

ENERGOLD DRILLING CORP.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2011

Unaudited

NOTICE OF NO REVIEW BY AUDITOR

In accordance with National Instrument 51 – 102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators **WE HEREBY GIVE NOTICE THAT** the interim consolidated financial statements which follow this notice have not been reviewed by an auditor.

Energold Drilling Corp.

Interim Consolidated Statements of Financial Position

Canadian dollars

Unaudited

ASSETS	March 31 2011	December 31 2010	January 1 2010
Current assets			
Cash and cash equivalents	\$ 22,397,924	\$ 28,224,579	\$ 18,460,268
Restricted cash (Note 6)	278,545	252,981	2,218,750
Trade and other receivables	21,868,091	12,123,663	6,922,090
Due from IMPACT Silver Corp.	392,541	414,419	274,902
Income taxes receivable	525,161	478,735	594,289
Short-term investments	2,139,222	2,484,453	1,412,493
Inventories (Note 7)	30,141,931	27,896,544	22,345,270
	77,743,415	71,875,374	52,228,062
Non-current assets			
Investment in a private corporation (Note 9)	2,000,000	2,000,000	-
Investment in IMPACT Silver Corp. (Note 8)	5,407,117	5,137,005	3,505,210
Exploration properties	634,962	645,097	672,765
Property, plant and equipment (Note 10)	10,207,259	8,745,489	6,864,255
Intangible assets (Note 11)	2,037,186	1,710,000	1,710,000
Deferred income tax assets	902,297	906,558	548,507
	21,188,821	19,144,149	13,300,737
	\$ 98,932,236	\$ 91,019,523	\$ 65,528,799
LIABILITIES			
Current liabilities			
Trade and other payables	\$ 11,645,830	\$ 7,170,082	\$ 3,569,728
Current income tax payable	1,540,738	505,178	69,444
Deferred revenue	753,626	552,869	506,647
	13,940,194	8,228,129	4,145,819
Non-current liabilities			
Accounts payable	395,938	-	-
Finance leases	142,616	167,511	-
Deferred income tax liabilities	3,735,778	4,202,588	2,933,736
Deferred revenue	98,684	98,694	-
	4,373,016	4,468,793	2,933,736
	18,313,210	12,696,922	7,079,555
SHAREHOLDERS' EQUITY			
Share capital	56,741,618	56,257,542	41,062,153
Contributed Surplus	2,968,580	2,568,884	1,296,565
Warrants	2,060,276	2,060,276	-
Accumulated other comprehensive (loss) income	(457,563)	(14,652)	152,785
Retained earnings	19,306,115	17,450,551	15,937,741
	80,619,026	78,322,601	58,449,244
	\$ 98,932,236	\$ 91,019,523	\$ 65,528,799

ON BEHALF OF THE BOARD:

"F.W. Davidson" _____, Director

"H.W. Sellmer" _____, Director

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

Energold Drilling Corp.

Interim Consolidated of Comprehensive Income

For the Three Months Ended March 31

Canadian dollars

Unaudited

	2011	2010
Revenue from drilling contracts	\$ 22,730,833	\$ 8,072,362
Direct drilling costs	<u>16,308,619</u>	<u>6,882,404</u>
	6,422,214	1,189,958
Indirect and administrative expenses		
Accounting, audit and legal	348,775	138,635
Amortization	400,529	341,710
Bad debt (recovery)	11,052	(52,005)
Investor relations, promotion and travel	238,131	113,275
Management fees and consulting	602,965	297,854
Office, rent, insurance and sundry	472,480	283,941
Office salaries and services	1,450,307	739,538
Share-based payments	492,001	183,440
	<u>4,016,240</u>	<u>2,046,388</u>
Earnings (loss) before the following	2,405,974	(856,430)
Other income		
Dilution (loss)gain on investment in IMPACT Silver Corp. (Note 8)	(3,217)	17,504
Equity increase in IMPACT Silver Corp. (Note 8)	273,688	92,031
Foreign exchange loss	(359,394)	(372,972)
Gain on acquisition of assets	-	111,825
Gain on disposal of assets	642,022	111,205
Finance loss	(75,886)	(26,573)
Other income	6,053	4,733
	<u>483,266</u>	<u>(62,247)</u>
Earnings (loss) before taxes	2,889,240	(918,677)
Deferred income taxes	465,099	(22,802)
Current income and other taxes	(1,498,775)	(311,418)
Net earnings (loss)	\$ 1,855,564	\$ (1,252,897)
Retained earnings – Beginning of period	<u>17,450,551</u>	<u>15,937,741</u>
Retained earnings – End of period	19,306,115	14,684,844
Earnings per share - Basic	\$ 0.05	\$ (0.04)
Earnings per share - Diluted	\$ 0.05	\$ (0.04)
Weighted average number of shares outstanding - Basic	\$ 39,700,941	\$ 34,285,184
Weighted average number of shares outstanding - Diluted	\$ 40,490,546	\$ 34,616,065
Net earnings (loss)	\$ 1,855,564	\$ (1,252,897)
Other comprehensive income (loss)		
Unrealized gains on available-for-sale short term investments (net of taxes)	133,087	(205,837)
Cumulative translation adjustment	(575,998)	(518,514)
Total comprehensive income (loss)	\$ 1,412,653	\$ (1,977,248)

- The accompanying notes form an integral part of these unaudited interim consolidated financial statements –

Energold Drilling Corp.

Interim Consolidated Statement of Changes in Equity

Canadian dollars

Unaudited

	Shares Outstanding	Share Capital (\$)	Contributed Surplus (\$)	Warrants (\$)	Accumulated Other Comprehensive Income (\$)	Retained Earnings (\$)	Total Shareholders' Equity (\$)
Balance at January 1, 2010	34,143,048	41,062,153	1,296,565	-	152,785	15,937,741	58,449,244
Net loss for the period	-	-	-	-	-	(1,252,897)	(1,252,897)
Common shares issued for acquisition of assets	107,224	262,699	-	-	-	-	262,699
Stock options exercised	428,500	520,275	-	-	-	-	520,275
Fair value assigned to options exercised	-	233,775	(233,775)	-	-	-	-
Fair value of stock options vested	-	-	183,440	-	-	-	183,440
Cumulative translation adjustment	-	-	-	-	(518,514)	-	(518,514)
Unrealized losses on investments	-	-	-	-	(205,837)	-	(205,837)
Balance at March 31, 2010	34,678,772	42,078,902	1,246,230	-	(571,566)	14,684,844	57,438,410
Net earnings for the period	-	-	-	-	-	2,765,707	2,765,707
Stock options exercised	306,500	407,490	-	-	-	-	407,490
Fair value assigned to options exercised	-	186,145	(186,145)	-	-	-	-
Fair value of stock options vested	-	-	1,126,098	-	-	-	1,126,098
Fair value of compensations options issued	-	-	382,701	-	-	-	382,701
Shares issued in relation to a private placement	4,662,162	14,988,651	-	-	-	-	14,988,651
Share issue costs	-	(1,403,646)	-	-	-	-	(1,403,646)
Warrants issued in relation to a private placement	-	-	-	2,060,276	-	-	2,060,276
Cumulative translation adjustment	-	-	-	-	(517,278)	-	(517,278)
Unrealized gains on investments	-	-	-	-	1,074,192	-	1,074,192
Balance at December 31, 2010	39,647,434	56,257,542	2,568,884	2,060,276	(14,652)	17,450,551	78,322,601
Net earnings for the period	-	-	-	-	-	1,855,564	1,855,564
Stock options exercised	110,800	231,771	-	-	-	-	231,771
Fair value assigned to options exercised	-	92,305	(92,305)	-	-	-	-
Fair value of stock options vested	-	-	492,001	-	-	-	492,001
Shares issued to an employee as a bonus	38,835	160,000	-	-	-	-	160,000
Cumulative translation adjustment	--	-	-	-	(575,998)	-	(575,998)
Unrealized gains on investments	-	-	-	-	133,087	-	133,087
Balance at March 31, 2011	39,797,069	56,741,618	2,968,580	2,060,276	(457,563)	19,306,115	80,619,026

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

Energold Drilling Corp.
Interim Consolidated Statement of Cash Flows
For the Three Months Ended March 31
Canadian dollars
Unaudited

Cash provided by (used in)	2011	2010
Operating activities		
Net earnings (loss)	\$ 1,855,564	\$ (1,252,897)
Items not affecting cash:		
Amortization	400,529	341,710
Dilution loss (gain) on investment in IMPACT Silver Corp.	3,217	(17,504)
Equity decrease (increase) in IMPACT Silver Corp.	(273,688)	(92,032)
Deferred income taxes	(465,099)	22,802
Gain on disposal of assets	(642,022)	(111,205)
Gain on acquisition of assets (Note 5b)	-	(111,825)
Shares issued to an employee as a bonus	160,000	-
Share-based payments	492,001	183,440
Decrease in deferred revenue	(10)	-
Changes in non-cash working capital (Note 17)	(7,129,439)	(4,209,000)
Net cash used in operating activities	(5,598,947)	(5,246,511)
Investing activities		
Acquisition of Dando, net of cash acquired	458,947	-
Proceeds on sale of short-term investments	1,080,606	276,940
Purchase of property, plant and equipment	(1,809,453)	(790,507)
Purchase of short-term investments	-	(272,074)
Resource property costs	(1,883)	(8,664)
Restricted cash	(31,971)	(55,289)
Net cash used in investing activities	(303,754)	(849,594)
Financing activities		
Long term accounts payable	(31,606)	-
Share capital issued	231,771	520,275
Net cash provided by financing activities	200,165	520,275
Effect of exchange rate changes on cash and cash equivalents	(124,119)	(59,836)
Net decrease in cash and cash equivalents	(5,826,655)	(5,635,666)
Cash and cash equivalents at the beginning of the period	28,224,579	18,460,268
Cash and cash equivalents at the end of the period	\$ 22,397,924	\$ 12,824,602

Supplementary cash flow information – (Note 17)

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

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

March 31, 2011

Canadian dollars

Unaudited

1. Nature of operations

Energold Drilling Corp. (the "Company") provides, directly and through its subsidiaries, contract diamond drilling services for parties principally in Mexico, the Caribbean, Central America, South America, Africa and Asia.

The Company also holds mineral exploration properties in Latin America, primarily in the Dominican Republic and Mexico, both directly and through the 6.87 million shares that it holds in IMPACT Silver Corp. ("IMPACT"). The Company's interest in IMPACT is currently accounted for on an equity basis.

2. Basis of Presentation

Statement of compliance

These interim consolidated financial statements are unaudited and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34 '*Interim Financial Reporting*' ("IAS 34") and IFRS 1.

These are the Company's first IFRS interim consolidated financial statements for part of the period covered by the Company's first IFRS consolidated annual financial statements for the year ending December 31, 2011. Previously, the Company prepared its annual consolidated and interim consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). The disclosures concerning the transition from Canadian GAAP to IFRS are included in Note 4.

The policies applied in these condensed interim consolidated financial statements are based on IFRS issued and outstanding as of May 24, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim consolidated financial statements should be read in conjunction with the company's Canadian GAAP annual financial statements for the year ended December 31, 2010. Note 4 discloses IFRS information for the year ended December 31, 2010 that is material to the understanding of these condensed consolidated interim financial statements.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

March 31, 2011

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2, Basis of Presentation - continued

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates.

Actual outcomes may differ from these estimates under different assumptions and conditions. Significant areas requiring the use of management estimates include, but are not limited to, the recoverability of accounts receivable, the net realizable value of inventory, the useful lives of property, plant and equipment for amortization purposes, the provision for current and future income taxes, the assumptions used in calculating share-based payments expense and fair value of warrants issued in conjunction with the issuance of the Company's common shares, the valuation of the investment in IMPACT Silver Corp., the assumptions used in calculating the fair value of goodwill for impairment testing purposes, the recoverability of resource properties, and the fair value of assets and liabilities acquired in business combinations.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the notes to the financial statements where applicable.

3. Significant accounting policies

a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its controlled subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income for the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-Company transactions and balances are eliminated on consolidation. The financial statements of the subsidiaries are prepared using consistent accounting policies and reporting date as of the Company.

These consolidated financial statements include the accounts of the Company and all of its subsidiaries, including:

- Omniterra International Drilling Inc. ("OID") (formerly Kluane International Drilling Inc.) and FMI Technologies Inc. located in Canada;
- Energold de Mexico S.A. de C.V. ("EDM") and Silver Servicios de Personal, S. de R.L. de C.V. ("SSP") located in Mexico;
- Energold Drilling Dominicana, S.A. ("EDD") located in the Dominican Republic;
- Energold Drilling Peru, S.A.C. ("EDP") located in Peru;
- Energold Perfuracoes Ltda. ("EPB") located in Brazil;
- Energold de Chile S.A. ("EDC") located in Chile;
- Energold de Colombia S.A.S. ("EDCOL") located in Colombia;
- Energold de Argentina S.A. ("EDA") located in Argentina; and
- E Global Drilling Corp. ("E Global") located in Barbados
- Recursos de los Andes located in Peru
- Dando Drilling International Ltd. ("Dando") located in United Kingdom

All intercompany transactions and balances have been eliminated.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

March 31, 2011

Canadian dollars

Unaudited

2, Significant accounting policies - continued

b) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognized and measured at fair value less costs to sell. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree, plus any costs directly attributable to the business combination at the date of acquisition, being the date on which the Company gains control. The excess of the cost over the fair value of the Company's share of identifiable net assets acquired is recorded as goodwill. If the cost is less than the fair value of net assets acquired, the difference is recognized directly in the statement of comprehensive income.

c) Foreign currency translation

The functional currency for each of our subsidiaries and associates is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the period end date exchange rates. Non-monetary items which are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of Energold Drilling Corp, the parent entity, is the Canadian dollar, which is also the presentation currency of our consolidated financial statements.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each statement of comprehensive income are translated at a quarterly average exchange rate (unless this rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (i) All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in this separate component of equity through other comprehensive income.

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in a separate component of equity is recognized in the statement of income.

d) Cash and cash equivalents

Cash and cash equivalents included cash, term deposits and short-term highly liquid money market investments with an original term to maturity of three months or less and which are readily convertible to known amounts of cash.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

March 31, 2011

Canadian dollars

Unaudited

3. Significant accounting policies - *continued*

e) Investments in associates

Associates are all entities over which the Company has significant influence, but not control. Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. Subsequent to the acquisition date, the Company's share of profits or losses of associates is recognized in the statement of comprehensive income and its share of other comprehensive income (loss) of associates is included in the other comprehensive income (loss) account.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interest in investments in associates are recognized in the statement of comprehensive income.

The Company assesses at each year-end whether there is any objective evidence that its interest in associates are impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the statement of comprehensive income.

f) Inventories

The company maintains an inventory of operating supplies and drill consumables such as drill rods, tubes, and bits, casings, and consumable supplies and lubricants as well as pumps, motors and other drilling equipment and parts. Procurement, transportation and import duties are included in inventory cost. Inventories are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first out method. The Company applies the following policies with respect to inventory accounting and valuation:

- (i) Higher value drilling equipment parts and supplies as well as consumable inventories are valued at landed cost, based upon country of use, less an allowance for obsolescence (wear and tear) based upon management's judgment of the expected remaining field service life of the equipment parts and supplies.
- (ii) Each drill has a base inventory of smaller value equipment parts and supply items which are valued at landed cost.

g) Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and applicable impairment losses. Cost includes the purchase price and directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. When an item of property, plant and equipment comprises of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspections and overhaul expenditures, are capitalized. The costs of day-to-day servicing, commonly referred to as "repairs and maintenance", are recognized in the statement of comprehensive income as an expense as incurred.

Subsequent costs are recognized in the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognized in the statement of comprehensive income as an expense as incurred.

Depreciation commences when property, plant and equipment are considered available for use. Depreciation is recognized in earnings or loss over the estimated useful lives of each part of an item of property, plant and equipment using the declining balance method. The following rates are used in the calculation of depreciation:

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

March 31, 2011

Canadian dollars

Unaudited

3. Significant accounting policies - *continued*

The following rates are used in the calculation of depreciation:

Drilling and exploration equipment	20% per annum
Vehicles	20% per annum
Office equipment	20% per annum
Computer equipment	30% per annum

An item of property, plant and equipment and any significant parts initially recognized is derecognized upon disposal or when no future economic benefits are expected from its continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive income.

Depreciation methods, useful lives and residual values are reassessed each reporting date and any changes arising from the assessment are applied prospectively.

h) Leases

Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets held under finance leases are recognized as assets of the Company at the lower of the fair value at the inception date of the lease or the present value of the minimum lease payments. The corresponding liability is recognized as a finance lease obligation. Lease payments are accounted for using the effective interest rate method. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

i) Exploration properties

The Company is in the process of exploring its exploration properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Management reviews and evaluates the carrying values of its resource properties for impairment on an annual basis or when events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

The recoverability of the amounts capitalized for the undeveloped exploration properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to exploration properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration property costs or recoveries when the payments are made or received. The Company does not accrue the estimated costs of maintaining its mineral interests in good standing.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

March 31, 2011

Canadian dollars

Unaudited

3. Significant accounting policies - *continued*

j) Intangible assets

Intangible assets include goodwill and business development costs.

Goodwill

Business acquisitions are accounted for using the purchase method whereby assets and liabilities acquired are recorded at their fair values as of the date of acquisition and any excess of the purchase price over such fair value is recorded as goodwill. Goodwill is identified and allocated to reporting units by preparing estimates of the fair value of each reporting unit and comparing this amount to the fair value of assets and liabilities in the reporting unit. Goodwill is not amortized.

The Company assesses goodwill impairment on at least an annual basis, or more frequently if events or circumstances indicate there may be impairment. To accomplish this assessment, the Company estimates the fair value of its reporting units that include goodwill and compares those fair values to the reporting units' carrying amounts. If the carrying value of a reporting unit exceeds its fair value, the Company compares the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying amount over the fair value is charged to operations. Assumptions underlying the fair value estimates are subject to significant risks and uncertainties. The Company performed impairment tests at December 31, 2010 and December 31, 2009 and determined there was no impairment in the carrying value.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition as cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible Assets may be impaired. The amortization expense on intangible assets with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

k) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets might be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. A CGU is the smallest identifiable group of asset that generates cash inflows from other assets or groups of assets.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. Recoverable amount is the higher of an asset's or CGU fair value less costs to sell (FVLCS) and its value in use (VIU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which future cash flows have not been adjusted. The FVLCS is based on an estimate of the amount that EGD may obtain in a sale transaction on an arm's length basis between knowledgeable, willing parties, less costs of disposal. FVLCS is primarily derived using discounted cash flow techniques, which incorporates market participant assumptions and are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Energold Drilling Corp.

Notes to the Interim Consolidated Financial Statements

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Canadian dollars

Unaudited

3. Significant accounting policies - *continued*

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss recognized in prior years for long-lived assets shall be reversed only if there has been a significant change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. This reversal is recognized in the statement of comprehensive income and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal, any depreciation charge is adjusted prospectively.

l) Revenue recognition

Revenue from services rendered is measured at the fair value of the consideration received or receivable and is recognized when recovery of the consideration is probable. Revenue from services rendered is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to the entity, when collection is reasonably assured and when specific criteria have been met for each of the Company's activities as described below.

Revenue from drilling contracts is recognized on the basis of actual meters drilled for each contract. Revenue from ancillary services is recorded when the services are rendered. Contract prepayments are recorded as deferred revenue until performance is achieved and are credited against contract billings in accordance with the contract terms.

Interest income is accrued over time, by reference to the principal outstanding and at the effective applicable interest rate.

m) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and 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. The directors, subject to the policies of the TSX Venture Exchange, may determine and impose terms upon how each grant of options shall become vested.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. When options vest in installments over the vesting period, each installment is accounted for as a separate arrangement. The fair value is recognized as expense with a corresponding increase in equity. At each reporting date, the Company revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

n) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of income, except where they relate to items recognized in other comprehensive income or directly in equity, in which case the related taxes are recognized in other comprehensive income or equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for tax payable with regards to previous periods.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their

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3. Significant accounting policies - *continued*

respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that the substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable earnings will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against the excess.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates. However, we do not recognize such deferred tax liabilities where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

As an exception, deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle its current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

o) Earnings per share

Basic earnings per share is computed by dividing the net earnings available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is computed by dividing the net earnings available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period.

p) Financial assets

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Financial assets and liabilities at fair value through profit or loss (FVTPL): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term and are measured at fair value with unrealized gains and losses recorded through earnings. The Company's cash and cash equivalents and restricted cash are classified as FVTPL.

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3. Significant accounting policies - continued

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost. The Company's trade and other receivables, and accounts payable, accrued liabilities and due to related parties are designated as other liabilities, are classified as loans and receivables. The Company reviews collectability of trade receivables on an ongoing basis and makes judgments as to its ability to collect outstanding trade receivables and provides an allowance for credit losses when there is objective evidence that the Company will not be able to collect the debt. The amount of the loss is recognized in the statement of comprehensive income within operating expenses. When a trade receivable is determined to be uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are recorded in other income in the statement of comprehensive income

Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories and are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company's short-term investments are designated as available-for-sale and are measured at fair value as determined by reference to quoted market prices. These investments which are transitional or current in nature, with an original maturity greater than three months.

q) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

The carrying amount of all financial assets, excluding trade receivables (see above section "*Trade and other receivables*"), is directly reduced by the impairment loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

A financial asset is derecognized when the contractual right to the asset's cash flows expires or if the Company transfers the financial asset and all risks and rewards of ownership to another entity.

r) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's trade and other payables are classified as other financial liabilities.

s) Recent accounting pronouncements issued but not yet implemented

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended March 31, 2011:

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3. Significant accounting policies - continued

- IFRS 9, Financial Instruments - New financial instruments standard that replaces IAS 39 for classification and measurement of financial assets ⁽ⁱ⁾
- IAS 1, Presentation of Financial Statements (Amendment) - Clarification of statement of changes in equity ⁽ⁱ⁾
- IAS 34, Interim Financial Reporting (Amendment) - Disclosure requirements for significant events and transactions ⁽ⁱ⁾

⁽ⁱ⁾ Effective for annual periods beginning on or after January 1, 2013

The Company has not yet assessed the impact of the standards.

4. First-time adoption of IFRS

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 *First-time Adoption of International Financial Reporting Standards*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following IFRS 1 optional exemptions:

Exemptions applied

i) Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the transition date to IFRS. The Company has applied this election and has applied IFRS 3 to business combinations that take place on or after January 1, 2010. As such, Canadian GAAP balances relating to the business combination entered before that date, including goodwill, have been carried forward without adjustment.

ii) Cumulative foreign currency translation differences

IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 *The Effects of Changes in Foreign Exchange Rates* for cumulative foreign currency translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated the cumulative foreign currency translation difference and adjusted retained earnings by the same.

iii) Share-based payment expense

IFRS 1 encourages, but does not require, first time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening balance sheet dated January 1, 2010.

Reconciliation of assets, liabilities and equity as well as comprehensive income (loss) reported in accordance with Canadian GAAP to assets, liabilities and equity as well as total comprehensive income prepared in accordance with IFRS

Energold Drilling Corp.

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4. First-time adoption of IFRS - *continued*

IFRS employs a conceptual framework similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP balance sheet, statement of earnings and retained earnings, statement of comprehensive income and statement of cash flows for the quarter ended March 31, 2010 and the year ended December 31, 2010 have been reconciled to IFRS, with the resulting differences explained.

The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the year ended December 31, 2010 and the preparation of the opening IFRS statement of financial position on January 1, 2010, the transition date.

In preparation of these consolidated financial statements, the financial statements for the year ended December 31, 2010 have been adjusted from the amounts reported previously in the financial statements prepared in accordance with Canadian GAAP.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's statements of financial positions and statements of comprehensive earnings (loss) is set out in the following statements.

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Reconciliation of the Statement of Financial Position as at January 1, 2010

ASSETS	Canadian GAAP	Effect of transition to IFRS	IFRS
Current assets			
Cash and cash equivalents	\$ 18,460,268	\$ -	\$ 18,460,268
Restricted cash	2,218,750	-	2,218,750
Trade and other receivables	6,922,090	-	6,922,090
Due from IMPACT Silver Corp.	274,902	-	274,902
Income taxes receivable	594,289	-	594,289
Short-term investments	1,412,493	-	1,412,493
Inventories (Note 4a)	23,629,283	(1,284,013)	22,345,270
	<u>53,512,075</u>	<u>(1,284,013)</u>	<u>52,228,062</u>
Non-current assets			
Investment in IMPACT Silver Corp. (Notes 4a,c)	3,660,757	(155,547)	3,505,210
Exploration properties (Note 4a)	1,370,934	(698,169)	672,765
Property, plant and equipment (Note 4a)	7,664,099	(799,844)	6,864,255
Goodwill	1,710,000	-	1,710,000
Deferred income tax assets (Note 4e)	994,971	(446,464)	548,507
	<u>15,400,761</u>	<u>(2,100,024)</u>	<u>13,300,737</u>
	<u>\$ 68,912,836</u>	<u>\$ (3,384,037)</u>	<u>\$ 65,528,799</u>
LIABILITIES			
Current liabilities			
Trade and other payables	\$ 3,569,728	\$ -	\$ 3,569,728
Current income taxes payable	69,444	-	69,444
Deferred revenue	506,647	-	506,647
Deferred income tax liabilities (Note 4e)	2,847,617	(2,847,617)	-
	<u>6,993,436</u>	<u>(2,847,617)</u>	<u>4,145,819</u>
Deferred income tax liabilities (Note 4e)	<u>470,029</u>	<u>2,463,707</u>	<u>2,933,736</u>
	<u>7,463,465</u>	<u>(383,910)</u>	<u>7,079,555</u>
SHAREHOLDERS' EQUITY			
Share capital	41,062,153	-	41,062,153
Retained earnings (Notes 4b,f)	19,096,602	(3,158,861)	15,937,741
Contributed surplus (Note 4d)	1,137,831	158,734	1,296,565
Accumulated other comprehensive income	152,785	-	152,785
	<u>61,449,371</u>	<u>(3,000,127)</u>	<u>58,449,244</u>
	<u>\$ 68,912,836</u>	<u>\$ (3,384,037)</u>	<u>\$ 65,528,799</u>

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Reconciliation of the Statement of Financial Position as at March 31, 2010

ASSETS	Canadian GAAP	Effect of transition to IFRS	IFRS
Current assets			
Cash and cash equivalents	\$ 12,824,602	\$ -	\$ 12,824,602
Restricted cash	2,266,352	-	2,266,352
Trade and other receivables	9,505,702	-	9,505,702
Due from IMPACT Silver Corp.	506,969	-	506,969
Income taxes receivable	740,448	-	740,448
Short-term investments (Note 4a)	1,308,660	(4,604)	1,304,056
Inventories (Note 4a)	26,047,218	(1,539,593)	24,507,625
	<u>53,199,951</u>	<u>(1,544,197)</u>	<u>51,655,754</u>
Non-current assets			
Investment in IMPACT Silver Corp. (Notes 4a,c)	3,756,601	(142,212)	3,614,389
Exploration properties (Note 4a)	1,379,598	(709,843)	669,755
Property, plant and equipment (Note 4a)	9,075,090	(858,497)	8,216,593
Goodwill	1,710,000	-	1,710,000
Deferred income tax assets (Note 4e)	994,971	(466,012)	528,959
	<u>16,916,260</u>	<u>(2,176,564)</u>	<u>14,739,696</u>
	<u>\$ 70,116,211</u>	<u>\$ (3,720,761)</u>	<u>\$ 66,395,450</u>
LIABILITIES			
Current liabilities			
Trade and other payables	\$ 5,150,741	\$ -	\$ 5,150,741
Current income taxes payable	152,392	-	152,392
Deferred revenue	346,357	-	346,357
Deferred income tax liabilities (Note 4e)	2,869,890	(2,869,890)	-
	<u>8,519,380</u>	<u>(2,869,890)</u>	<u>5,649,490</u>
Non-current liabilities			
Deferred income tax liabilities (Note 4e)	470,171	2,499,751	2,969,922
Leases payable	337,628	-	337,628
	<u>807,799</u>	<u>2,499,751</u>	<u>3,307,550</u>
	<u>9,327,179</u>	<u>(370,139)</u>	<u>8,957,040</u>
SHAREHOLDERS' EQUITY			
Share capital	42,078,902	-	42,078,902
Retained earnings (Note 4f)	17,739,218	(3,054,374)	14,684,844
Contributed surplus (Note 4d)	1,023,964	222,266	1,246,230
Accumulated other comprehensive loss (Note 4a)	(53,052)	(518,514)	(571,566)
	<u>60,789,032</u>	<u>(3,350,622)</u>	<u>57,438,410</u>
	<u>\$ 70,116,211</u>	<u>\$ (3,720,761)</u>	<u>\$ 66,395,450</u>

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Reconciliation of the Statement of Financial Position as at December 31, 2010			
ASSETS	Canadian GAAP	Effect of transition to IFRS	IFRS
Current assets			
Cash and cash equivalents	\$ 28,224,579	\$ -	\$ 28,224,579
Restricted cash	252,981	-	252,981
Accounts receivable and prepaid expenses	12,123,663	-	12,123,663
Due from IMPACT Silver Corp.	414,419	-	414,419
Income taxes receivable	478,735	-	478,735
Short-term investments (Note 4a)	2,491,542	(7,089)	2,484,453
Inventories (Note 4a)	29,598,023	(1,701,479)	27,896,544
Deferred income tax assets (Note 4e)	36,182	(36,182)	-
	<u>73,620,124</u>	<u>(1,744,750)</u>	<u>71,875,374</u>
Non-current assets			
Investment in a private corporation	2,000,000	-	2,000,000
Investment in IMPACT Silver Corp. (Notes 4a,c)	5,289,922	(152,917)	5,137,005
Exploration properties (Note 4a)	1,368,278	(723,181)	645,097
Property, plant and equipment (Note 4a)	9,817,298	(1,071,809)	8,745,489
Goodwill	1,710,000	-	1,710,000
Deferred income tax assets (Note 4e)	1,468,543	(561,985)	906,558
	<u>21,654,041</u>	<u>(2,509,892)</u>	<u>19,144,149</u>
	<u>\$ 95,274,165</u>	<u>\$ (4,254,642)</u>	<u>\$ 91,019,523</u>
LIABILITIES			
Current liabilities			
Trade and other payables	\$ 7,170,082	\$ -	\$ 7,170,082
Income taxes payable	505,178	-	505,178
Deferred revenue	552,869	-	552,869
Deferred income tax liabilities (Note 4e)	3,930,693	(3,930,693)	-
Total current liabilities	<u>12,158,822</u>	<u>(3,930,693)</u>	<u>8,228,129</u>
Non-current liabilities			
Deferred income tax liabilities (Note 4e)	885,377	3,317,211	4,202,588
Deferred revenue	98,694	-	98,694
Leases payable	167,511	-	167,511
	<u>1,151,582</u>	<u>3,317,211</u>	<u>4,468,793</u>
Total liabilities	<u>13,310,404</u>	<u>(613,482)</u>	<u>12,696,922</u>
SHAREHOLDERS' EQUITY			
Share capital	56,257,542	-	56,257,542
Contributed surplus (Note 4d)	2,079,693	489,191	2,568,884
Warrants	2,060,276	-	2,060,276
Accumulated other comprehensive income (Note 4a)	1,021,140	(1,035,792)	(14,652)
Retained earnings (Note f)	20,545,110	(3,094,559)	17,450,551
	<u>81,963,761</u>	<u>(3,641,160)</u>	<u>78,322,601</u>
	<u>\$ 95,274,165</u>	<u>\$ (4,254,642)</u>	<u>\$ 91,019,523</u>

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Consolidated reconciliation of comprehensive income for the three months ended March 31, 2010			
	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue	\$ 8,072,362	\$ -	\$ 8,072,362
Direct drilling costs	6,882,404	-	6,882,404
	1,189,958		1,189,958
Indirect and administrative expenses			
Accounting, audit and legal	138,635	-	138,635
Amortization	341,710	-	341,710
Bad debt recovery	(52,005)	-	(52,005)
Investor relations, promotion and travel	113,275	-	113,275
Management fees and consulting	297,854	-	297,854
Office, rent, insurance and sundry	283,941	-	283,941
Office salaries and services	739,538	-	739,538
Share-based payments <i>(Note 4d)</i>	119,908	63,532	183,440
	1,982,856	63,532	2,046,388
Loss before the following	(792,898)	(63,532)	(856,430)
Other income			
Dilution gain on investment in IMPACT Silver Corp.	17,504	-	17,504
Equity increase in IMPACT Silver Corp. <i>(Note 4c)</i>	78,340	13,691	92,031
Foreign exchange loss <i>(Note 4a)</i>	(527,300)	154,328	(372,972)
Gain on disposal of assets	111,205	-	111,205
Gain on acquisition of assets	111,825	-	111,825
Interest income	(26,573)	-	(26,573)
Other income	4,733	-	4,733
	(230,266)	168,019	(62,247)
Loss before taxes	(1,023,164)	104,487	(918,677)
Current and other income taxes	(22,802)	-	(22,802)
Deferred income taxes	(311,418)	-	(311,418)
Net loss	(1,357,384)	104,487	(1,252,897)
Retained earnings – Beginning of period	19,096,602	(3,158,861)	15,937,741
Retained earnings – End of period	\$ 17,739,218	\$ (3,054,374)	\$ 14,684,844
Net loss	\$ (1,357,384)	\$ 104,487	\$ (1,252,897)
Other comprehensive loss			
Unrealized loss on available-for-sale short term investments (net of taxes)	(205,837)	-	(205,837)
Cumulative translation adjustment <i>(Note 4a)</i>	-	(518,514)	(518,514)
Total comprehensive loss	\$ (1,563,221)	\$ (414,027)	\$ (1,977,248)

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Consolidated reconciliation of comprehensive income for the year ended December 31, 2010			
	Canadian GAAP	Effect of transition to IFRS	IFRS
Revenue	\$ 54,591,578	\$ -	\$ 54,591,578
Direct drilling costs	43,061,923	-	43,061,923
	11,529,655	-	11,529,655
Indirect and administrative expenses			
Accounting, audit and legal	796,564	-	796,564
Amortization	1,457,636	-	1,457,636
Bad debt recovery	8,667	-	8,667
Investor relations, promotion and travel	469,162	-	469,162
Management fees and consulting	697,244	-	697,244
Office, rent, insurance and sundry	1,249,282	-	1,249,282
Office salaries and services	3,501,420	-	3,501,420
Share-based payments (Note 4d)	979,082	330,457	1,309,539
	9,159,057	330,457	9,489,514
Earnings before the following	2,370,598	(330,457)	2,040,141
Other income			
Dilution gain on investment in IMPACT Silver Corp.	936,332	-	936,332
Equity increase in IMPACT Silver Corp. (Note 4c)	417,833	3,387	421,220
Foreign exchange loss (Note 4a)	(693,042)	386,944	(306,098)
Interest income	(164,699)	-	(164,699)
Gain on disposal of assets	350,025	-	350,025
Gain on acquisition of assets	411,910	-	411,910
Other income	29,076	-	29,076
	1,287,435	390,331	1,677,766
Earnings before taxes	3,658,033	59,874	3,717,907
Current and other income taxes	(1,494,040)	-	(1,494,040)
Deferred income tax assets	(715,485)	4,428	(711,057)
Net earnings	1,448,508	64,302	1,512,810
Retained earnings – Beginning of period	19,096,602	(3,158,861)	15,937,741
Retained earnings – End of period	\$ 20,545,110	\$ (3,094,559)	\$ 17,450,551
Net earnings (loss)	\$ 1,448,508	\$ 64,302	\$ 1,512,810
Other comprehensive income (loss)			
Unrealized gain on available-for-sale short term investments (net of taxes)	868,355	-	868,355
Cumulative translation adjustment (Note 4a)	-	(1,035,792)	(1,035,792)
Total comprehensive income	\$ 2,316,863	\$ (971,490)	\$ 1,345,373

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4. First-time adoption of IFRS – *continued*

Explanatory notes

a) Translation of non-monetary assets

In accordance with the requirements of IAS 21, the Company assessed the functional currency of its subsidiaries from the date these subsidiaries were acquired or formed. The assessment of functional currency may differ between IFRS and Canadian GAAP as a result of differences in importance placed upon certain indicators of functional currency between the two accounting frameworks.

Under IFRS, the method used to translate foreign subsidiaries from the purposes of consolidation is dependent on the assessment of functional currency. All subsidiaries with a functional currency different than the parent are translated using the current rate method.

Canadian GAAP similarly requires that the functional currency of subsidiaries be assessed; however, the method used to translate foreign subsidiaries for the purposes of consolidation is dependent on the classification of subsidiaries as either “self-sustaining” or “integrated”. Self-sustaining subsidiaries are translated using the current rate method. Integrated subsidiaries are translated using the temporal method.

As a result of the functional currency assessment performed in accordance with IFRS, the functional currencies of the Company’s subsidiaries have changed. Consequently, the method used to translate non-monetary assets within these subsidiaries has been adjusted. Assets which are monetary in nature remain unchanged.

b) Foreign currency translation adjustment

As noted in section entitled “Exemptions applied”, the Company has applied a one-time exemption to set the foreign currency cumulative translation adjustment (“CTA”) to zero as at January 1, 2010. The cumulative adjustment balance as of January 1, 2010 was recognized as an adjustment to retained earnings. The application of this exemption had no impact on net equity as at transition to IFRS.

c) Profit (loss) on drilling for IMPACT Silver

Under IFRS, profits and losses on downstream revenues from an investor to an associate are eliminated only to the extent of the investor’s interest in the investee. Under Canadian GAAP, profits and losses on downstream revenues from an investor to an investee 100% eliminated from the statement of comprehensive income of the investor. Under IFRS, approximately 11.22%, 13.69% and 13.74% of profits and losses on sales of drilling services from Energold to IMPACT Silver for the year-ended December 31, 2010, for the 3 months ended March 31, 2010 and for the year-ended December 31, 2009, respectively, are eliminated under IFRS.

d) Share based payments

Under IFRS, the Company accrues the cost of employee stock options over the vesting period using the graded method of amortization rather than the straight line method, which was the company policy under Canadian GAAP. Under IFRS, forfeiture estimates are recognized in the period they are estimated and are revised for actual forfeitures in subsequent periods rather than when they actually occur under Canadian GAAP.

e) Deferred income tax asset / liability

Reclassification from current to long term

Under IFRS, it is not appropriate to classify deferred income tax balances as current, irrespective of the classification of the assets or liabilities to which the deferred income tax relates or the expected timing of reversal. Under Canadian GAAP, deferred income tax relating to current assets or liabilities must be classified as current.

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4. First-time adoption of IFRS – continued

Adjustments related to Canadian GAAP and IFRS

Adjustments have also been made related to the Canadian GAAP and IFRS reconciling difference discussed above was recorded, decreasing equity.

Deferred income taxes and functional currency

The company has subsidiaries where their functional currency is different from the local currency used to determine their current income tax. Under IFRS, the tax basis is calculated by translating the local currency tax basis at the period end foreign exchange rate and the resulting functional currency tax basis is compared to the functional currency accounting basis to determine the deferred income tax to record. Under Canadian GAAP the deferred income tax liability or asset was recorded in the local currency and was then transferred from the local currency to the functional currency at the period end foreign exchange rate.

Adjustment to tax basis due to inflation adjustments

Under IFRS, when calculating deferred income taxes the tax basis includes the increase or decrease due to inflationary adjustments to the tax basis. Under Canadian GAAP, the inflationary adjustments were only recognized when they were realized as an adjustment to current income tax.

f) Adjustments to retained earnings

The following is a summary of transition adjustments to the company's retained earnings from Canadian GAAP to IFRS:

	December 31, 2010	March 31, 2010	January 1, 2010
Retained earnings as reported under Canadian GAAP	\$ 20,545,110	\$ 17,739,218	\$ 19,096,602
IFRS adjustments increase (decrease)			
Share of IFRS adjustments relating to associate	(122,812)	(112,508)	(126,199)
Amortization of employee stock options	(489,191)	(222,266)	(158,734)
Deferred income tax	(58,126)	(62,554)	(62,554)
Cumulative translation adjustment	(2,424,430)	(2,657,046)	(2,811,374)
	<u>(3,094,559)</u>	<u>(3,054,374)</u>	<u>(3,158,861)</u>
Retained earnings as reported under IFRS	\$ 17,450,551	\$ 14,684,844	\$ 15,937,741

f) Adjustments to the statement of cash flows

The adoption of IFRS had no significant impact on the net cash flows of the Company except that under IFRS, cash flows relating to interest are classified in a consistent manner as operating, investing or financing under each period. Under Canadian GAAP, cash flows relating to interest payments were classified as operating. This has resulted in reclassifications of various amounts on the statements of cash flows; however, as there have been no changes in the net cash flows, no reconciliations have been presented.

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5. Business Combinations

- a) On January 14, 2011 the Company acquired all the outstanding shares of Dando Drilling International Ltd., located in the United Kingdom. Dando manufactures drilling rigs and associated equipment for water well, mineral exploration and geotechnical drilling. The Company paid Pounds Sterling 50,000 (CDN\$78,605) for 100% of the shares of Dando and provided stock and/or stock options incentive compensation to key personnel consisting of 38,835 restricted shares with a value of CDN\$160,000 and 150,000 share options at CDN\$4.19 per share. The results of operations of Dando from January 15, 2011 forward are included in these financial statements. The allocation of the total cost of the business combination to the fair value of the net assets acquired and liabilities assumed is summarized in the table below.

Fair value of assets and liabilities acquired		
Cash	\$	534,762
Trade and other receivables		414,554
Inventories		1,139,906
Property, plant and equipment		174,954
Intangibles		334,878
Accounts payable		(2,484,056)
Leases payable		(20,367)
Deferred income taxes		(16,026)
Net assets acquired	\$	78,605
<hr/>		
Consideration		
Cash payment	\$	78,605

- b) On March 8, 2010 the Company acquired nine drilling rigs with related support equipment and inventories, as well as existing drilling contracts, and management and operating personnel from Envirodrill (UK) Ltd. The acquired assets are primarily located in West Africa. Consideration for the acquired assets included cash, common shares of the Company and the assumption of leases related to certain acquired assets as detailed in the table below.

Fair value of assets and liabilities acquired		
Inventories	\$	362,819
Property, plant and equipment		1,271,681
Leases payable		(483,477)
Net assets acquired	\$	1,151,023
<hr/>		
Consideration		
Cash paid or payable	\$	795,594
Common shares issued – 107,224		262,699
Total consideration	\$	1,058,293
Gain on acquisition	\$	92,730

Energold Drilling Corp.

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6. Restricted cash

Restricted cash represents funds held as at:

	March 31, 2011	December 31, 2010
Other	\$ 278,545	\$ 252,981

7. Inventories

The cost of inventories recognized as an expense and included in direct drilling costs for the three months ended March 31, 2011 was \$5,985,179 (March 31, 2010 - \$1,730,230).

8. Investment in IMPACT Silver Corp. (IMPACT)

At March 31, 2011 the Company owned 6,870,001 (December 31, 2010 - 6,870,001) shares of IMPACT Silver Corp. The Company's interest in IMPACT decreased from 11.22% to 11.12% during the three months ended March 31, 2011. The Company, through mutual management at the executive level and its shareholding and directorship in IMPACT, exercises significant influence over that company. As a result, the investment in IMPACT is accounted for using the equity method. 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. Equity has been reduced by the elimination of a percentage equal to Energold's interest in IMPACT of the net profits realized on drilling services provided to IMPACT. Details of the investment in IMPACT are as follows:

Balance – January 1, 2010	\$ 3,505,210
Equity income for the period	418,930
Reversal of profits on intercompany drilling revenues	2,291
Dilution gain	936,332
Cumulative translation adjustment	(758)
Purchase of shares	275,000
Balance – December 31, 2010	\$ 5,137,005
Equity earnings for the period	275,183
Reversal of profits on intercompany drilling revenues	(1,495)
Dilution gain	(3,217)
Cumulative translation adjustment	(359)
Balance – March 31, 2011	\$ 5,407,117

Based upon period end TSX.V closing market prices of \$2.65 and \$1.74 per share, this investment has a quoted market value of \$18,205,503 at March 31, 2011 and \$11,953,802 at December 31, 2010.

Energold Drilling Corp.

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8. Investment in IMPACT Silver Corp. (IMPACT) - continued

Summary financial information for IMPACT is as follows:

	Three months ended March 31,	
	2011	2010
Revenues	\$ 7,258,085	\$ 3,701,541
Net earnings	\$ 2,473,889	\$ 630,876

	March 31,	December 31,	January 1,
	2011	2010	2010
Total assets	\$ 51,082,565	\$ 46,939,016	\$ 26,637,139
Total liabilities	\$ 6,767,854	\$ 5,642,706	\$ 3,884,007

9. Investment in a private corporation

The Company entered into a binding letter of agreement, effective June 29, 2007 and amended December 21, 2007 and June 30, 2008, with a Canadian controlled private corporation ("CCPC") to transfer all of its rights and obligations in the La Parcela Concession, located in the Dominican Republic, in exchange for \$2.0 million Canadian. The Company in turn agreed to invest in an initial public offering ("IPO") to be undertaken by that CCPC. In July 2010 the Company completed the transfer arrangements with respect to the La Parcela Concession and the CCPC agreed to the release of the \$2.0 million of restricted cash funds through an investment in shares of the CCPC at a price of \$0.40 per share. The shares acquired have been treated as an equity investment. The CCPC has entered into a letter agreement for a proposed transaction whereby the CCPC would be acquired by a public company on a basis to be mutually agreed. If this occurs, the Company will carry its equity investment as a short-term available for sale investment.

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10. Property, Plant and Equipment

	Drilling and exploration equipment (\$)	Vehicles (\$)	Office Equipment (\$)	Total (\$)
Cost				
Balance at January 1, 2010	9,827,263	567,393	616,939	11,011,595
Additions	1,687,926	389,023	125,584	2,202,533
Disposals	-	(58,497)	-	(58,497)
Acquisition through business combination	1,271,681	-	-	1,271,681
Foreign exchange movement	(157,542)	(16,353)	(1,858)	(175,753)
Balance at December 31, 2010	12,629,328	881,566	740,665	14,251,559
Additions	1,536,764	162,646	76,628	1,776,038
Disposals	-	(51,702)	-	(51,702)
Acquisition through business combination	139,755	6,676	27,123	173,554
Foreign exchange movement	(65,956)	(11,120)	(2,284)	(79,360)
Balance at March 31, 2011	14,239,891	988,066	842,132	16,070,089
Accumulated depreciation				
Balance at January 1, 2010	(3,645,588)	(155,464)	(346,288)	(4,147,340)
Depreciation for the period	(1,256,895)	(118,921)	(81,821)	(1,457,637)
Disposals	-	20,635	-	20,635
Foreign exchange movement	69,174	7,100	1,998	78,272
Balance at December 31, 2010	(4,833,309)	(246,650)	(426,111)	(5,506,070)
Depreciation for the period	(338,032)	(33,539)	(24,230)	(395,801)
Disposals	-	15,717	-	15,717
Foreign exchange movement	18,643	3,777	904	23,324
Balance at March 31, 2011	(5,152,698)	(260,695)	(449,437)	(5,862,830)
Net book value				
At January 1, 2010	6,181,675	411,929	270,651	6,864,255
At December 31, 2010	7,796,019	634,916	314,554	8,745,489
At March 31, 2011	9,087,193	727,371	392,695	10,207,259

Energold Drilling Corp.

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11. Intangible assets

	Goodwill		Other tangible assets		Total
Cost					
Balance at January 1 and December 31, 2010	\$	1,710,000	\$	-	\$ 1,710,000
Additions		-		331,914	331,914
Amortization		-		(4,728)	(4,728)
Balance at March 31, 2011	\$	1,710,000	\$	327,186	\$ 2,037,186

12. Share Capital

a) Stock Options

The Company has established a stock option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Under the stock option plan 4,591,070 options have been authorized for issuance, of which 2,481,450 have been allocated at March 31, 2011. 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. The directors, subject to the policies of the TSX Venture Exchange, may determine and impose terms upon how each grant of options shall become vested.

A summary of the Company's stock option plan at March 31, 2011 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price
At January 1, 2010	1,833,500	1.71
Granted	1,395,000	3.33
Exercised	(735,000)	1.26
Forfeited	(27,500)	2.01
At December 31, 2010	2,466,000	2.75
Granted	150,000	4.19
Exercised	(110,800)	2.09
Forfeited	(23,750)	2.01
At March 31, 2011	2,481,450	2.87

Energold Drilling Corp.

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12. Share Capital - continued

The following table summarizes information about the stock options outstanding at March 31, 2011:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable
\$2.01	967,700	3.50	830,200
\$2.30	118,750	4.10	62,500
\$3.45	1,245,000	4.55	466,875
\$4.19	150,000	4.78	37,500
	2,481,450	4.13	1,397,075

The fair value of each option granted is estimated at the time of grant using the Black-Scholes option pricing model with assumptions as follows:

Date Granted	October 1, 2009	May 7, 2010	October 21, 2010	January 13, 2011
Number of options granted	1,155,000	150,000	1,280,000	150,000
Risk-free interest rate	1.24%	1.60%	1.38%	1.75%
Expected dividend yield	Nil	Nil	Nil	Nil
Expected share price volatility	62%	61%	61%	59%
Expected option life in years	3	3	3	3

Option pricing models require the input of highly subjective assumptions including the expected share 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.

The total fair value of share-based payment expense on stock options granted to employees and consultants of the Company for the three months ended March 31, 2011 is \$492,001 (March 31, 2010 - \$183,440).

13. Related party transactions

Related party transactions are recorded at the exchange amount which is the amount of consideration paid or received as agreed by the parties. Related party transactions not disclosed elsewhere are as follows:

- During the three months ended March 31, 2011, legal fees in the amount of \$1,951 (March 31, 2010 - \$41,652) were accrued or paid to a firm related to a director.
- During the three months ended March 31, 2011, fees in the amount of \$783,080 (March 31, 2010 - \$613,528) were charged to IMPACT for contract drilling services performed in Mexico. At March 31, 2011 \$392,541 (March 31, 2010 - \$506,969) was due from IMPACT for contract drilling, exploration and administrative services provided by the Company. These services were provided in the normal course of business at similar rates offered to any other mining company. Monies owed to the Company are unsecured, non-interest bearing and without specific repayment terms. Management anticipates that the amount will be repaid within one year and accordingly it has been classified as current. The profit of \$1,495 at March 31, 2011 (March 31, 2010 - loss of \$501) on drilling services provided to IMPACT has been eliminated from these financial statements.

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14. Key management personnel compensation

	March 31, 2011		March 31, 2010	
Salaries and fees	\$	223,531	\$	215,781

15. Commitments

- The Company has signed a lease for office premises until May 31, 2013. Lease obligations, net of operating costs, are \$242,385 per year during this period.
 - In May 2008, the Company signed a lease for warehouse premises which commenced August 1, 2008 and ends July 31, 2011. Lease obligations, net of operating costs, are \$43,009 per year for the first year, \$44,058 per year for the second year, and \$46,156 per year for the third year.
 - As part of the acquisition of the Envirodrill assets (*Note 5b*), the Company assumed leases related to a limited number of these assets. At March 31, 2011 the lease obligations total \$273,321 of which \$141,246 is current and is included in accounts payable and \$132,075 is long-term. The lease agreements terminate between 2011 and 2013 at interest rates between 6.97% and 16.35%.
 - As part of the acquisition of the Dando assets (*Note 5a*), the Company assumed leases related to a limited number of these assets. At March 31, 2011, the lease obligations total \$18,448 of which \$7,907 is current and included in accounts payable, and \$10,541 is long term. The lease agreements terminate between 2012 and 2013 at interest rates between 6.6% and 7.2%.
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16. Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide an adequate return to shareholders, to meet external capital requirements on credit facilities and to support any growth plans.

In the management of its capital, the Company considers its share capital to be its capital. The Company monitors capital based on the debt to debt-plus-equity ratio. Debt is total debt shown on the balance sheet, less cash and cash equivalents.

The Company's policy is to keep its debt to debt-plus-equity ratio at a manageable level consistent with the current business cycle and the business opportunities outlook foreseen by the Company. As a general guideline, the Company's policy will be to keep its debt to debt-plus-equity ratio to a minimal level, except in unusual circumstances such as a major acquisition. Currently the Company has no debt and is in full compliance with its capital risk management policies. The Company's Board of Director's approves management's annual capital expenditures plans and reviews and approves any material debt borrowing plans proposed by the Company's management.

To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company ensures that there are sufficient cash and cash equivalents to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Energold Drilling Corp.

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16. Financial instruments

Financial assets and liabilities

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, short-term investments and accounts payable and accrued liabilities. For cash and cash equivalents, restricted cash, accounts receivable, and accounts payable and accrued liabilities, carrying value is considered to be fair value due to the short-term nature of these instruments. The fair value of short-term investments is determined by quoted prices in active markets for identical assets at the balance sheet date. At December 31, 2010 all short-term investments held were classified as Level 1 and cash and cash equivalents were classified as Level 2 on the fair value hierarchy of IFRS 7 - *Financial Instruments - Disclosures*.

Financial instrument risk exposure

The Company's financial instruments are exposed to a number of financial and market risks including credit, liquidity, currency and interest rate 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 is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents, restricted cash, accounts receivable and short-term investments. The Company deposits its cash and cash equivalents with high credit quality financial institutions as determined by ratings agencies, with the majority deposited with a Canadian Tier 1 Bank with ratings above A+. The Company provides credit to its customers in the normal course of its operations. The Company diversifies its credit risk by dealing with a large number of customers in various countries. The Company does not have any receivables that are impaired.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash and cash equivalents, restricted cash, accounts receivable and short-term investments.

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 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. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its growth plans. At March 31, 2011 the Company's total liabilities were \$18.3 million, of which \$13.9 is due for payment within twelve months of the balance sheet date. The Company has minimal long-term commitments.

Currency risk

The Company operates on an international basis on five continents and therefore, currency risk exposures arise from transactions denominated in foreign currencies. The majority of its international sales contracts are denominated in US dollars. Thus its currency risk arises primarily with respect to the US dollar. However, the Company also incurs operating costs in local currencies in various countries in which it carries on active business operations. The Company has elected not to actively manage our currency risk at this time.

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16. Financial instruments – continued

At March 31, 2011 the Company is exposed to currency risk through cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities held in U.S. dollars, Mexican pesos, and Brazilian reais. Based on these foreign currency exposures at March 31, 2011, a 5% depreciation or appreciation of all the above currencies against the Canadian dollar would result in an approximate \$0.6 million decrease or increase in the Company's net earnings.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash and cash equivalents. The Company did not have any borrowings outstanding as at March 31, 2011.

17. Additional information to the statements of cash flows

Changes in non cash-working capital:

	2011	2010
Accounts receivable and prepaid expenses	\$ (9,491,654)	\$ (2,695,640)
Due from IMPACT Silver Corp.	24,614	(224,161)
Income taxes receivable	(55,723)	(166,054)
Inventories	(1,342,120)	(2,402,750)
Accounts payable and accrued liabilities	2,495,155	1,348,035
Income taxes payable	1,039,532	91,860
Deferred revenue	200,757	(160,290)
	\$ (7,129,439)	\$ (4,209,000)

Income taxes paid:

	2011	2010
Income taxes paid	\$ 529,460	\$ 242,748

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18. Segmented Information

The Company has four reportable segments based on geographic area: Mexico, the Caribbean, and Central America; South America; Africa, Asia and Other; and Canada (Corporate) determined based on the reports reviewed by the Chief Executive Officer (who is considered the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Details are as follows:

Three months ended March 31	2011	2010
Revenue by geographic area		
Drilling Mexico, Caribbean, Central America	\$ 9,922,310	\$ 5,315,462
Drilling South America	7,102,350	2,075,486
Drilling Africa, Asia and Other	4,356,316	681,414
Manufacturing Africa, Asia and Other	1,349,857	-
	\$ 22,730,833	\$ 8,072,362
Earnings (loss) by geographic area		
Drilling Mexico, Caribbean, Central America	\$ 2,196,261	\$ 1,182,542
Drilling South America	1,506,403	(828,809)
Drilling Africa, Asia and Other	894,035	(78,447)
Drilling Canada	(2,166,054)	(1,528,183)
Manufacturing Africa, Asia and Other	(575,088)	-
	\$ 1,855,557	\$ (1,252,897)
Amortization by geographic area		
Drilling Mexico, Caribbean, Central America	\$ 161,236	\$ 129,162
Drilling South America	93,018	80,473
Drilling Africa, Asia and Other	89,678	68,140
Drilling Canada	40,020	63,935
Manufacturing Africa, Asia and Other	11,849	-
	\$ 395,801	\$ 341,710
Property, plant and equipment additions by geographic area		
Drilling Mexico, Caribbean, Central America	\$ 511,617	\$ 157,948
Drilling South America	110,618	25,147
Drilling Africa, Asia and Other	1,117,579	1,273,948
Drilling Canada	5,045	299,125
Manufacturing Africa, Asia and Other	31,179	-
	\$ 1,776,038	\$ 1,756,168

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18. Segmented Information – continued

As at	March 31 2011	December 31 2010	January 1 2010
Assets by geographic area			
Drilling Mexico, Caribbean, Central America	\$ 27,767,664	\$ 25,735,715	\$ 17,939,216
Drilling South America	23,754,333	21,791,399	18,321,568
Drilling Africa, Asia and Other	14,636,935	9,441,167	4,969,563
Drilling Canada	28,800,035	34,051,242	24,298,452
Manufacturing Africa, Asia and Other	3,973,269	-	-
	\$ 98,932,236	\$ 91,019,523	\$ 65,528,799
Property, plant and equipment by geographic area			
Drilling Mexico, Caribbean, Central America	\$ 4,056,457	\$ 3,668,163	\$ 2,265,572
Drilling South America	1,756,728	1,809,204	1,751,626
Drilling Africa, Asia and Other	3,578,420	2,362,623	1,523,869
Drilling Canada	622,614	905,499	1,323,188
Manufacturing Africa, Asia and Other	193,040	-	-
	\$ 10,207,259	\$ 8,745,489	\$ 6,864,255
Intangibles by geographic area			
Drilling South America	\$ 1,710,000	\$ 1,710,000	\$ 1,710,000
Manufacturing Africa, Asia and Other	327,186	-	-
	\$ 2,037,186	\$ 1,710,000	\$ 1,710,000