</u>
<b>– Diluted</b>	<u>\$ 0.04</u>	<u>\$ 0.02</u>
Weighted Average Number of Shares Outstanding - Basic	<u>22,399,241</u>	<u>21,272,055</u>
Weighted Average Number of Options Outstanding	<u>324,740</u>	<u>1,367,910</u>
Weighted Average Number of Shares Outstanding - Diluted	<u>22,723,981</u>	<u>22,639,965</u>

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

# Energold Drilling Corp.

Statement 3

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

Canadian Dollars

Unaudited

Cash Resources Provided By (Used In)	2007	2006 Restated (Note 13)
<b>Operating Activities</b>		
Income for the period	\$ 818,906	\$ 420,191
Items not affecting cash		
Amortization	126,218	91,335
Dilution gain on investment in IMPACT Silver Corp.	(38,539)	(326,707)
Future income taxes	6,575	55,736
Income in IMPACT Silver Corp.	(43,742)	(42,362)
Loss on disposal of property, plant and equipment	974	-
Non-controlling interest	918,191	431,733
Stock-based compensation expense	-	11,605
Write-off of resource properties	780	2,115
Changes in non cash working capital	(2,371,031)	(1,148,293)
	(581,668)	(504,647)
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(485,831)	(404,594)
Resource property costs	(9,556)	(19,996)
	(495,387)	(424,590)
<b>Financing Activities</b>		
Due to related parties	(510,922)	(117,327)
Share capital issued	152,000	393,400
	(358,922)	276,073
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(1,435,977)</b>	<b>(653,164)</b>
Cash and cash equivalents - Beginning of period	10,864,516	5,409,616
<b>Cash and Cash Equivalents – End of Period</b>	<b>\$ 9,428,539</b>	<b>\$ 4,756,452</b>

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

# Energold Drilling Corp.

Schedule

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

Canadian Dollars

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	2007	2006
<b>Concessions, Dominican Republic – (Notes 4(b)(i), 4(d))</b>		
Deferred exploration costs		
Field office, rent and costs	\$ 4,985	\$ 2,596
Wages and consulting	4,537	17,400
	<u>9,522</u>	<u>19,996</u>
Write-off of resource properties	(780)	(2,115)
	<u>8,742</u>	<u>17,881</u>
<b>Resource Property Costs for the Period</b>	<b>8,742</b>	<b>17,881</b>
Balance – Beginning of period	<u>2,180,491</u>	<u>2,155,887</u>
<b>Balance – End of Period</b>	<b>\$ 2,189,233</b>	<b>\$ 2,173,768</b>

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

# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements

March 31, 2007 and 2006

Canadian Dollars

Unaudited

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### 1. Significant Accounting Policies

#### Basis of Presentation

These interim financial statements follow the same accounting policies and methods of their application of the most recent annual financial statements. These financial statements should be read in conjunction with the audited statements as a December 31, 2006.

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### 2. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, short-term investments, investment in IMPACT Silver Corp., accounts payable and due to related parties. As at March 31, 2007, the Company holds an asset equivalent of CAD\$14,014,278 (2006-\$9,746,162) in financial instruments held in U.S. and other foreign currencies, which is exposed to currency risk based on fluctuations in the prevailing foreign exchange rates. 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 due to their short-term nature, unless otherwise noted.

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

The Company recorded its investment in IMPACT on a fully consolidated basis until June 30, 2005. Thereafter, the Company's investment in IMPACT was determined by management to have converted from a controlled entity to an equity investment. At both March 31, 2007 and 2006, the Company owned 6,610,001 shares of IMPACT Silver Corp. The Company's interest in IMPACT declined from 22.50% to 16.41% during the period as a result of share issuances of common shares by IMPACT from private placements and the exercise of stock options and warrants. The dilution of the Company's interest in IMPACT due to the private placements and exercises of stock options and warrants resulted in a dilution gain of \$38,539 in the three months ended March 31, 2007 (2006 - \$326,707). 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 March 31 TSXV closing market prices of \$1.82 and \$2.12 per share, this investment has a quoted market value of \$12,030,201 at March 31, 2007 and \$14,013,202 at March 31, 2006.

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### 4. Resource Properties

a) Details are as follows:

i) For the period ended March 31, 2007

	Acquisition Costs	Deferred Exploration	Accumulated Write-off	2007
<b>Dominican Republic Concessions</b>				
Actividades	\$ 142,640	\$ 203,057	\$ -	\$ 345,697
Casa Real	302,694	618,777	-	921,471
Energold Dominicana (formerly Minera Hispaniola)	1,265,275	2,397,243	(2,740,453)	922,065
	<u>\$ 1,710,609</u>	<u>\$ 3,219,077</u>	<u>\$(2,740,453)</u>	<u>\$2,189,233</u>

# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements

March 31, 2007 and 2006

Canadian Dollars

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### 4. Resource Properties – continued

ii) For the period ended March 31, 2006:

	Acquisition Costs	Deferred Exploration	Accumulated Write-off	2006
<b>Dominican Republic Concessions</b>				
Actividades	\$ 142,640	\$ 201,699	\$ -	\$ 344,339
Casa Real	302,694	615,799	-	918,493
Energold Dominicana	1,265,275	2,380,987	(2,735,326)	910,936
	<u>\$ 1,710,609</u>	<u>\$ 3,198,485</u>	<u>\$ (2,735,326)</u>	<u>\$ 2,173,768</u>

### b) Royalty Agreements

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

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

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

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

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

### c) MJD Agency Ltd. ("MJD")

By agreement dated July 25, 1996 and amended November 4, 1998, March 28, 2002, and July 9, 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, 2007. To March 31, 2007, a total of \$295,697 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, 2007. All costs spent to date with regard to the purchase of AMSA have been recorded as resource property costs. This agreement is subject to the 1% net smelter royalty (*Note 4(b)*).

# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements

March 31, 2007 and 2006

Canadian Dollars

Unaudited

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#### 4. Resource Properties – continued

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

- i) The Company entered into an agreement with a third party who, by October 2003, was to incur, at its option, exploration expenditures of US\$1,300,000 on certain concessions located in the Dominican Republic, to earn a 51% interest in the concessions. Each concession had a minimum amount that must be incurred to be included in the option. In October 2003, the optionee confirmed that it met the minimum amount required on Bacco y Ofir and Josefina, but failed to meet the threshold expenditures on the remaining concessions, which were then returned to the Company.
- ii) On December 1, 2003, the Company entered into a joint venture with a third party on the Longyear concession in the Dominican Republic. The third party was required to spend \$US1.5 million over three years and to issue 250,000 shares (paid) to earn a 60% interest in the project including the commitment to drill 1,000 metres. The third party could earn an 80% interest by taking the project to a bankable feasibility study. In early 2006, the third party failed to meet its obligations under the option agreement and the property was subsequently returned to the Company.
- iii) In January, 2004, the Company entered into an option agreement with a third party on the Centenario concession in the Dominican Republic. The third party is required to spend US\$1.0 million over three years to earn a 60% interest in the project. The third party can earn an 80% interest by taking the project to a bankable feasibility study.
- iv) In May 2006, the Company entered into an option agreement with a third party, giving that party the right to acquire a 75% interest in nickel laterite minerals on four mineral concessions, Elsa 1, Loma Bombara, Loma Camronal and La Parcela by paying a minimum of US\$300,000 (maximum of US\$900,000) over a three year period. The third party can acquire the remaining 25% in the nickel laterite minerals in the property until December 31, 2012, by paying an additional US\$500,000. The Company would retain a 2%NSR on the property.

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#### 5. Property, Plant and Equipment

	2007		2006
Drilling Equipment	\$ 4,146,791	\$	3,435,177
Exploration Equipment	51,416		51,416
Vehicles	165,699		172,707
Office Furniture and Equipment	351,511		316,288
	4,715,417		3,975,588
Accumulated amortization	(1,838,018)		(1,399,205)
Net Book Value	\$ 2,877,399	\$	2,576,383

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# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements

March 31, 2007 and 2006

Canadian Dollars

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### 6. Due to Related Parties

	2007		2006
Total	\$ 2,304,272	\$	3,011,954
Less: current portion	<u>750,000</u>		<u>600,000</u>
Long-term portion	<u>\$ 1,554,272</u>	\$	<u>2,411,954</u>

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

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### 7. Non-Controlling Interests

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

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

#### Pac Rim

	2007		2006
Total net assets as at the date of acquisition at carrying value	\$ 1	\$	1
Multiplied by the non-controlling interest – 49.99%	<u>1</u>		<u>1</u>
Prior years income allocated to non-controlling interest, net of distributions	<u>3,843,259</u>		2,034,743
Current periods income allocated to non-controlling interest, net of distributions	<u>401,207</u>		<u>(7,295)</u>
Total non-controlling interest – Pac Rim	<u>\$ 4,244,467</u>	\$	<u>2,027,449</u>

#### Kluane

Total assets as at the date of incorporation	\$ 100	\$	100
Multiplied by the non-controlling interest – 50.00%	<u>50</u>		<u>50</u>
Prior years income (loss) allocated to non-controlling interest	<u>1,794,242</u>		843,841
Current periods income allocated to non-controlling interest	<u>516,984</u>		<u>439,028</u>
Total non-controlling interest – Kluane	<u>\$ 2,311,276</u>	\$	<u>1,282,919</u>
Total non-controlling interest	<u>\$ 6,555,743</u>	\$	<u>3,310,368</u>

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# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements

March 31, 2007 and 2006

Canadian Dollars

Unaudited

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### 8. Share Capital

a) Details are as follows:

	Number	Amount
Authorized:		
Unlimited common shares without par value		
Issued and outstanding:		
Balance – March 31, 2006	21,433,833	\$ 14,933,249
Issued as bonus to officers and directors	81,519	75,000
Share purchase options exercised	720,000	108,000
Balance – December 31, 2006	22,235,352	\$ 15,116,249
Share purchase options exercised	690,000	152,000
Value assigned to options exercised	-	21,990
Balance – March 31, 2007	22,925,352	\$ 15,290,239

b) **Contributed Surplus**

Balance – March 31, 2006	\$ 1,004,103
Fair value of stock options issued	20,766
Balance – December 31, 2006	1,024,869
Value assigned to options exercised	(21,990)
Balance – March 31, 2007	\$ 1,002,879

c) **Warrants**

	Number
Balance – March 31, 2006	1,200,000
Expired	(1,200,000)
Balance March 31, 2007 and December 31, 2006	-

# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements March 31, 2007 and 2006

Canadian Dollars  
Unaudited

### 8. Share Capital - continued

- d) In March 2004, the Company issued 500,000 warrants with respect to a non-brokered private placement, of which 485,000 were issued to directors and officers. One warrant entitles the holder to purchase an additional share of the Company until March 11, 2006 at a price of \$0.75 per share. All the warrants were exercised prior to the expiry date.
- e) In March 2005, the Company issued 1,200,000 warrants with respect to a brokered private placement, entitling the holder to acquire one common share at a price of \$1.50 per share until December 31, 2005. In addition the Company also granted 90,000 broker's warrants and 180,000 broker's shares in connection with the placement. Each broker's share entitles the holder to acquire one common share at a price of \$1.40 and one broker's warrant entitles the holder to purchase an additional share of the Company at a price of \$1.50 per share, until December 31, 2005. In November 2005, the Company extended 1,200,000 warrants until September 30, 2006. All the warrants expired on that date.

### 9. Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Under the stock option plan 4,286,766 options have been authorized, however as of March 31, 2007, only 1,060,000 have been allocated. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant.

- a) A summary of the Company's options are as follows:

#### i) At March 31, 2007 and changes for the period

Number				Number		Exercise Price Per Share	Expiry Date
Outstanding March 31, 2006	Granted	Exercised	Expired	Outstanding March 31, 2007			
740,000	-	(720,000)	(20,000)	-	\$ 0.15	June 14, 2006	
650,000	-	(650,000)	-	-	\$ 0.16	April 29, 2007	
1,150,000	-	(40,000)	(50,000)	1,060,000	\$ 1.20	May 3, 2010	
150,000	-	-	(150,000)	-	\$ 1.14	December 21, 2006	
2,690,000		(1,410,000)	(220,000)	1,060,000	\$ 1.20	May 3, 2010	

All options are fully vested at December 31, 2006.

#### ii) At March 31, 2006 and changes for the period

Number				Number		Exercise Price Per Share	Expiry Date
Outstanding March 31, 2005	Granted	Exercised	Expired	Outstanding March 31, 2006			
905,000	-	(165,000)	-	740,000	\$ 0.15	June 14, 2006	
715,000	-	(65,000)	-	650,000	\$ 0.16	April 29, 2007	
-	1,150,000	-	-	1,150,000	\$ 1.20	May 3, 2010	
-	150,000	-	-	150,000	\$ 1.14	December 21, 2006	
1,620,000	1,300,000	(230,000)	-	2,690,000	\$ 1.20	June 14, 2006 - May 3, 2010	

# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements

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Canadian Dollar

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### 9. Share Purchase Options - continued

- b) The fair value of stock options used to calculate compensation for employees and consultants is estimated using the Black-Scholes Option Pricing Model.
- i) In May 2005, the Company granted additional stock options under its Stock Option Plan to directors and employees exercisable for up to 1,150,000 shares of the Company. The fair value of these stock options was estimated at \$632,197 on the grant date. These options were fully vested on the grant date.
- ii) In December 2005, the Company granted additional stock options under its Stock Option Plan to a consultant exercisable for up to 150,000 shares of the Company. The fair value of these stock options was estimated at \$43,976 on the grant date (\$11,605 expensed in 2006). These options vest 25% on the date granted and 25% every quarter thereafter.

The total value of stock compensation expense on stock options granted to employees and consultants of the Company for the period ended March 31, 2007 is \$nil (2006 - \$11,605), which has been recorded in the accounts of the Company. This value is estimated at the date of the grant with the following weighted average assumptions:

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

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

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# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements March 31, 2007 and 2006

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### 10. Related Party Transactions

Related party balances not disclosed elsewhere are as follows:

- a) During the period, the Company had a three year employment contract (expiring April 1, 2008) with one director and officer for fees of \$15,250 per month. During the three months ended March 31, 2007, fees, salary and cash bonus in the amount of \$45,750 (2006 - \$45,750) were accrued or paid to this director and officer. In addition fees of \$31,164 (2006 - \$12,900) were also paid to another officer of the Company. Salary of \$26,000 (2006 - \$23,400) was accrued or paid to an individual related to a director.
- b) During the three months ended March 31, 2007 legal fees in the amount of \$100,192 (2006 - \$3,554) were accrued or paid to a firm related to a director.
- c) During the three months ended March 31, 2007, fees in the amount of \$221,653 (2006 - \$nil) were charged to IMPACT for contract drilling services performed in Mexico.

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

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### 11. Commitments

- a) The Company has signed a lease for office premises which commenced May 15, 2002 and ends May 14, 2007. Lease obligations, net of operating costs, are \$65,441 per year during this period. Subsequent to the year end, the Company signed a new lease which will commence June 1, 2007 and ends May 31, 2010. Lease obligations, net of operating costs, will be \$112,185 per year during the new agreement.
  - b) The Company has signed a lease for warehouse premises which commenced July 1, 2005 and ends June 30, 2008. Lease obligations, net of operating costs, are \$16,149 per year for the first two years and \$16,726 per year for the third year.
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# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements March 31, 2007 and 2006

Canadian Dollars

Unaudited

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### 12. Segmented Information

Details at March 31 are as follows:

	2007	2006
Revenue by geographic area		
Caribbean	\$ 3,253,235	\$ 2,216,043
Other	157,360	252,940
South America	4,062,855	1,641,883
	<u>\$ 7,473,450</u>	<u>\$ 4,104,886</u>
Net income (loss) by geographic area		
Caribbean	\$ 599,005	\$ 234,206
Canada	(693,791)	(49,681)
Other	40,974	68,335
South America	872,718	167,331
	<u>\$ 818,906</u>	<u>\$ 420,191</u>
Revenue by industry		
Drilling	\$ 7,473,450	\$ 4,104,886
Net income (loss) by industry		
Drilling	\$ 744,555	\$ 106,258
Exploration and mining	74,351	313,933
	<u>\$ 818,906</u>	<u>\$ 420,191</u>
Assets by geographic area		
Caribbean	\$ 9,351,801	\$ 7,435,280
Canada	13,050,524	10,364,840
South America	10,600,724	4,266,831
	<u>\$ 33,003,049</u>	<u>\$ 22,066,951</u>
Property, plant and equipment by geographic area		
Caribbean	\$ 1,222,938	\$ 576,668
Canada	929,839	1,588,885
South America	724,622	410,830
	<u>\$ 2,877,399</u>	<u>\$ 2,576,383</u>
Assets by industry		
Drilling	\$ 27,703,971	\$ 17,983,585
Exploration and mining	5,299,078	4,083,366
	<u>\$ 33,003,049</u>	<u>\$ 22,066,951</u>
Property, plant and equipment by industry		
Drilling	\$ 2,815,353	\$ 2,509,927
Exploration and mining	62,046	66,456
	<u>\$ 2,877,399</u>	<u>\$ 2,576,383</u>

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# Energold Drilling Corp.

## Notes to the Interim Consolidated Financial Statements

March 31, 2007 and 2006

Canadian Dollars

Unaudited

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### 13. Restatement

The Company records its investment in IMPACT using the equity method. When there are third parties that are issued shares of IMPACT a dilution gain or loss can occur. For fiscal 2005, the Company restated its financials and recorded a gain on dilution of \$224,346 and a future income tax liability of \$39,934, and a reduction in the previously reported deficit of \$184,412. For the three months ended March 31, 2006, the Company should have recorded a gain on dilution of \$326,707 and a future income tax liability of \$55,736 resulting in a net increase in income for the period of \$270,971, and a corresponding reduction in the previously reported deficit. The effect of the restatement on the March 31, 2006 consolidated financial statements is as follows:

	As previously reported	As restated
Investment in IMPACT	\$ 984,525	\$ 1,535,578
Future income tax liability	\$ nil	\$ 95,670
Income for the period	\$ 149,220	\$ 420,191
Deficit	\$ 1,843,204	\$ 1,387,821
Earnings per share - basic	\$ 0.01	\$ 0.02
Earnings per share - diluted	\$ 0.01	\$ 0.02

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### 14. Subsequent Event

On May 15, 2007, as part of a private placement, the Company sold 6,830,000 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 of the Company at a price of \$2.85 per share until May 15, 2008. The Company paid an underwriter's 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.

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