

ENERGOLD DRILLING CORP.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2013

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 condensed consolidated financial statements which follow this notice have not been reviewed by an auditor.

Energold Drilling Corp.

Interim Condensed Consolidated Statements of Financial Position

Canadian dollars in thousands except for shares and per share data

Unaudited

	September 30 2013	December 31 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 26,852	\$ 28,493
Restricted cash	224	82
Trade and other receivables	21,040	26,739
Due from IMPACT Silver Corp.	1,326	678
Income taxes receivable	2,897	1,411
Available-for-sale investments	402	697
Inventories	51,978	54,000
	104,719	112,100
Non-current assets		
Investment in IMPACT Silver Corp.	6,615	6,805
Exploration properties	1,563	1,543
Property, plant and equipment	43,976	43,987
Goodwill and intangible assets	4,288	4,978
Deferred income tax assets	4,232	3,403
	60,674	60,716
	\$ 165,393	\$ 172,816
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 6)	\$ 100	\$ 2,954
Trade and other payables	13,263	16,219
Due to related party	1,410	-
Convertible debenture (Note 7)	9,675	9,402
Current income tax payable	2,182	517
Deferred revenue	2,395	1,161
	29,025	30,253
Non-current liabilities		
Accounts payable	133	-
Finance leases (Note 9)	2,285	3,192
Deferred income tax liabilities	8,327	9,510
	10,745	12,702
	39,770	42,955
SHAREHOLDERS' EQUITY		
Share capital	90,506	90,506
Contributed surplus	6,735	6,621
Warrants	272	272
Equity component of convertible debenture (Note 7)	1,051	1,051
Accumulated other comprehensive (loss)	(3,115)	(3,891)
Retained earnings	30,526	35,302
Total equity attributable to Energold Drilling Corp. shareholders	125,975	129,861
Non-controlling interest (Note 5)	(352)	-
	125,623	129,861
	\$ 165,393	\$ 172,816

ON BEHALF OF THE BOARD:

"F.W. Davidson" _____, Director

"H.W. Sellmer" _____, Director

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

Energold Drilling Corp.

Interim Condensed Consolidated Statements of Comprehensive Income For the Three and Nine Months Ended September 30

Canadian dollars in thousands except for shares and per share data
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	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Revenue from contracts	\$ 16,555	\$ 29,890	\$ 93,692	\$ 115,810
Direct costs	17,298	23,612	74,918	85,449
Gross profit (loss), excluding amortization	(743)	6,278	18,774	30,361
Indirect and administrative expenses				
Accounting, audit and legal	417	201	1,107	672
Amortization	2,571	2,329	7,092	6,880
Bad debt (recovery) expense	10	(58)	(76)	(85)
Bonus related to Bertram Drilling Corp. (Note 3)	-	(163)	1,087	7,362
Investor relations, promotion and travel	600	419	1,644	1,187
Management fees and consulting	298	404	904	800
Office, rent, insurance and sundry	1,044	841	2,926	2,677
Office salaries and services	2,034	2,199	7,097	6,434
Share-based payments	-	193	114	978
	6,974	6,365	21,895	26,905
Operating (loss) / income before the following	(7,717)	(87)	(3,121)	3,456
Other income / (loss)				
Dilution gain on investment in IMPACT Silver Corp.	50	29	201	75
Equity (loss) income from IMPACT Silver Corp.	(112)	(62)	(391)	(45)
Foreign exchange gain (loss)	(41)	(825)	199	(1,806)
Impairment on intangible assets	-	-	(84)	(32)
(Loss) on disposal of assets	(9)	(29)	(123)	(70)
(Loss) / gain on disposal of available for sale financial assets	-	-	-	97
Finance income	17	26	42	97
Finance cost (Note 8)	(593)	(503)	(1,825)	(1,580)
Other income	37	264	270	435
	(651)	(1,100)	(1,711)	(2,829)
(Loss) / earnings before taxes	(8,368)	(1,187)	(4,832)	627
Deferred income taxes expense (recovery)	(1,314)	320	(2,079)	392
Current income and other taxes expense	236	1,001	2,375	3,890
Net (loss) / earnings	\$ (7,290)	\$ (2,508)	\$ (5,128)	\$ (3,655)
Attributable to:				
Equity holders of Energold Drilling Corp.	\$ (7,113)	\$ (2,508)	\$ (4,776)	\$ (3,655)
Non-controlling interest (Note 5)	(177)	-	(352)	-
	\$ (7,290)	\$ (2,508)	\$ (5,128)	\$ (3,655)
Earnings per share attributable to equity shareholders of Energold Drilling Corp.				
Earnings / (loss) per share – Basic	\$ (0.15)	\$ (0.05)	\$ (0.10)	\$ (0.08)
Earnings / (loss) per share – Diluted	\$ (0.15)	\$ (0.05)	\$ (0.10)	\$ (0.08)
Weighted average number of shares outstanding – Basic (Note 10c)	47,606,534	47,105,291	47,606,534	45,439,391
Weighted average number of shares outstanding – Diluted (Note 10c)	47,606,534	47,105,291	47,606,534	45,439,391

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

Energold Drilling Corp.

Interim Condensed Consolidated Statements of Comprehensive Income For the Three and Nine Months Ended September 30

Canadian dollars in thousands except for shares and per share data

Unaudited

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Net (loss)	\$ (7,290)	\$ (2,508)	\$ (5,128)	\$ (3,655)
Other comprehensive (loss)				
Unrealized loss on available-for-sale short term investments	(53)	121	(491)	(96)
Cumulative translation adjustment	(1,756)	(2,069)	1,267	(1,026)
	<u>(1,809)</u>	<u>(1,948)</u>	<u>776</u>	<u>(1,122)</u>
Total comprehensive (loss)	\$ (9,099)	\$ (4,456)	\$ (4,352)	\$ (4,777)
Attributable to:				
Equity holders of Energold Drilling Corp.	\$ (8,922)	\$ (4,456)	\$ (4,000)	\$ (4,777)
Non-controlling interest (Note 5)	(177)	-	(352)	-
	<u>\$ (9,099)</u>	<u>\$ (4,456)</u>	<u>\$ (4,352)</u>	<u>\$ (4,777)</u>

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Energold Drilling Corp.

Interim Condensed Consolidated Statement of Changes in Equity For the Nine Months Ended September 30

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	Shares Outstanding	Share Capital (\$)	Contributed Surplus (\$)	Warrants (\$)	Equity Component Of Convertible Debenture (\$)	Accumulated Other Comprehensive Income (\$)	Retained Earnings (\$)	Total Shareholders' Equity (\$)
Balance at January 1, 2012	41,784,517	64,124	3,988	2,065	1,051	(3,284)	43,952	111,896
Net loss for the year	-	-	-	-	-	-	(3,655)	(3,655)
Stock options exercised	227,175	577	-	-	-	-	-	577
Fair value assigned to options exercised	-	237	(237)	-	-	-	-	-
Share-based payment expense	-	-	978	-	-	-	-	978
Shares issued in relation to a private placement	3,900,000	20,280	-	-	-	-	-	20,280
Share issue costs	-	(1,365)	-	-	-	-	-	(1,365)
Warrants issued in relation to a private placement	-	(272)	-	272	-	-	-	-
Warrants exercised	341,750	1,538	-	-	-	-	-	1,538
Fair value of warrants exercised	-	302	-	(302)	-	-	-	-
Common shares issued in relation to Energold Energy	1,353,092	5,087	-	-	-	-	-	5,087
Unrealized losses on investments classified as available for sale	-	-	-	-	-	(96)	-	(96)
Cumulative translation adjustment	-	-	-	-	-	(1,026)	-	(1,026)
Balance at September 30, 2012	47,606,534	90,508	4,729	2,035	1,051	(4,406)	40,297	134,214
Balance at January 1, 2013	47,606,534	90,506	6,621	272	1,051	(3,891)	35,302	129,861
Net loss for the year	-	-	-	-	-	-	(4,776)	(4,776)
Share-based payment expense	-	-	114	-	-	-	-	114
Unrealized losses on investments classified as available for sale	-	-	-	-	-	(491)	-	(491)
Cumulative translation adjustment	-	-	-	-	-	1,267	-	1,267
Balance at September 30, 2013	47,606,534	90,506	6,735	272	1,051	(3,115)	30,526	125,975

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Energold Drilling Corp.

Interim Condensed Consolidated Statement of Cash Flows For the Three and Nine Months ended September 30

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Cash provided by (used in)	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Operating activities				
Net loss	\$ (7,290)	\$ (2,508)	\$ (5,128)	\$ (3,655)
Items not affecting cash:				
Amortization	2,571	2,329	7,092	6,880
Finance cost	109	-	327	-
Share-based payments	-	193	114	978
Dilution (gain) on investment in IMPACT Silver Corp.	(50)	(29)	(201)	(75)
Deferred income taxes	(1,314)	320	(2,079)	392
Equity loss / (income) from IMPACT Silver Corp.	112	62	391	45
Loss on disposal of assets	9	29	123	70
Loss / (gain) on disposal of available for sale financial asset	-	-	-	(97)
Impairment of intangible assets	-	-	84	32
Bad debt expense (recovery)	10	(58)	(76)	(85)
Accretion related to convertible debenture	95	83	273	238
Changes in non-cash working capital (Note 12)	3,978	(7,802)	7,267	(15,810)
Net cash provided by / (used in) operating activities	(1,770)	(7,381)	8,187	(11,087)
Investing activities				
Proceeds on sale of property, plant and equipment	5	35	340	372
Proceeds on sale of available for sale financial instruments	-	-	-	175
Purchase of property, plant and equipment	(2,737)	(1,574)	(7,072)	(4,779)
Resource property costs	(6)	(1)	(25)	(17)
Restricted cash	(16)	31	(126)	615
Net cash used in investing activities	(2,754)	(1,509)	(6,883)	(3,634)
Financing activities				
Bank indebtedness	100	(523)	(2,854)	(4,021)
Long term trade payable	129	-	129	(399)
Proceeds from finance lease	1,344	1,555	1,344	4,555
Repayment of capital lease	(782)	(555)	(1,997)	(1,461)
Share capital issued	-	5	1	21,030
Net cash (used in) / provided by financing activities	791	482	(3,377)	19,704
Net increase / (decrease) in cash	(3,733)	(8,408)	(2,073)	4,983
Effect of exchange rate changes on cash	(153)	(257)	432	34
Cash at the beginning of the period	30,738	36,465	28,493	22,783
Cash at the end of the period	\$ 26,852	\$ 27,800	\$ 26,852	\$ 27,800

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

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

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1. Nature of operations

Energold Drilling Corp. (the "Company") provides, directly and through its subsidiaries, drilling services for parties principally in North America, Mexico, the Caribbean, Central America, South America, Africa and Asia. The Company, through its subsidiary, designs and manufactures specialty/customized drilling rigs and associated equipment for water well, mineral exploration and geotechnical drilling companies. The Company, through its subsidiary, also provides drilling and other services to the energy sector in Canada and the United States ("U.S."). The Company is located at 1100-543 Granville Street, Vancouver, British Columbia, Canada, V6C 1X8.

2. Basis of presentation

Statement of compliance

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited interim condensed financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. All material intercompany balances have been eliminated. As all the disclosures required by IFRS are not included, these interim statements should be read in conjunction with the audited financial statements of Energold Drilling Corp. ("the Company") for the year ended December 31, 2012.

Except when otherwise stated, all amounts are presented in thousands of Canadian ("CDN") dollars, which is the presentation currency of the Company.

These interim condensed consolidated financial statements were approved by the Board of Directors on November 26, 2013.

3. Business combinations

On July 25, 2011, the Company acquired all the outstanding shares of Bertram International Corporation which was amalgamated with Energold Energy. On January 1, 2013, Energold Energy was amalgamated with Bertram Drilling Corp. ("Bertram") and operates as Bertram.

The assets acquired and liabilities assumed were recorded at its estimated fair values. The excess of the estimated fair values of the identifiable net assets acquired over the acquisition cost of the business combination is recognized as a gain in the statement of comprehensive income and disclosed separately. In 2011, the Company recorded a gain on the acquisition of \$14.9 million. The gain is primarily due to the increase in fair value over cost of property and equipment and intangible assets.

The Company agreed to pay the former shareholders of Bertram a maximum payment of \$10.5 million per year if specific targets were met in 2012, 2013 and 2014. At the end of the period, the Company makes an assessment of whether the targets will be met in determining the accrual for the earnout payment. This is considered a significant estimate and includes the evaluation of factors such as sales and costs forecasts. The payment is only payable if the former shareholders continue to be employed by the Company at the time the targets are met. As such, the payments to the former shareholders are considered to be post-combination consideration. The payments are recognized as a period expense. During 2012, the Company paid the former shareholders \$10.5 million in the form of 50% cash and 50% shares (1,353,092 shares were issued at \$3.88 per share). For the nine months ended September 30, 2013, the Company expensed \$1.1 million (September 30, 2012 - \$7.4 million) on the statement of income.

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

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4. Inventories

The cost of inventories recognized as an expense and included in direct drilling costs for the nine months ended September 30, 2013 was \$12.7 million (September 30, 2012 - \$18.9 million).

5. Acquisition of non-controlling interest

On February 7, 2013, the Company through its subsidiary Dando Drilling Services (“DDS”) subscribed for 60% of shares in DDS Hydrofor West Africa which in turn acquired 100% of Hydrofor International S.A. (“Hydrofor Togo”) located in Togo, Africa. No consideration was paid for this acquisition but the Company agreed to provide management services and water well drills manufactured by Dando. Hydrofor Togo is to providing the Company with the ability to provide drilling and related services within the water recovery industry in Africa. The 40% interest which is not owned by the Company is presented as non-controlling interest (“NCI”). The Company has not yet finalized the purchase price allocation for Hydrofor Togo as the Company is still evaluating the acquisition date fair value assumptions.

The results of operations of Hydrofor Togo from the date of acquisition are included in these consolidated financial statements. For the nine months ended September 30, 2013, Hydrofor Togo contributed \$0.5 million of revenue to the Company and incurred a loss of \$0.8 million which includes the NCI portion. The Company has determined that the impact of profit, had Hydrofor Togo been consolidated as of January 1, 2013, is insignificant.

6. Bank Indebtedness

	September 30	December 31
	2013	2012
\$4.0 million revolving demand facility	\$ 100	\$ 2,954

The following are descriptions of Bertram loan arrangements:

Bertram has a demand bank loan authorized to a maximum of \$4.0 million, which bears interest at the bank's prime lending rate plus 1.0% per annum.

A reducing facility was authorized to a maximum of \$5.8 million by way of leases. The finance leases bear interest between 3.81% and 5.29%.

A general security agreement and a floating charge on all present and after-acquired real property has been pledged as security for the above borrowings.

The Company has provided guarantee and postponements of claim and general security agreements to a maximum of \$9.0 million.

A revolving line of credit for Bertram Drilling Inc., the U.S. subsidiary of Bertram, is authorized to a maximum of U.S. \$1 million, which bears interest at 5.0% per annum. Equipment, inventories, and trade accounts receivable have been pledged as security. No amount is outstanding on this bank loan at September 30, 2013.

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

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7. Convertible Debenture ("CD")

On July 21, 2011, the Company issued secured CDs through a private placement for aggregate gross proceeds of \$10 million, which bear interest at 10% per annum, payable quarterly with a maximum term of three years. The CDs are generally secured against all the assets of the Company and specifically secured by a pledge of 2,000,000 common shares of IMPACT Silver Corp. owned by the Company. They are convertible into common shares of the Company at a conversion price of \$5.25 per share, subject to a minimum conversion of \$0.05 million. Any time after July 21, 2012, the Company may, with 90 days written notice, prepay the CDs, in whole or in part, including all outstanding interest accumulated to the date of prepayment, with an additional payment of 1.5% of the amount to be prepaid. Any such prepayment will permanently reduce the CD and may not be re-borrowed.

The CDs are classified as a liability, less fair values allocated to the conversion feature. As a result, the recorded liability for the CDs is lower than its face value which is characterized as a debt discount. The conversion feature is classified as equity. Consistent with IAS 32-Financial Instruments: Presentation, the Company fair valued the debt component using a discounted cash flow model at the current interest rate of 14.38% and the equity component was assigned the residual amount.

Based on the Company's valuation as of July 21, 2011, the closing date of the convertible debenture, the value of the debt component and the conversion option is as follows:

Amounts advanced	\$	10,000
Conversion feature		(1,051)
Net debt component of CD on issue	\$	8,949

Using the effective interest rate method and the 14.38% rate implicit in the calculation, the difference of \$1.051 million, characterized as the debt discount is accreted to income over the term of the CD.

Convertible debenture as of December 31, 2011	\$	9,079
Accretion of debt discount for the year		323
Convertible debenture as of December 31, 2012	\$	9,402
Accretion of debt discount for the nine months period ended September 30, 2013		273
Convertible debenture as of September 30, 2013	\$	9,675

The convertible debenture contains financial and non-financial covenants customary for a facility of this size and nature. As at September 30, 2013, the Company was in compliance with all covenants.

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

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8. Finance cost

	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Interest expense	\$ 90	\$ 100	\$ 318	\$ 408
Finance lease expense	159	63	485	176
Interest expense and accretion of convertible debt	344	340	1,022	996
Finance cost	\$ 593	\$ 503	\$ 1,825	\$ 1,580

9. Commitments

Since December 31, 2012, the Company signed the following leases which all have three year terms: equipment leases signed on July 1, 2013 and has an interest rate of 4.6%; and equipment lease signed on July 15, 2013 and has an interest rate of 4.15%. At September 30, 2013, Bertram's finance lease obligations were \$4.6 million, of which \$2.5 million is current and is included within trade and other payables and \$2.1 million is long term. The remaining leases belong to the Company's subsidiaries, E-Global Drilling Corp. and EGD Services.

Finance lease liabilities are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	Sept 30 2013	Dec 31 2012	Sept 30 2013	Dec 31 2012
Not more than one year	\$ 2,664	\$ 2,385	\$ 2,617	\$ 2,343
Later than one year and not later than five years	2,326	3,249	2,285	3,192
Later than five years	-	-	-	-
	\$ 4,990	\$ 5,634	\$ 4,902	\$ 5,535
Less: future finance charges	(88)	(99)	-	-
Present value of minimum lease payments	\$ 4,902	\$ 5,535	\$ 4,902	\$ 5,535

10. Equity

The Company is authorized to issue an unlimited number of common shares. The Company's shares have no par value.

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 3,050,825 have been allocated at September 30, 2013. 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 and are settled in cash. 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. Options vest 25% on the date granted and 12.5% every quarter thereafter.

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

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10. Equity - continued

a) Stock Options - continued

A summary of the Company's stock options outstanding at September 30, 2013 and the changes for the periods ended on these dates is as follows:

	Number	Weighted Average Exercise Price
At December 31, 2012	3,295,825	3.36
Granted	-	-
Exercised	-	-
Forfeited	(245,000)	3.29
At September 30, 2013	3,050,825	3.37

The following table summarizes information about the stock options outstanding at September 30, 2013:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable
\$2.01	575,625	1.00	575,625
\$2.30	7,900	1.60	7,900
\$3.45	1,028,275	2.05	1,028,275
\$3.80	1,259,025	3.04	1,259,025
\$4.19	150,000	2.28	150,000
\$5.13	30,000	3.38	30,000
	3,050,825	2.29	3,050,825

The weighted share price at the date of exercise of the stock options was nil (September 30, 2012 - \$5.30).

The fair value of the services provided cannot be reliably measured; therefore, 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	October 13, 2011	February 14, 2012
Number of options granted	1,155,000	150,000	1,245,000	150,000	1,375,000	30,000
Risk-free interest rate	1.24%	1.60%	1.38%	1.75%	1.08%	1.08%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Expected share price volatility	62%	61%	61%	59%	54%	54%
Expected option life in years	3	3	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 nine months ended September 30, 2013 is \$0.11 million (September 30, 2012 - \$0.98 million).

Energold Drilling Corp.

Notes to the Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

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10. Equity - continued

b) Warrants

On March 21, 2012, the Company completed a \$20.0 million bought deal private placement financing. A total of 3,900,000 common shares were issued at a price of \$5.20 per share for aggregate gross proceeds of \$20.3 million pursuant to an underwriting agreement between the Company and a syndicate of underwriters. In consideration for the services of the underwriters, they were paid a cash commission of 6% of the gross proceeds of the offering and non-transferable common share purchase warrants ("compensation warrant") equal to 6% of the shares issued pursuant to the offering. Each compensation warrant entitles the holder to acquire one common share of the Company at an exercise price of \$5.20 expiring following March 21, 2014. The securities issued under the offering are subject to a four month hold period.

	Number	Weighted Average Exercise Price
At December 31, 2012	234,000	5.20
Granted	-	-
Exercised	-	-
Forfeited	-	-
At September 30, 2013	234,000	5.20

The fair value of the services provided cannot be reliably measured; therefore, the fair value of each warrant granted is estimated at the time of grant using the Black-Scholes option pricing model with assumptions as follows:

Date Granted	March 21, 2012
Number of warrants granted	234,000
Risk-free interest rate	1.27%
Expected dividend yield	Nil
Expected share price volatility	37%
Expected warrant life in years	2

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 warrants. The weighted share price at the date of exercise of the warrants was nil (September 30, 2012 - \$5.07).

c) Earnings Per Share

Details of the calculation of earnings per share are set out below:

	For the three months ended September 30		For the nine months ended September 30	
	2013	2012	2013	2012
Net loss	\$ (7,290)	\$ (2,508)	\$ (5,128)	\$ (3,655)
Attributable to non-controlling interest	177	-	352	-
Attributable to shareholders of EGD	(7,113)	(2,508)	(4,776)	(3,655)
Weighted average number of shares - basic	47,606,534	47,105,291	47,606,534	45,439,391
Adjustment for:				
Share options	-	-	-	-
Weighted average number of shares outstanding - Diluted	47,606,534	47,105,291	47,606,534	45,439,391

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

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11. 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:

- a) During the nine months ended September 30, 2013, legal fees in the amount of \$0.3 million (September 30, 2012 - \$0.1 million) were accrued or paid to a firm related to a director. As of September 30, 2013, the amount outstanding is \$0.02 million (December 31, 2012 - \$0.2 million).
- b) During the nine months ended September 30, 2013, fees in the amount of \$3.6 million (September 30, 2012 - \$2.8 million) were charged to IMPACT for contract drilling services performed in Mexico. As of September 30, 2013, \$1.3 million (December 31, 2012 - \$0.68 million) 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 arms-length. 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 loss of \$0.003 million at September 30, 2013 (September 30, 2012 - profit of \$0.02 million) on drilling services provided to IMPACT has been eliminated from these financial statements.
- c) In 2011, a director of the Company purchased a convertible debenture ("CD") having a principal face value of \$0.4 million, representing 3.5% of the offering. In 2013, this director purchased an additional \$0.2 million CD. As of September 30, 2013, the outstanding payable on the CD to this director is \$0.6 million (December 31, 2012 - \$0.5 million).
- d) During the nine months ended Sept 30, 2013, net fees of \$1.4 million were incurred (Sept 30, 2012 - net fees paid \$0.1 million) to / from a company related to an officer of the Company for helicopter services performed in Canada and the U.S. As of Sept 30, 2013, the amount payable outstanding was \$1.4 million (December 31, 2012 - nil).
- e) The Company signed a lease for office premises in Carbon, Alberta, which commenced June 1, 2012 and ends May 31, 2015. The premise belongs to individuals related to officers of Bertram Drilling Corp. Lease obligations, net of operating costs, are \$0.04 million per year.

12. Additional information to the statements of cash flows

Changes in non cash-working capital:

	For the three months ended September 30		For the nine months ended September 30	
	2013	2012	2013	2012
Trade and other receivables	\$ 3,435	\$ 4,579	\$ 5,628	\$ 3,824
Due from IMPACT Silver Corp.	169	720	(659)	(35)
Income taxes receivable	(495)	(621)	(1,522)	(333)
Inventories	(1,659)	(750)	2,588	(14,050)
Trade and other payables	(751)	(11,118)	(3,011)	(2,397)
Current income tax payable	134	29	1,708	(3,007)
Due to related party	1,410	-	1,410	-
Deferred revenue	1,735	(641)	1,125	188
	<u>\$ 3,978</u>	<u>\$ (7,802)</u>	<u>\$ 7,267</u>	<u>\$ (15,810)</u>

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

Canadian dollars in thousands except for shares and per share data
Unaudited

12. Additional information to the statements of cash flows - continued

	For the three months ended September 30		For the nine months ended September 30	
	2013	2012	2013	2012
Interest paid	\$ 313	\$ 313	\$ 972	\$ 986
Income taxes paid	\$ 595	\$ 1,594	\$ 2,188	\$ 7,227

13. Segmented information

The Company has five reportable segments: Drilling Mexico, the Caribbean, and Central America; Drilling South America; Drilling Africa, Asia and Other; Drilling Canada (Corporate); Manufacturing; and Energy 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:

	For the three months ended September 30		For the nine months ended September 30	
	2013	2012	2013	2012
Revenue				
Drilling Mexico, Caribbean, Central America	\$ 4,765	\$ 7,530	\$ 17,534	\$ 28,660
Drilling South America	689	4,083	10,674	17,871
Drilling Africa, Asia and Other	2,573	5,637	14,328	18,937
Manufacturing	2,947	3,603	11,738	11,414
Energy	5,581	9,037	39,418	38,928
	<u>\$ 16,555</u>	<u>\$ 29,890</u>	<u>\$ 93,692</u>	<u>\$ 115,810</u>
Earnings (loss)				
Drilling Mexico, Caribbean, Central America	\$ 856	\$ 1,957	\$ 3,895	\$ 6,988
Drilling South America	(910)	319	435	1,743
Drilling Africa, Asia and Other	(937)	5	(989)	800
Drilling Canada	(1,042)	(1,653)	(1,977)	(5,429)
Manufacturing	(1,409)	(288)	(2,695)	(294)
Energy	(3,848)	(2,848)	(3,797)	(7,463)
	<u>\$ (7,290)</u>	<u>\$ (2,508)</u>	<u>\$ (5,128)</u>	<u>\$ (3,655)</u>
Amortization				
Drilling Mexico, Caribbean, Central America	\$ 138	\$ 153	\$ 410	\$ 469
Drilling South America	112	128	334	394
Drilling Africa, Asia and Other	346	325	843	816
Drilling Canada	60	75	181	207
Manufacturing	197	62	346	159
Energy	1,718	1,586	4,978	4,835
	<u>\$ 2,571</u>	<u>\$ 2,329</u>	<u>\$ 7,092</u>	<u>\$ 6,880</u>

Energold Drilling Corp.

Notes to the Interim Condensed Consolidated Financial Statements For the Three and Nine Months Ended September 30, 2013

Canadian dollars in thousands except for shares and per share data
Unaudited

13. Segmented information – continued

As at	September 30 2013	December 31 2012
Assets		
Drilling Mexico, Caribbean, Central America	\$ 28,748	\$ 33,185
Drilling South America	25,227	26,543
Drilling Africa, Asia and Other	30,970	27,953
Drilling Canada	23,951	23,912
Manufacturing, United Kingdom and Mexico	13,110	9,727
Energy	43,387	51,496
	\$ 165,393	\$ 172,816
Property, plant and equipment		
Drilling Mexico, Caribbean, Central America	\$ 2,542	\$ 2,685
Drilling South America	1,931	2,292
Drilling Africa, Asia and Other	5,924	5,707
Drilling Canada	1,043	1,243
Manufacturing, United Kingdom and Mexico	1,885	439
Energy	30,651	31,621
	\$ 43,976	\$ 43,987
Intangibles		
Drilling South America	\$ 1,710	\$ 1,710
Manufacturing, United Kingdom and Mexico	205	228
Energy	2,373	3,040
	\$ 4,288	\$ 4,978

14. Economic dependence

Significant customers

The Company received revenues from the following customers in the energy segment that amounted to greater than 10% of total Company revenue.

	For the three months ended September 30				For the nine months ended September 30			
	2013		2012		2013		2012	
	\$	%	\$	%	\$	%	\$	%
Customer A	799	5	6,899	23	19,547	21	11,189	10
Customer B	553	3	-	-	12,306	13	8,659	7
	1,352	8	6,899	23	31,853	34	19,848	17