Energold Drilling Corp.

Form 51-102F1
Management's Discussion and Analysis
For the Period Ended September 30, 2008

INTRODUCTION

This Management's Discussion and Analysis (MD&A") of Energold Drilling Corp. ("Energold" or "the Company") is dated November 21, 2008. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of Energold Drilling Corp. and the notes thereto for the three and nine-month periods ended September 30, 2008, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts referred to herein are in Canadian dollars unless otherwise specified. Additional information relating to the Company including material change notices, certifications of annual and interim filings, and press releases are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This document contains forward-looking statements. Please refer to cautionary language on the final page.

Corporate

The Company is a diamond drilling contractor operating directly and through its subsidiaries, including Kluane International Drilling Inc. and its subsidiaries ("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 interest in IMPACT is currently accounted for on an equity basis.

Business and Industry Overview

Dramatic changes in world markets have impacted our industry, with junior explorers shutting down their programs and majors revisiting theirs. This has led to considerable confusion both in the commodities industry and the corresponding securities market. While the ultimate impact of this has not yet been determined, the Company is currently making a significant reallocation of its resources to deal with the new economic reality. Our strategy has not fundamentally changed as we continue the penetration of new markets and develop our growing relationships with a number of industry leaders. There is a reduced demand for drilling services worldwide; however, we believe the markets we are working in will suffer relatively less than most. Our clients are establishing their new priorities over the next few months and it is anticipated that the last three quarters of 2009 will represent a very active season.

In the second quarter, the Company completed the acquisition, for $1.0 million, of six drill rigs operating in Tanzania, South Africa, and Namibia. This also included contracts in Zimbabwe and will involve a Services and Support Agreement, whereby the related entities will assist with logistical and administrative matters. With this acquisition and construction of 14 rigs in the second quarter and three rigs in the third quarter, the Company had a total fleet of 72 rigs, with four additional rigs under construction in the third quarter. Rig deliveries were slowed in the third quarter with the balance of those on order arriving in the fourth quarter or early next year. We expect to exit the year with approximately 75 drill rigs. With the need to re-allocate equipment and negotiate the 2009 contracts, the effect of those new rigs on meters and revenues will not be apparent until mid-2009.

The quarter and year to date have been extremely successful and, in spite of the impact of the slowing industry, we achieved new records for both our meters drilled and gross revenues during the quarter.

With substantial cash resources and working capital, without any material long term debt and continuing substantial cash flow from operations, the Company is uniquely positioned to both endure the downturn and perhaps to be able to take advantage of opportunities in the current market conditions.

SUMMARY OF FINANCIAL AND OPERATING RESULTS

The first nine months of 2008 were a record for production both in meters and gross revenues. Group gross drilling revenues for the year to date were $34.3 million, compared to $19.0 million in the comparable period of 2007; an increase of 80% while margins (gross revenue less direct costs) were 42% for the period. Quarterly revenues were $14.2 million (2007 - $6.9 million).

The Company drilled over 73,000 meters in the current quarter, compared to 44,000 meters for 2007. We experienced an increase in average revenue per meter to $194 for the quarter and $177 for the year to date.

The Company recorded net income of $3.4 million for the quarter and $7.5 million for the first nine months of 2008, compared to net income of $2.8 million for the quarter and $5.4 million for the first nine months of 2007 (which included $2.1 million and $2.7 million, respectively, from discontinued operations). The Company has a strong balance sheet with a working capital position of $45.9 million and cash and cash equivalents of $17.4 million as at September 30, 2008.

SELECT FINANCIAL AND OPERATING INFORMATION

	Three months ended Sept. 30			Nine months ended Sept. 30		
	2008	2007	% Change	2008	2007	% Change
Revenue ($000's)	14,264	6,891	+107%	34,288	19,037	+80%
Gross margin* ($000's)	6,135	2,589	+137%	14,513	7,651	+90%
Gross margin percentage*	43%	38%		42%	40%	
Net income from continuing operations ($000's)	3,410	700	+387%	7,549	2,755	+174%
Earnings per share – basic ($)	$0.10	$0.02	+329%	$0.23	$0.10	+119%
Earnings per share – diluted ($)	$0.10	$0.02	+335%	$0.23	$0.10	+119%
Equitable meters drilled**	73,420	44,035	+67%	193,860	113,905	+70%

* Non-GAAP measure; see "NON-GAAP MEASURES" on page 14.

** Calculated on equitable meters drilled in 2007. Under a prior arrangement with certain non-controlling interests, Energold shared the operations in Peru, Ecuador, Guatemala, Brazil, the Dominican Republic, Nicaragua, Zambia and Vietnam. Equitable meters would include 50% of those meters and 100% of the meters drilled on its own account.

	Sept 30, 2008	June 30, 2008	Mar 31, 2008	Dec 31, 2007
Drill rig fleet	72	69	49	41
Cash and cash equivalents ($000's)	17,361	20,421	20,673	20,758
Total assets ($000's)	71,429	64,908	54,447	50,328
Total liabilities ($000's)	11,578	8,450	7,025	6,180

Energold is determined to establish itself as one of the premier socially and environmentally sensitive drilling contractors in the world. Our market segment has expanded dramatically as the minerals industry looks to greenfields exploration in frontier areas with inadequate infrastructure, to locate reserves sufficient to replace current high rates of consumption. In response to worldwide demand, especially with regard to the environment and frontier drilling, the Company conducted 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. This expansion was in direct response to continuing demand from clients. To help clarify our service, the Company is changing the names of its subsidiaries to create a clear identity for the group as the "Energold Drilling Group".

This expansion resulted in higher-than-normal costs for the nine months as we incurred start-up costs in mobilizing our drills to new markets, but in turn, we are also now achieving record levels of production. The U.S. dollar decline impacted seriously on our margins during 2007; however, late in 2008 we are seeing a return to a stronger U.S. dollar with a corresponding positive impact on contract rates.

The industry has been enjoying a dramatic period of growth. Our Company's objective is to lead our segment, which is the fastest growing segment, and we believe we are well on our way to achieving this goal. 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 relationships with our current clients and new clients. Moreover, under the new market conditions, we believe it is important to continue to develop our business in new markets as they become available.

CONTRACT DRILLING

Global mineral exploration continued to grow right through to mid-August when market conditions dramatically changed. The contract drilling industry is traditionally 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. The recent slowdown will likely aggravate that pattern until there is more certainty in the market.

The Company was able to overcome a number of operational issues and meters drilled in the first nine months were a record of 193,000. Total meters drilled in the last three months were in excess of 73,000 meters, and this only partially reflects Energold's ongoing program of rapid expansion. At the beginning of 2008, the Company owned a total of 41 drill rigs. Since then, the Company has built 25 additional rigs. The Company also acquired a further six drill rigs in southern Africa, as discussed in more detail below. By the end of September, the Company had 72 drill rigs, all 100% owned, achieving our year-end target six months early. Because of the remote locations, it is taking more time to mobilize these rigs (approximately three to five months) and while we expected to see increased levels of production resulting from these additions in the second half of the year, the obvious market disruption in the third quarter will likely slow that growth until the middle of 2009.

In the second quarter, the Company announced the acquisition of the drilling equipment of the sub-Saharan Africa drilling operations of Clarity Mineral Services Ltd. ("Clarity"), a member of the Clarity Capital Group, for $1.0 million, one half of which was in cash , the balance in 126,367 shares of Energold at a deemed price of $3.96 per share. The drilling operations were in Zambia, Namibia, Zimbabwe and Tanzania. These businesses operate in regions where Energold either does not currently have a presence or is lacking infrastructure. Through this purchase, Energold has acquired six diamond and reverse circulation drill rigs with related support equipment, together with inventory and contracts. It was anticipated that these assets would help give Energold the immediate physical presence to further expand its operation throughout other parts of southern Africa in a timelier manner than traditional organic growth. Africa is considered to be a significant area of growth in the drilling industry. The lack of infrastructure and hard-t0-access mining projects in central Africa are highly suitable for our design of drill rigs.

The production mix during the quarter was varied, and most of the Company's drill contracts reflected the price increases driven by results in 2007 that included a declining U.S. dollar and rising costs. As a result of the above and certain take-or-pay contracts, average revenue per meter exceeded $194 for the third quarter or $177 for the first nine months. Margins remained above 42%, in spite of the number of rigs being mobilized.

Energold's rapid expansion of its drilling capacity was designed to respond to the very significant demand in our particular industry segment. As a Company, we intend to remain primarily focused on our highly mobile and successful drills to service the frontier drilling, as well as more conventional targets. Almost 50% of all the new rigs being built have the capability of our new Series III rigs. Recent field tests with existing prototypes have provided upgrades that will continue to improve the Series III model's overall performance well beyond the original design parameters of 700+ meters and yet still retain the high degree of mobility that makes our rigs so distinctive.

Over the last three years, increasing demand for commodities continued to put pressure on the industry for rigs. As exploration continued with mixed results in established areas, more of the industry's interest became focused on "frontier areas", where the lack of infrastructure has held back exploration in the past. The need for new exploration also generates social and environmental issues which our rigs are designed to address. As a direct result of all of the trends outlined above, we believe the demand for our style of drilling will remain more active than the industry as a whole. Very recently, financings for "small cap" companies are becoming more difficult and we have experienced some collection issues and delays in drill programs. This has reinforced our already established strategy to move more toward larger capitalization companies with sufficient working capital ("Majors") as our clients, wherever possible. Most of the difficult accounts we have are prepared to work a solution with a positive approach to their situation; however, we have made provision for certain companies and may have to make further provisions for others who are not able to address their current financial difficulties. Some time will be required for some of our clients to recapitalize their mining exploration and development programs.

With excellent working capital and no significant long term debt and new rigs in place or under construction, we hope to capitalize on the continuing demand for drilling especially in frontier areas, into the immediate future.

Generally, the Company's revenues are denominated in U.S. dollars and the Company's margins remain sensitive to foreign exchange variations. During the last half of 2007, especially, because of the declining U.S. dollar, our revenue –and hence our margins– were negatively impacted. This and rising industry costs, in turn, prompted us to revise contract rates; however, there was a lag between the U.S. dollar declines and the revised contract rates, but at the end of the third quarter, the average revenue per meter had risen to $194 per meter. We expect continued strength in our price per meter in the fourth quarter as the U.S. dollar continues to strengthen vis-a-vis the Canadian dollar.

Up until mid-August as we anticipated, start-up situations in new markets and rig mobilizations contributed to increased operating costs, but have already generated increases in production and helped firmly establishing ourselves in these markets. Although equipment suppliers were also raising prices, with the increasing demand for drill rigs worldwide, margins have stabilized and started to improve. Over the last two to three years, the Company has had to address the ongoing shortage of quality crews and down hole supplies. We have also experienced increasing delays in shipping and customs which has led to excessive down time. We recognized that in the course of such rapid growth we will incur certain inefficiencies; however, we intended to continue to push the expansion envelope.

Our investment in drilling supplies inventories to support our continuing operations increased to $16.8 million, up from $8.7 million at December 31, 2007. Part of this increase in the carrying values of inventory is attributable to higher supplier prices, partly because of the additional new rigs that need to be supplied and partly due to our decision to put more inventories into the field to have supplies closer on hand to service our client drilling needs. Due to the need to be self-sustaining in remote operating locations, we estimate that we require an investment in inventory of approximately $225,000 for each new drill that we put into the field. We have also established in certain countries a limited number of strategic inventories to reduce the time delays experienced in clearing customs.

Crews always remain a significant bottleneck in our industry, as it requires trained personnel with additional social skills to work in remote locations. The simple and common design of our drill rigs allows us the opportunity to train drillers faster than is normal in the industry and allows us to interchange the work force without additional training. 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 drill programs, these personnel can substantially reduce our mobilization costs and increase our operations' flexibility. This also allows us to meet our goal of ensuring there are social benefits to the local communities from our activities.

The Company has set a number of objectives for the next two to three 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. We will continue to train and develop our drillers and support staff to the maximum of our capability.

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 introduction last year of our prototype Series III model has provided enhanced depth capabilities well beyond 700 meters. Combined with a new program of redesign and retrofitting of older models, we anticipate improved performance capabilities from our rigs in the coming year. The recently announced acquisition included rigs that are more traditional and although not our focus, will complement our current rig fleet. One rig is a trailer-mounted rotary/down hole hammer, capable of depths of 200 meters. We are currently using this on a program with Clarity and, with the program's apparent success; the Company is acquiring two more. With the high productivity, simplicity of design and our ability to train operators for it in a matter of weeks, the rotary drill rigs will complement our existing diamond drilling fleet.

In a number of countries, we are dominating the most rapidly growing segment of the industry which allows us to maintain good margins. Local competition is limited and new competitors are generally unwilling to expose themselves to the risks and invest the time and energy to establish themselves in these markets.

Because our organic growth is limited to our available resources in people, we are reviewing possible acquisitions in areas where they will provide a market entry as well as the necessary personnel and infrastructure to support our activities.

Mexico

In 2005, the Company expanded into Mexico through its 100% subsidiary, Energold de México 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 approximately 15 rigs in Mexico at the end of the quarter, with two more being mobilized. This compares to four rigs at the end of March 2006. In 2007, to build infrastructure and train crews, the Company incurred significant start-up costs in Mexico as well as mobilization costs on the new rigs. In the first nine months of 2008, the Company has seen a dramatic improvement over the prior two years in productivity and profitability. Our clientele is also primarily Majors and a considerable portion of the drilling is at either existing mines or major projects with multiple drills. The size of the Company's operations is rapidly expanding and the Company drilled 47,000 meters more in the first nine months of 2008 than the comparable period in 2007. With additional crews and improved local logistics, the Company will continue to add additional rigs (including two underground drills) in response to the continuing demand for the balance of 2008 and we anticipate we will exit the year with approximately 19 rigs in Mexico.

Africa

Madagascar

In the third quarter, the Company had three rigs located in Madagascar. One of these rigs remained working at the end of the quarter, one was idle and one was shipped to mainland Africa in the fourth quarter.

Continental Africa

In the area of Zambia and the Democratic Republic of Congo ("the DRC"), demand has continued and in addition to one Series II rig located in the DRC currently waiting for a contract renewal, we also had two more rigs nearby: one working in Zambia on the copper belt and a second in the DRC, on a project located on the DRC side of the Zambian copper belt. In July, another rig was moved into the DRC just west of Uganda; however, as political conditions worsened the rig is currently being removed. Central Africa is a frontier area with very limited infrastructure and where our mobility and efficiency make us the leading competitor. Here we are able to engage experienced local drillers.

With the recent acquisition from Clarity, we added six additional rigs: two of these are now located at a mine in South Africa, the portable RC rig was working in Tanzania, whereas a second RC rig and a small fly diamond drill rig are located in Namibia. A sixth truck-mounted diamond drill rig will be moved to a mine in Zimbabwe in the near future. Three more of our Series II diamond drill rigs are currently being shipped to this market. As a result of the recent market conditions, we will be repositioning some of the rigs previously dedicated to their programs. We are also making proposals for a number of new projects in several sub-Saharan countries. In these locations, we look to partner with the client where they supply a great deal of the local content and logistics. Africa is a significant market opportunity for the Company and once market conditions are stabilized, we expect to add additional rigs in the region next year.

Dominican Republic ("the DR")

In the first quarter of 2008, the Company had six rigs in the DR and was conducting two drill programs including one at the Pueblo Viejo Mine. Because of the small size of the market, we anticipated a reduction in total meters drilled there for the balance of 2008. As a result, at the end of the second quarter 2008, the Company moved two rigs to Guyana. By the beginning of the fourth quarter the remaining rigs were contracted out.

Brazil

Brazil is especially suited for the type of work we specialize in and represents a significant growth opportunity. The work there 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 in July and a further two in the fall, which will bring the total to six Series II rigs in-country, while a Series I rig was assembled to train crews and handle less challenging assignments. Brazil has certain cost and bureaucratic issues which we hope to overcome with time; however, all of the current rigs are contracted out.

In 2008, we established a second office in Central Brazil and are currently reviewing a number of opportunities for larger drill programs.

Central America

Central America (excluding Guatemala, which was disposed of as part of a corporate reorganization agreement completed in the fourth quarter 2007), continues to represent an excellent opportunity for Energold, as it has experienced environmental and social issues that our drilling approach can help address. The Company has completed two contracts involving three rigs in Nicaragua by the end of the third quarter. There are a number of opportunities in Central America; however, we expect no significant activity there until mid-2009, as the industry adapts to the new market conditions.

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 Peru a prime market. This is a very large, but competitive market, where our clients and projects vary in size and nature. Many of the drill programs are conducted at altitudes over 3,500 meters and the Company has replaced the 32 hp turbo diesel engines on the majority of its Series II rigs with larger 42 hp turbo diesel engines to provide extra power and capacity. The first half was disappointing in part because of the late start on certain contracts due to permitting issues, as well as severe weather conditions which created extreme flooding in parts of the country. Unfortunately, as a result of the stock market event in August, a number of the local clients cut back their programs until they could determine the resulting impact.

At the end of September, the Company had eleven drills in Peru, including our largest version of the modular rigs with the capability of running with 168 hp. However, only a limited number were contracted out.

Other Markets

Also in Latin America, the Company has a further four rigs that completed one off programs in situations where the client sponsored our entry into the local market. The ultimate assignment of these rigs for 2009 will be subject to our local client's ability to go forward or relocation to an existing market.

The Company now has two Series III rigs working on an extended contract in Albania. Drilling production exceeded target development on this program and one rig was put on stand-by in November; the other will continue to the Christmas break with both rigs starting up again in January.

The Company also conducted a limited program in Vietnam with a Series I rig in 2007. During the first half of 2008, the work increased in volume and a Series III rig was mobilized for that market to increase our capacity and complement the current rig's services. After the local wet season, both rigs are anticipated to start up in the New Year. Southeast Asia remains a prospective area for us in the future, where our standard rigs outperform most of the local competition.

FINANCIAL DISCUSSION AND ANALYSIS

SUMMARY OF FINANCIAL RESULTS

Three Months Ended September 30, 2008 Compared to the Three Months Ended September 30, 2007

Net income from continuing operations for the three months ended September 30, 2008 increased to $3.4 million ($0.10 per share – basic and diluted), up 387% from $0.7 million ($0.02 per share – basic and diluted) in 2007.

The net income from continuing operations for the three months ended September 30th were impacted by the following factors:

- Revenues increased to $14.3 million in the third quarter, up 107% from $6.9 million in the third quarter of 2007, primarily as a result of the increased number of drill rigs in operation and increased drilling rates which were implemented in early 2008 to offset the decline in the U.S. dollar as compared to the Canadian dollar;

- Gross margin increased to $6.1 million in the third quarter, up 137% from $2.6 million in the third quarter of 2007. Gross margin increased primarily as a result of the increased number of drill rigs in operation, as well as the slightly higher gross margin percentage realized. Gross margin percentage was 43% compared to 38% in 2007. The increase was a result of increases in drilling rates and positive foreign exchange translation which more than offset the increases in drillers' wages and consumables;

- Indirect and administrative expenses increased to $2.0 million in the third quarter, up from $0.7 million in the third quarter of 2007 as a result of the increased support required for the new drill rigs in operation. Included in the third quarter of 2008 was a provision for doubtful accounts in the amount of $0.5 million for which there were no comparable costs in the third quarter of 2007;

- A foreign exchange gain of $0.6 million was recognized in the third quarter as compared to a foreign exchange loss of ($1.0) million in the third quarter of 2007. The gain in 2008 was due to the weakening of the Canadian dollar in comparison to the U.S. dollar in the third quarter of 2008. In the third quarter of 2007 the Canadian dollar was strengthening against the U.S. dollar and this gave rise to the foreign exchange loss in 2007;

- Current income taxes increased to $0.6 million in the third quarter, up from $0.4 million in the third quarter of 2007. Future income taxes increased to $0.8 million in the third quarter, up from $18,000 in the third quarter of 2007. Increases in current and future income tax provisions are a result of the Company's increased profitability.

Nine Months Ended September 30, 2008 Compared to the Nine Months Ended September 30, 2007

Net income from continuing operations for the nine months ended September 30, 2008 increased to $7.5 million ($0.23 per share – basic and diluted), up 174% from $2.8 million ($0.10 per share – basic and diluted) in 2007.

The net income from continuing operations for the nine months ended September 30th were impacted by the following factors:

- Revenues increased to $34.3 million in the nine months ended September 30, up 80% from $19.0 million in the same period in 2007, primarily as a result of the increased number of drill rigs in operation and increased drilling rates which took effect in early 2008 to offset the decline in the U.S. dollar as compared to the Canadian dollar;

- Gross margin increased to $14.5 million in the nine months ended September 30th, up 90% from $7.7 million in the same period in 2007. Gross margin increased primarily as a result of the increased number of drill rigs in operation as well as the slightly higher gross margin percentage realized. Gross margin percentage was 42% compared to 40% in 2007. The increase was a result of increases in drilling rates and positive foreign exchange translation which more than offset the increases in driller's wages and consumables;

- Indirect and administrative expenses increased to $5.3 million in the nine months ended September 30th, up 119% from $2.4 million in the same period in 2007 as a result of the increased support required for the new drill rigs in operation. Included in the nine months ended September 30, 2008 was a provision for doubtful accounts in the amount of $0.8 million and investigation costs related to potential acquisitions of $0.7 million for which there were no comparable costs in the same period in 2007;

- A foreign exchange gain of $1.2 million was recognized in the nine months ended September 30 as compared to a foreign exchange loss of $2.1 million in the same period in 2007. The gain in 2008 was due to the weakening of the Canadian dollar in comparison to the U.S. dollar in the first nine months of 2008. In the first nine months of 2007 the Canadian dollar was strengthening against the U.S. dollar and this gave rise to the foreign exchange loss in 2007;

- In the nine months ended September 30, 2007 the Company realized a gain on the disposal of assets of $1.4 million. No such gain was realized in the nine months ended September 30, 2008;

- Current income taxes increased to $1.8 million in the nine months ended September 30, up from $1.6 million in the same period in 2007. Future income taxes increased to $1.6 million in the nine months ended September 30th, up from $28,000 in the same period in 2007. Increases in current and future income tax provisions are a result of the Company's increased profitability;

- GAAP require that profits recorded on drilling completed by Energold for IMPACT be 100% eliminated even though Energold only owns 13.89% of IMPACT's common shares. For the nine months ended September 30, 2008 Energold eliminated $0.2 million in profits related to IMPACT.

Liquidity and Capital Resources

The Company's financial position at September 30, 2008 remains strong with $17.4 million in cash and cash equivalents (December 31, 2007 - $20.8 million) and net working capital of $45.9 million (December 31, 2007 - $33.8 million).

In the opinion of management, the working capital at September 30, 2008, together with the future cash flows from operations, is sufficient to support the Company's normal operating requirements on an ongoing basis.

Approximately 10% - 20% of our accounts receivable at September 30, 2008 are with clients whom are experiencing current financial difficulties because of the tightening of equity capital markets and bank loan financing opportunities. We have established a partial allowance for doubtful accounts with respect to these amounts but expect with patience that most of these accounts will be realizable over time when liquidity returns to the debt and equity markets.

Capital expenditures for the final three months of 2008 are estimated to be approximately $0.6 million for continued drill fleet expansion.

Total assets increased to $71.4 million at September 30, 2008 from $50.3 million at December 31, 2007.

During the three months ended September 30, 2008, the Company used cash in continuing operating activities of ($1.7) million (nine months ended September 30, 2008 – ($7.4) million) compared with cash provided by operations of $0.9 million during the three months ended September 30, 2007 (nine months ended September 30, 2007 – ($2.2) million used by operations). The primary use of cash in all of these periods has been towards an increase in inventories and accounts receivable as the Company's drill fleet continues to expand and revenues continue to grow. Accounts receivable and prepaid expenses increased to $20.0 million (December 31, 2007 - $8.1 million) and inventories increased to $16.8 million (December 31, 2007 - $8.7 million).

Other transactions during the three months ended September 30, 2008 include:

- The Company invested a total of $1.4 million in the purchase of property, plant and equipment (nine months ended September 30, 2008 - $3.8 million), primarily in relation to the purchase of new drills;

Share Capital Transactions

During the third quarter, 23,529 common shares were issued to a director of the Company in relation to a private placement. No share purchase options were granted, exercised or expired during the third quarter.

On November 12th, the Company announced that it was not proceeding with the grant of incentive stock options exercisable for 998,000 shares at a price of $2.50 per share, which grant had been announced in a news release dated September 18, 2008. A decision was made to not proceed with the grant of such options since under the present market conditions, the Board of Directors believed that such options would not serve their intended purpose.

During the nine months ended September 30, 2008, the Company received $7.7 million from the issuance of common shares upon the exercise of 2,657,200 warrants and 21,500 share purchase options.

Outstanding Share Data

The following common shares and share purchase options of the Company were outstanding at November 21, 2008:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares at November 21, 2008	34,128,048		
Share purchase options outstanding	713,500	$1.20	May 3, 2010
Fully Diluted at November 21, 2008	34,841,548		

All of the share purchase options outstanding have vested as at November 21, 2008.

Selected Quarterly Information

	For the three months ended ($000's except per share amounts)							
	Sept 30, 2008	**Jun 30, 2008**	**Mar 31, 2008**	**Dec 31, 2007**	**Sept 30, 2007**	**Jun 30, 2007**	**Mar 31, 2007**	**Dec 31, 2006**
Revenue	14,264	11,399	8,625	7,144	6,891	5,968	5,844	4,832
Net income	3,410	2,370	1,769	1,994	699	1,541	515	698
Basic net income per share*	0.10	0.07	0.06	0.07	0.03	0.05	0.02	0.03
Diluted net income per share*	0.10	0.07	0.05	0.07	0.03	0.05	0.02	0.03
Cash and cash equivalents	17,361	20,421	20,673	20,758	20,606	21,793	7,095	10,865
Total assets	71,429	64,908	54,447	50,328	45,310	48,591	33,003	31,093
Total liabilities	11,578	8,450	7,025	6,180	5,702	13,643	14,002	12,854

* Per share numbers have been rounded to two decimal places

PROJECT AND EQUITY HOLDINGS

IMPACT Silver Corp. (IPT: TSX.V)

The Company owns 6.6 million shares or 13.89% of the issued and outstanding shares of IMPACT at September 30, 2008. The Company, through mutual management at the executive level and its shareholding and directorships in IMPACT, exercises significant influence over IMPACT and, as a result, the investment is accounted for using the equity method of accounting. This investment is carried on the Company's balance sheet at $3.4 million.

IMPACT is a natural resource mining and development company, primarily engaged in the acquisition, exploration and development of natural resource properties. IMPACT's principal business activities for the past ten years have been the exploration, development and mining of certain mineral properties located in Mexico and the Dominican Republic. IMPACT currently produces silver, lead and zinc at the Royal Mines of Zacualpan in the State of Mexico with a mill rated at 500 tonnes per day ("tpd"). In the first quarter of 2008, IMPACT acquired a semi-portable 200 tpd mill for potential use at its projects in the Mamatla and Zacualpan mining districts and in the second quarter it was moved to storage in Zacualpan. It also holds an option on a third mill with a capacity of 200 tpd at the Veta Grande Project in Zacatecas.

Over the last three years, IMPACT has grown from an exploration company into a significant silver producer with levels of production continuing to rise. As importantly, IMPACT has managed to acquire control of almost two entire mineral districts in Central Mexico, the Royal Mines of Zacualpan Silver District and the Mamatla Mineral District immediately to the southwest of Zacualpan. It also owns the Veta Grande Silver Project in the Zacatecas Silver District, Mexico.

IMPACT Silver Corp. Results for the three and nine months ended September 30, 2008:

	($000's except per share amounts)						
	Three months ended				Nine months ended		
	Sept 30, 2008	Sept 30, 2007	% Change		Sept 30, 2008	Sept 30, 2007	% Change
Revenue	2,244	1,604	+40%		6,687	5,140	+30%
Mine operating earnings*	201	358	-44%		1,920	1,231	+56%
Income (loss) before taxes	(141)	(287)	N/A		1,400	(68)	N/A
Net income (loss)	(233)	(287)	N/A		918	(68)	N/A
Earnings per share – basic	(0.00)	(0.01)	N/A		0.02	(0.00)	N/A
Earnings per share – diluted	(0.00)	(0.01)	N/A		0.02	(0.00)	N/A

* Includes amortization and depletion for the three months ended September 30, 2008 of $376,000 (2007 - $200,000) and for the nine months ended September 30, 2008 of $817,000 (2007 - $594,000).

Production for the three and nine months ended September 30th:

	Three months ended				Nine months ended		
	Sept 30, 2008	Sept 30, 2007	% Change		Sept 30, 2008	Sept 30, 2007	% Change
Total tonnes produced	27,746	27,273	+2%		76,083	75,569	+1%
Tonnes produced per day	302	296	+2%		278	277	+1%
Silver production (ounces)	169,273	85,610	+98%		421,792	245,177	+72%
Lead production (tonnes)	262.38	155.01	+69%		555.78	448.04	+24%
Zinc production (tonnes)	311.82	229.69	+36%		753.48	716.97	+5%
Revenue per tonne	$78.51	$58.81	+33%		$91.25	$68.01	+34%
Direct costs per tonne	$59.27	$38.34	+55%		$54.10	$43.85	+23%

Note: all measurements are metric (other than silver) and are subject to smelter settlements.

OTHER

Investor Relations

Over the quarter, the Company's officers and employees attended a number of industry and investor conferences in Europe, Canada and Latin America on behalf of Energold, its subsidiaries and IMPACT. The Company's management, on a regular basis, conducts a number of meetings with Fund and Money managers. The Company conducts the subsidiaries and its own public relations and communications and also assists IMPACT with its day-to-day investor relations.

Where previously Energold retained a consulting firm to assist in its investor relations program, this contract was terminated in early 2008 and the Company is now conducting all of its investor relations activities internally.

With the change in name to Energold Drilling Corp., the drilling group plans to establish itself as the name plate worldwide 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 of very limited size, 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. 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 drillers, 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 a provisional safety audit program.

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 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.

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. In certain countries, it is developing and training a local work force. It also is hiring overseas and developing incentive programs to retain its driller work force. If the Company cannot hire or train the drillers, it will result in lower rig utilization and loss of revenues.

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. While the Company retains a core legacy of mineral concession exploration properties in the DR, 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. The Company believes that current exploration efforts by other mineral exploration companies in the DR 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.

Financial Instruments and Management of Financial Risk

The Company's financial instruments are exposed to a number of financial and market risks including credit, liquidity, foreign exchange, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of cash flow of its operations would warrant such hedging activities.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk is primarily attributable to short term deposits and accounts receivable. The Company's primary counterparties related to its money market investments carry investment grade ratings. The Company manages credit risk for trade and other receivables through established credit monitoring activities. The Company concentrates cash management of some of its offshore subsidiaries principally through its Canadian banking relationships for cash investment management purposes. The Company's maximum exposure to credit risk at the reporting date is the carrying value of its receivables and short term deposits.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity by maintaining cash and cash equivalent balances available to meet its anticipated operational needs. The Company has not been required to establish available or committed credit facilities but will do so as necessary. Liquidity requirements are managed based on expected cash flow to ensure that there is adequate capital to meet short term and long term obligations.

Market Risks

The significant market risks to which the Company is exposed are foreign exchange risk, interest rate risk and commodity price risk.

Foreign Exchange Risks

The Company operates on an international basis on five continents and therefore, foreign exchange risk exposures arise from transactions denominated in foreign currencies. The majority of its international business is conducted in U.S. dollars. Thus its foreign exchange risk arises primarily with respect to the U.S. dollar, although the Company also incurs operating costs in local currencies in various countries in which it carries on active business operations.

At September 30, 2008, the Company is exposed to currency risk through the following assets and liabilities held in U.S. and other foreign currencies:

		September 30, 2008		December 31, 2007
Cash and cash equivalents	**$**	**10,796,351**	$	8,875,228
Other assets		**17,705,633**		6,586,245
Accounts payable		**(2,657,301)**		(889,163)
	$	**25,844,683**	$	14,572,310

The Company elects not to actively manage our foreign exchange risk at this time.

Interest Rate Risk

The Company's interest rate risk arises primarily from the interest received on cash and short-term deposits. The floating rate deposits expose the Company to cash flow interest rate risk. The Company does not currently have any short or long term interest borrowings.

The deposits are invested on a short term basis to enable liquidity for payment of operational and capital expenditures. As a result of rapid rollover of short term investments there is little risk of capital loss as a result of changes in interest rates.

Commodity Price Risk

The Company is subject to price risk for certain input costs involved in its business operations such as fuel for its drilling operations. The Company has a policy of contractually transferring the responsibility of fuel supply costs to at least some of its clients so as to reduce its business risk.

Changes in Accounting Policies – Adoption of New Accounting Policies

On January 1, 2008, the Company adopted three new presentation and disclosure standards issued by the Canadian Institute of Chartered Accountants:

Handbook Sections 3862, *Financial Instruments – Disclosure*, and 3863, *Financial Instruments – Presentation*, have replaced Section 3861, *Financial Instruments - Disclosure and Presentation*. These new sections incorporate many of the disclosure requirements of Section 3861, but place an emphasis on disclosure about risk, including both qualitative and quantitative information about the risk exposures arising from financial instruments. Section 1535, *Capital Disclosures*, establishes disclosure requirements about the Company's objectives, policies and processes for managing capital, quantitative data about what the Company regards as capital, whether the Company has complied with capital requirements and, if the entity has not complied, the consequences of such non-compliance.

Section 3031, *Inventories*, which replaces Section 3030, establishes standards for the measurement and disclosure of inventories. The new standard provides more extensive guidance on the determination of cost, including allocation of overhead and requires impairment testing. The adoption of this new accounting policy did not have any impact on the Company's consolidated financial statements.

The following outlines the Company's Capital Management and Management of Financial and Market Risk Policies in accordance with the Company's adoption of the Handbook Sections 1535 and 3862 and 3863 guidelines.

Recent Accounting Pronouncements Issued But Not Yet Implemented

Effective January 1, 2009, for the Company, Handbook Section 3064 replaces Section 3062, "Goodwill and Intangible Assets" and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred.

The Company is currently assessing the impact of these new accounting standards on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board confirmed that Canadian public companies will have to adopt IFRS effective for fiscal years beginning on or after January 1, 2011. The Company is currently evaluating this new requirement and is in the process of creating a plan to convert to IFRS. The financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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 at September 30, 2008. 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, 2008 the Company has designed 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- and nine-month periods ended September 30, 2008 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.

NON-GAAP MEASURES

The Company uses both GAAP and non-GAAP measures to assess performance and believes the non-GAAP measures provide useful information to investors. Following are the non-GAAP measures the Company uses in assessing performance:

Gross margin: Calculated as Revenue from Drilling Contracts less Direct Drilling Costs.

Gross margin percentage: Calculated as (Gross margin divided by Revenue from Drilling Contracts) x 100.

The Company's method of calculating these non-GAAP measures may differ from other entities and, accordingly, may not be comparable to measures used by other entities. Investors are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with GAAP as an indicator of the Company's performance.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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 the Company 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 the Company's exploration properties. Such statements reflect the current views of the Company 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 the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

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, Chief Executive Officer

November 21, 2008