Energold Drilling Corp.

Form 51-102F1
Management's Discussion and Analysis
For the Three and Nine Months Ended September 30, 2013

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is for the three and nine months ended September 30, 2013 of Energold Drilling Corp. ("Energold" or the "Company") prepared as at November 26, 2013 should be read in conjunction with the Company's quarterly unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2013 and audited consolidated financial statements for the year ended December 31, 2012 and the related notes contained therein. All amounts referred to herein are in Canadian dollars unless otherwise specified. Additional information relating to the Company including material change notices, certifications of annual and interim filings, and press releases are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

This document contains forward-looking statements. Please refer to "NOTE REGARDING FORWARD-LOOKING STATEMENTS."

CORPORATE OVERVIEW

Energold is a drilling contractor with three business sectors: mineral exploration, energy exploration and equipment manufacturing.

The Company primarily serves the mining and mineral exploration industries in three geographic segments: 1) Mexico, the Caribbean and Central America; 2) South America; 3) Africa, the Middle East, Asia and other. Energold specializes in operating highly-portable diamond drilling rigs which have a smaller environmental impact than conventional rigs and which are adaptable to meet the varied needs of its customers. These rigs are particularly successful in exploration in "frontier" areas, that for reasons of social and environmental impact are sensitive or where a lack of infrastructure makes it difficult to operate. These rigs account for 76% of its total mineral drilling rigs with the remainder of its fleet being represented by "conventional" drills.

Energy involves the business operations of Bertram Drilling Corp. ("Bertram") headquartered in Alberta. Bertram specializes in oil sands coring in Alberta and seismic, geotechnical and geothermal exploration in the United States ("U.S.") and Western Canada. Bertram has a fleet of 124 rigs specially designed for oil sands coring, shot hole seismic and geothermal drilling services markets. Bertram also provides diamond and pipeline drilling services. In July 2013, the Company expanded its energy business into Latin America with an immediate focus on Colombia. The Company entered into a joint venture, called "EESI", with a local partner in Colombia, who is a leader in the seismic drilling business and expects considerable growth from this region in general and Colombia in particular over the next several years. Energold holds 60% ownership of EESI and the partner holds 40%.

Manufacturing involves the business operations of Dando Drilling International Ltd. ("Dando"), headquartered in the United Kingdom. Dando designs and manufactures specialty/customized drilling rigs and associated equipment for water well, mineral exploration and geotechnical drilling companies. Dando has also conducted water well operations for approximately 140 of its over 150 year history. Recently, it has focused on research and development capabilities for the benefit of industry sales as well as for the Company's fleet. In 2011, Energold also acquired a small manufacturing facility in Chihuahua, Mexico, Industrial Processes Chihuahua, S.A.C. ("IPC") that produces specific parts for the Company's global operations and provides support for the ongoing maintenance for our rig fleet in Mexico.

Energold also holds mineral exploration properties in the Dominican Republic and Mexico, both directly and indirectly through the 6.98 million shares that it holds in IMPACT Silver Corp. (“IMPACT”), a Canadian public company. The Company’s interest in IMPACT, which has an operating silver mine in Mexico, is currently accounted for on an equity basis.

By broadening the base of the Company’s activities in market and technical ability, Energold is positioning itself to become a larger drilling company in the industry. Management continues to expect an increase in worldwide demand for drill operators and drilling equipment for mining, energy, water, and geotechnical industries.

INDUSTRY OUTLOOK

Since 2012, economic uncertainties coupled with slowing growth in emerging markets led to a drop in metal prices that contributed to the current period of reduced financing opportunities for many junior miners. More recently, precious metal prices have stabilized at levels that are as much as 35% below multi-year highs, which, in part, has been due to the strengthening U.S. dollar and a robust U.S. equity market providing attractive alternative investing platforms; thereby resulting in capital outflows from gold and silver exchange traded funds and other investment demand. The market for the contract drilling has stabilized somewhat but at lower levels than in 2012. The business mix of the Company remains in favour of well-funded intermediate and senior miners with a smaller contribution from well-funded juniors.

According to SNL Metals Economics Group, an estimated global budgets for exploration of non-ferrous metals were expected to fall 29% to US$15.2 billion in 2013. This compares with the US$21.5 billion spent in 2012, as explorers cut back on non-essential spend in the face of falling prices and a lack of finance opportunities. For the 2013 calendar year, there is a continued decline in this amount, with capital expenditures focused primarily on advanced assets and mine development rather than grassroots exploration. Junior miners continue to struggle and cut costs to meet basic, maintenance level expenditures. Management continues to believe the greatest opportunity lies in Latin America, Africa, the Middle East and parts of Asia where frontier regions offer the greatest potential to discover new material across previously unexplored land.

On the energy side, the Canadian Association of Petroleum Producers (CAPP) forecasted $63 billion in CAPEX in 2013 of which $23 billion will be spent in the oil sands. This represents continued growth over the 2012 figure of $55 billion and $20 billion, respectively. This sector provides shareholders with greater opportunity above and beyond mineral activity alone. There also appears to be some increase in seismic and geothermal opportunity in Canada and the U.S., which may partially be due to high oil prices driving demand for alternative energy sources.

OVERALL PERFORMANCE

Energold Group

For the nine months ended September 30, 2013 and 2012, operating income before amortization and the payment related to the Bertram Drilling acquisition was $5.1 million and $17.7 million, respectively. The following total group figures are presented in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS").

	For the three months ended September 30,			For the nine months ended September 30,		
(in thousands)	**2013**	2012	%	**2013**	2012	%
Revenue						
Mineral	**$ 8,027**	$ 17,250	(53)	**$ 42,536**	$ 65,468	(35)
Energy	**5,581**	9,037	(38)	**39,418**	38,928	1
Manufacturing	**2,947**	3,603	(18)	**11,738**	11,414	3
	$ 16,555	$ 29,890	(45)	**$ 93,692**	$ 115,810	(19)
(Loss) earnings[1]						
Mineral	**$ (2,033)**	$ 628	(424)	**$ 1,364**	$ 4,102	(68)
Energy[2]	**(3,848)**	(2,848)	(35)	**(3,797)**	(7,463)	49
Manufacturing	**(1,409)**	(288)	(389)	**(2,695)**	(294)	(817)
	$ (7,290)	$ (2,508)	(191)	**$ (5,128)**	$ (3,655)	(40)
Loss per share – basic[3]	**$ (0.15)**	$ (0.05)		**$ (0.10)**	$ (0.08)	
Loss per share – diluted	**$ (0.15)**	$ (0.05)		**$ (0.10)**	$ (0.08)	

	As of September 30	
(in thousands)	**2013**	2012
Total assets	**$ 165,393**	$ 174,752
Non-current financial liabilities	**$ 2,418**	$ 13,077

1 Net (loss) earnings represents net (loss) income attributable to the equity holders of the Company
2 Includes the payment related to acquisition of $1.1 million and $7.4 million for the nine months ended September 30, 2013 and 2012, respectively
3 Without inclusion of the payment related to acquisition – loss per share, basic and diluted, would be $0.08 for the nine months ended September 30, 2013

SELECT OPERATING INFORMATION

	Sept 2013	June 2013	March 2013	Dec 31 2012	Sept 30 2012	June 30 2012	Mar 31 2012	Dec 31 2011	Sept 30 2011
Mineral Drill rig fleet	**136**	134	133	133	130	128	128	125	122
Meters drilled	**53,700**	92,100	106,400	86,600	92,300	114,900	134,500	134,500	170,300
Energy Drill rig fleet	**124**	124	121	120	119	118	118	119	119
Meters drilled	**71,200**	13,200	210,600	39,400	61,700	86,200	443,300	214,700	229,700

Significant acquisitions occurring in 2011

On July 25, 2011, the Company acquired 100% of the outstanding shares of Bertram International Corporation ("Bertram") by repaying the shareholder loans to the principal shareholders of Bertram. The total initial consideration of the transaction was $15 million, which included $8 million in cash and the balance in restricted shares of Energold Drilling Corp. (1,655,512 common shares @ $4.23 per share).

Due to prescribed treatment under IFRS, the Bertram transaction had a significant impact upon the consolidated balance sheet and income statement for the years ended December 31, 2011 and 2012. This included a write up of the acquired property, plant and equipment to fair market value of $23.8 million and intangibles of $4.1 million. The values related to property, plant and equipment and intangibles have been amortized commencing the date of acquisition. The difference between the assets and liabilities acquired, and the acquisition cost was $15.0 million and this was recorded as a gain during the year ended December 31, 2011.

In addition to the initial consideration, certain previous shareholders of Bertram active in managing the business following the transaction date, are entitled to receive an earnout payment tied to EBITDA ("earnings before interest, taxes, depreciation and amortization") based on the performance of the acquired Bertram entities or their successors over three consecutive 12 month periods commencing May 1, 2011. The minimum threshold EBITDA that must be achieved prior to the calculation of any earnout payment is $5.0 million per annum and the maximum earnout payment is $10.5 million in any consecutive 12 month period (May 1 to April 30). Any earnout payment shall be paid using cash, with an option held by Energold to pay up to 50% in shares of the Company. Any balance not paid in cash shall be paid in shares of Energold based on the weighted average trading price recorded on the TSX-V ("EGD:TSX-V") for the 30 consecutive trading day period immediately preceding July 31 in each relevant year.

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 and are recognized as a period expense. For nine months ended September 30, 2013, the Company recorded an expense on the income statement for the earnout of $1.1 million (September 30, 2012 - $7.4 million).

MINERAL DIVISION

Industry Overview

Energold has traditionally been engaged by, and seen demand for, its services in the mineral sector from three groups of customers: gold mining companies, base metal mining companies, and junior exploration companies. Each of these groups is influenced by distinct market forces both at the industry level as well as capital market demand for its equity and debt. Exploration for precious metals currently represents the largest demand with continued activity across certain base metals and specialty commodities. As evidenced by exploration dollar allocation over the last several years, Energold continues to believe that in order to identify new and larger deposits, the mining industry will continue to conduct exploration farther afield into frontier areas with difficult topography and poor infrastructure, as well as areas sensitive to social and environmental challenges.

Following the global financial crisis, the market for drilling services recovered to record levels of activity and financial performance for the mineral division. After the first quarter of 2012, mineral drilling in all categories slowed down and activity across the junior mining segment fell dramatically due to challenging capital market and funding conditions. Management continues to see no significant recovery since early 2012 and utilization rates remain depressed, resulting in excess conventional rig capacity across the industry. This has led to competitive pricing pressures in some markets.

During the third quarter, precious metals prices did not recover from their drop in the second quarter and contributed to an ongoing cautious outlook across the mining community. As junior miners put projects on care and maintenance, well-funded intermediate and senior mining companies have committed to growing their reserves through exploration as equity markets and more specifically, shareholders have been disappointed with peak market acquisitions made over the last three years. For this reason, management believes a continued focus on underdeveloped regions such as Africa, the Middle East and parts of South East Asia will continue to see growing levels of exploration activity over the medium to long term.

The third quarter has historically been one of the strongest periods for mineral drilling despite the rainy season in Africa. Despite this, drilling services were down compared to Q2, as activity levels began to drop in mid-summer. The impact of the junior miners has already had its effect in 2012 and early 2013 and no customers in that category returned to the field in the third quarter. Some pick-up in activity is expected in the fourth quarter owing mostly to better ground conditions in Africa although this coincides with the onset of wet weather in South America. Existing customers continue to consider expanded drilling programs on the basis of encouraging initial exploration results although excess rig capacity has contributed to lower revenue per metre rates and therefore tighter margins.

Seasonality

The geographical expansion of the Company as a whole has helped reduce the overall exposure to seasonality. There is a reduction in drilling for most of the Company's operations in Africa during the months of June/July through to September/October due to rain. In South America, a seasonal slowdown in activity occurs around year-end due to the onset of the holiday season and weather conditions in some locations. Traditionally lower margin brownfield work continues throughout the year with the exception of the seasonal shutdowns in the last month of the year. Frontier exploration is generally based on exploration campaigns and the highest activity levels in the mining category tend to occur in the second and the third quarters of the year, whereas the first and especially the last quarter of the year are typically the slowest.

Outlook and business strategy

In spite of severely depressed capital market conditions for junior exploration companies, as well as the recent drop-off in the price for precious metals, the Company continues to see demand for its services. However, the Company cautions that actual results may vary substantially from all forward-looking information in this MD&A.

Management believes the challenging market for junior explorers will continue into 2014 and is uncertain about the stability of the market for the upcoming year. The volatility in the market is impacting pricing and management is exploring different options to remain profitable such as breaking into undeveloped markets as discussed above. In the meantime, there is a focus on reducing inventory levels and minimal capital expenditures are planned for the foreseeable future. As mentioned in the previous MD&A,

Energold continues to have one of the strongest balance sheets in the industry which has provided management with the ability to manage the downturn in the mineral segment while investing capital in other areas where growth is more attainable. However, the state of the mineral drilling industry has led management to consider organic growth and more intensive marketing for its equipment rather than making acquisitions. To mitigate risk, new rig development will be done on a case-by-case basis depending on customer and project specific demand.

The Company specializes in highly portable modular diamond drill rigs, which Energold believes are highly competitive in frontier markets due to their mobility and low environmental footprint. As the Company's position in the market has increased over the last seven years, there has been a demand for complementary drill rigs from existing clients including underground drill rigs and more conventional diamond drill and reverse circulation rigs. Building on these contacts, the Company has been able to mitigate some of the effects of reduced greenfield drilling typically done by junior miners. Energold continues to expand as it identifies what it believes are markets which it can dominate both geographically and technically. With a modern fleet of drilling rigs and continued expansion into new operating regions, Energold has laid the foundation for future growth in five continents. The Company currently has mineral drilling rigs deployed in 24 countries around the world.

Mexico, the Caribbean and Central America

This region continues to be one of the strongest and most important markets for the Company with 46 rigs located in the region. Originally pioneered with its “S” style rigs, which still constitute the majority of the fleet, the Company has introduced underground rigs and larger conventional rigs to meet our clients’ demands.

Despite current capital market and commodity market conditions, the fleet remains active, particularly in Mexico and the Dominican Republic. While the Company is experiencing pricing pressure in parts of Mexico, the variable cost nature and ability to adapt to market fluctuations should keep the Company competitive in the bidding processes. Growth is steady in the Dominican Republic where the Company continued to drill for well-funded junior miners in the country. Approximately 69% of global meters drilled in the third quarter of 2013 and 52% year-to-date 2013 were drilled in this region, compared to 52% in the third quarter of 2012 and 54% year-to-date in 2012. This region drilled 41% and 56% of global meters drilled in the first quarter and second quarter of 2013, respectively.

South America

The Company is working in Brazil, Colombia, Peru, Chile and Argentina with 41 drill rigs. Meters drilled in this market were approximately 7% of global meters drilled in the third quarter of 2013 and 20% year-to-date 2013 compared to 21% in the third quarter of 2012 and 22% year-to-date 2012. This region drilled 26% and 19% of global meters drilled in the mineral division in the first and second quarter of 2013, respectively.

There are several potential drilling opportunities in Peru which has historically been one of our busiest markets in South America. Currently, the market is still suffering from local, political and social issues; however, the Company maintains a strong reputation in the country.

In Brazil, activity has slowed down which reflects the ongoing general malaise across the contract drilling industry. Following a period of uncertainty in Argentina in 2011 and 2012, activity appears to be rebounding as the Company is seeing more opportunities for new business in the country, despite a competitive environment. The Company has been successful in maintaining its operating costs at reasonable levels; however, bureaucracies remain a challenge. Despite ongoing political and market issues across the continent, mining companies continue to focus exploration efforts in the region and the Company remains the driller of choice for several key clients, especially in frontier regions when the vast majority of future exploration will take place. In each of these markets our primary rig is the “S” style rig servicing some of the more difficult and remote programs.

Africa, Asia, Europe, Canada

The Company has 41 rigs in Africa, two rigs in Asia, two rigs in the Middle East, one rig in Europe and three rigs in Canada. Meters drilled in this market were approximately 24% of global meters drilled for the third quarter of 2013 and 27% year-to-date 2013 compared to 27% in the third quarter of 2012 and 24% year-to-date 2012. This region drilled 33% and 25% of total meters drilled in the mineral division in the first and second quarter of 2013, respectively.

The period was fairly weak in terms of activity as the traditional rainy season in West Africa took hold. As the period came to an end towards the end of the third quarter, activity has started to pick up and should continue to do so leading into the holiday period. The majority of activity in the region continues to involve well-funded intermediate and senior miners.

In the third quarter of 2013, the Company continued drilling in the Middle East where the Company recently established a presence in the region. The Company will be leveraging recent trends where governments of oil-based economies have made concerted efforts to deploy capital to new potential economies such as minerals to add diversification to their nations’ output. Generally speaking, the continent offers opportunity to maintain margins associated with higher levels of risk. The Company continues to explore new markets in the region and remains prepared to operate in higher risk countries.

The Company is entering the Asian market in the coming year; although not via acquisition as initially considered. Over the past 18 months, management considered entering the Asian market, via acquisition, with a particular focus on the South East region; however, none have met specific benchmarks that management believes would be beneficial to shareholders. The Company's "S" rigs are particularly suitable in parts of Asia where there are low labour costs and a lack of infrastructure. Rather than acquire an existing drilling company in the region, management now feels the most appropriate way to penetrate the market would be either by working with a customer who lacks frontier style rigs. Regional governments are widely encouraging new natural resource development and the Company is capturing these opportunities through referrals from Dando as it has an excellent reputation in these areas. Management considers this region as potentially one of the most important growth markets over time. Challenges remain with a number of governments in the region in their early stages of developing mining policies which have held up exploration funding and spending. Notwithstanding, Energold has maintained some presence in some form or another over the last several years and continues to evaluate opportunities on a case by case basis.

Drill Fleet

As at September 30, 2013, the Company had 136 rigs in its mineral drilling fleet. The Company added two new S-1 rigs to be deployed to the Asian market as it considers ways to establish a footprint in the region. As well, the Company is adding deeper capability S-3.5 rigs manufactured by Dando to the African and Middle Eastern markets. On an organic basis, the Company intends to add new equipment on an as-needed basis and can do so on a cost-advantaged basis through Dando. The Company will continue to work with certain clients who require specific equipment to meet challenging conditions at various projects. Typically, the return to the Company by retrofitting existing or building new equipment is offset by the value of the particular contract. The Company is continuing a modification program to increase the operational and depth capabilities of its standard S-2 and S-3 rigs.

The Company is developing additional technical ability in complementary activities including underground drilling. Included in the 2013 total rig count are seven underground rigs. The expansion into underground drilling was in response to certain clients' requests that we provide full service to their operations. The underground rigs are similar to our existing surface rigs, using substantially the same equipment and supplies as our surface rigs. This significantly reduces crew training time and inventory requirements.

Mineral Division Performance

While demand has not recovered fully to the levels seen in March 2012, it has stabilized since the third quarter of 2012. During the third quarter of 2013, Energold's mineral division drilled 53,700 meters compared to 92,300 meters in the same period of 2012, a decrease of 42%. Revenues for the first nine months of 2013 were $42.5 million compared to $65.5 million of revenues earned in the same period of 2012. Revenues for the third quarter of 2013 were $8.0 million compared to $17.3 million for the same period in 2012. Average revenue per meter for the first nine months of 2013 decreased to $169 from $192 in the third quarter of 2012 due to the depressed market. Revenue in the third quarter of 2013 compared to the third quarter of 2012 was negatively impacted by the ongoing reduction in exploration spending from the junior mining segment. The majority of the decline in junior exploration activity has likely already occurred and while intermediate and senior players continue to focus its reserve replacement through exploration, those companies appear to remain cautious about the size of their programs and prudent in their commitments to drilling activity. As discussed in previous quarters, there appears to be no significant indication that the junior market will return to previous levels of activity for some time.

Gross margin[1] percentage remains heavily impacted by the type of drilling the Company performs, the region and country in which it works, as well as the type of the client. Junior miners typically explore more frontier style environments that allow for higher margin frontier drilling and there is now increased presence of senior miners exploring the frontier regions. Gross margin percentage from mineral drilling for the first nine months and third quarter of 2013 was 26% and 12%, respectively, compared to 27% and 28% in the first nine months and third quarter of 2012 respectively. Some stabilization took place earlier this year which has translated into a new environment of lower rates and utilization levels. Notwithstanding, the Company maintains a strong infrastructure network in all regions that it operates which allows for a relatively lean operation. The Company continues to reduce its inventory and its working capital remains strong. As the majority of the Company's costs are variable, it can adapt quickly and respond accordingly to changing market conditions.

ENERGY DIVISION

Industry Overview

Oil Sands

In Western Canada and the U.S. there has been a continuing program of exploration for energy sources especially as hydrocarbon pricing has remained relatively strong amidst an environment where technological improvements in extraction have made previously uneconomical projects now economical. In Alberta, Canada, oil sands provide the opportunity for North America to be self-sufficient in oil and eventually a net exporter.

Oil sands projects are especially topical as the Canadian government seeks to reduce and ultimately eliminate the discount applied to Canadian crude as pipeline projects that head south, west and east are negotiated. The Canadian government has identified the oil sands as a strategic asset supporting long term economic growth for all of Canada and has recently been taking a much more active role in accelerating the development of this important national resource. As well, foreign companies have more recently been expressing interest in financing and acquiring oil sands properties for the purposes of development to meet their domestic energy needs in years to come. Notwithstanding the "Canadian crude discount", exploration, resource definition, mine planning and construction continues unabated in the oil sands region and requires billions of dollars of annual spending to meet individual company and industry goals.

Natural Gas

While gas inventories have traditionally been large, the technical developments related to shale gas has opened up a new market for further seismic exploration especially in the U.S. In spite of the fact that U.S. increasing probable reserves of domestic shale gas have depressed prices, there is a growing demand for the resource as power generating companies are now able to plan and build facilities reliant on this cleaner burning, abundant and cheap energy source that supports ongoing exploration activity throughout North America.

Increased interest in exploring potential shale gas formations in many international locations offer future opportunities for Bertram to capitalize on its expertise and expand its operations globally. When working with multinational corporations operating in Canada and the U.S., the Company's management will continue to leverage existing relationships to deploy underutilized equipment to underserved regions worldwide. South America in particular offers the Company a potentially large growth area in so far as it can leverage a well-established infrastructure and logistics network already in place as a result of Energold's mineral drilling business in the region.

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[1] Gross margin and gross margin percentage are non-IFRS measures. See "NON-IFRS MEASURES."

Geothermal and Geotechnical

In the longer term, as society looks for alternative sources of energy, geothermal programs are becoming an integral part of a number of development projects and are regarded as "clean" from an environmental point of view. The opportunity to submit bids on new projects in the U.S. has become more robust and the Company is in a strong position to participate in multi-year programs that may potentially help offset seasonality effects from the oil sands coring business that takes place during the winter months.

Seasonality

The ability to move heavy equipment in Canadian oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this "spring break-up" and associated road bans has a direct impact on Bertram's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen hard enough to support equipment. The timing of freeze up and spring break-up affects the ability to move equipment in and out of these areas. As a result, most of the drilling occurs in the first quarter of the calendar year with April through May traditionally being the slowest time in this region. With road bans lifted, activity levels improve. There is a current trend for increased activity in the summer and fall months although management must consider this strategy on a case by case basis with the customer as doing so could incur considerable cost.

The third quarter tends to be a period in which management ramps up for the upcoming winter oil sands program. This period tends to be capital intensive as equipment is tailored to the evolving demands of each client and as such, the Company's multi-year contracts in this area offer strong rationale to meet specific client requirements.

Outlook and business strategy

Energold has begun to execute a two year plan to relocate several of Bertram's seismic rigs to developing markets outside of North America where Energold is already established and operating. This process began with the Colombian market during the second quarter and underscores the flexibility Energold provides in allowing for a rapid shifting of equipment across our platforms depending on market conditions and regional demand. In Alberta and British Columbia ("B.C."), there are new opportunities for seismic work that the Company is currently bidding on. Combining the energy division's experience with the Company's know-how when operating in remote regions, the Company has successfully won jobs working where conventional equipment on wheeled transportation vehicles could not access.

In August 2012, the Company was awarded multi-year energy drilling contracts worth up to $45 million annually. The bulk of growth in the energy division will be dependent on weather in the latter part of the year as an early freeze positively impacts work levels and financial performance. Most of Bertram's oil sands rigs are fully committed for the 2013/2014 season including two rigs acquired earlier this year that are capable of reaching greater depths and potentially translate into a rapid payback and immediate financial benefit.

More recently, management has focused on growing other areas including commercial geothermal programs, where Bertram has historically been able to generate higher operating margins. Activity in the U.S. has started to increase in some markets and management has begun to capture market share, including a recently awarded year-long program that began this fall. New equipment is being considered on a case by case basis depending on client and program specifics. Success in this area would help offset the seasonality of winter activity associated with the winter-only oil sands work in northern Alberta.

The performance of the Energy division since its acquisition in July 2011 has shown its value in terms of diversifying revenues and offsetting seasonality of Energold's mineral division while providing a platform for continued growth using the Company's strong balance sheet. Energold management continues to work aggressively to capitalize on the potential synergies between the various divisions through the sharing of equipment, expertise, contacts, crews and logistical infrastructure to help drive revenues, operating margins and overall long term shareholder value. Furthermore, management feels that it can meaningfully grow revenue using the current fleet of equipment by growing market share in current businesses and penetrating new markets outside North America.

Energy Division Performance

The majority of revenues and activity are typically generated in the first quarter primarily due to weather factors. Bertram was very active during the first quarter of 2013 primarily on the oil sands projects in Northern Alberta. Revenues for the first nine months and third quarter of 2013 were $39.4 million and $5.6 million, respectively, compared to $38.9 million and $9.0 million in the first nine months and third quarter of 2012. For the nine months ended September 30, 2013, 92% of revenues were generated in Canada with the remainder contributed from the U.S. Meters were drilled in the following areas:

	For the three months ended September 30		For the nine months ended September 30	
	2013	2012	**2013**	2012
Oil sands	**1,000**	14,000	**55,400**	50,200
Seismic (Track and Heli-portable)	**28,100**	-	**174,200**	335,500
Geothermal and Geotechnical	**42,100**	47,700	**65,400**	205,500
	71,200	61,700	**295,000**	591,200

The gross margin for the first nine months of the year and the third quarter of 2013 was 17% and (31)%, respectively, compared to 26% and 8% in the first nine months and third quarter of 2012. The negative gross margin during the period relates to generally higher than expected logistical costs with helicopter expenses being much higher than anticipated for one project in particular. Management expects to work more efficiently on these programs for the client. In the first nine months of 2013, Bertram drilled approximately 234,400 meters in Canada and approximately 60,600 in U.S. In the first nine months of 2012, Bertram drilled approximately 363,900 meters in Canada and approximately 227,300 in the U.S.

Oil sands operations accounted for over $1.3 million of third quarter revenues and $31.9 million of year-to-date revenues in 2013 compared to $7.0 million and $23.9 million of third quarter and year-to-date revenues, respectively in 2012. Revenue was generated from programs conducted on behalf of major operators. Geothermal and geotechnical drilling activity accounted for $2.3 million of third quarter revenues and $4.2 million of year-to-date revenues in 2013 compared to $2.0 million in the third quarter and $8.2 million of year-to-date revenue in 2012. Track seismic represents the remainder of the revenues.

MANUFACTURING DIVISION

Outlook and business strategy

In January of 2011, the Company acquired Dando Drilling International Ltd. ("Dando"), headquartered in the United Kingdom. The Dando team has a long and proven history of profitably designing and manufacturing specialty/customized drilling rigs and associated equipment for water well, mineral exploration and geotechnical drilling companies operating throughout the world.

Energold's strategic objective is to profitably expand Dando's core business selling rigs and supplies to third parties; source additional rigs to broaden Energold's scope of services in appropriate geographic regions; work with Dando's team of engineers to develop and supply next generation drilling rigs and supplies for Energold, and capitalize on Dando's extensive experience and expertise to build a separate water well drilling services division for Energold.

Dando is rapidly expanding its brand name and the exploitation of Dando's excellent reputation in Africa, Australia, South East Asia (Indonesia in particular), and Australia has resulted in a much increased demand for large mineral exploration rigs for coal mining sites in the area. The utilization of the

Company's contacts and expertise in Latin and North America has led to a good deal of interest from previously untapped geographical markets. Capability and efficiency continue to improve in all areas with a strong focus on supply chain management and the sales department where recent role changes have started to yield desired results.

Markets continue to provide mixed signals with the hard rock mineral market showing some signs of recovery with good enquiries from mining companies. However, the water-well market remains strong with interest coming from a variety of customers in several geographical regions including sovereign wealth fund activity.

In the first quarter of 2013, the Company subscribed for 60% of the shares in DDS Hydrofor West Africa which in turn acquired 100% of Hydrofor International S.A. ("Hydrofor Togo") located in Togo, Africa. Hydrofor Togo is providing drilling and related services within the water recovery industry. The Company is providing management services and water well drills manufactured by Dando and are using local crews for the operations and a European director. Hydrofor Togo currently has two working rigs. The Company's initial focus will be to address the rural and village water well market for non-government organizations, mining companies and multilateral customers and then market its services to mining companies for large dewatering projects.

Manufacturing Division Performance

The manufacturing division performance includes results from our manufacturing companies and Hydrofor Togo. Year-to-date revenues for manufacturing for 2013 were $11.2 million with an operating margin of 6% compared to revenues of $11.4 million with an operating margin of 23% in the first nine months of 2012. Revenues for manufacturing in the third quarter of 2013 were $2.8 million with one percent gross margin compared to revenues of $3.6 million with an operating margin of 20% in the third quarter of 2012. Year-to-date revenues for 2013 for Hydrofor Togo were $0.5 million with an operating margin of 25%. Revenues for Hydrofor Togo in the third quarter of 2013 were $0.1 million with three percent gross margin. Approximately $0.8 million of the $2.7 million year-to-date loss in the manufacturing segment relates to Hydrofor Togo. A portion of these expenses were related to start-up costs for Hydrofor Togo. In the third quarter of 2013, the Company delivered 12 rigs which comprised of a Geotec 6 rig, seven Terrier mini rigs, four cable percussion site investigations rigs and a large tooling package for a Mintec 12.8. Late in the third quarter of 2013, Dando was awarded a large contract which consisted of rigs and tooling packages. A significant amount of fixed costs related to this contract was incurred late in the quarter in which only a small portion of the revenues were recorded which impacted earnings for the quarter. It is anticipated that a good portion of the contract will be completed by the end of the year in which most of the revenues will be recorded in Q4 of 2013.

Demand for rigs and equipment remains high and the Company is actively participating in multiple tender processes. Currently, Dando had order intake of approximately $12.9 million in the quarter and continues to have strong enquiries for its products. As part of its plans to service future growth Dando is continuing to build additional small rigs for stock although this strategy tends to increase costs in the short run with revenue following in latter periods. The Company continues to be on target to achieve a substantial increase in revenues and profit driven by a faster delivery schedule and increased momentum in certain key markets where larger numbers of rigs are being ordered at a time.

In 2011, Energold also acquired a small manufacturing facility in Chihuahua, Mexico, Industrial Processes Chihuahua, S.A.C. ("IPC") that produces specific parts for the Company's global operations. IPC provides support for the ongoing maintenance for our rig fleet globally by high quality and economic parts and supplies. All intercompany sales are eliminated upon consolidation.

RESULTS OF OPERATIONS

For the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012

Net earnings for the nine months ended September 30, 2013 were impacted by the following factors:

- Mineral

  - Revenues decreased to $42.5 million or by 35% in the first nine months of 2013 from $65.5 million in the comparable period due to the weakened demand which began in the second quarter of 2012 as a result of the weakened market. Due to the competitive environment in the mining industry, the Company has been faced with competitive pricing pressures. There was a decrease of 89,500 meters drilled or 26% in total meters drilled in the first nine months of 2013 over the same period in 2012. The decrease in average revenue per meter drilled also contributed to the decrease in revenues from the first quarter of 2013 over the comparable period in 2012. Average revenue per meter of mineral drilling decreased to $169 in the first nine months of 2013 from $192 in the comparable period in 2012, a decrease of 12%. The decrease in revenue per meter is a result of the weakened economy and the loss in junior mining clients who generally paid higher prices for frontier drilling. Junior miners have failed to return to the market and as a result, there is excess rig capacity and as anticipated, the rate per meter has decreased.

  - Gross margin decreased to $11.0 million in the first nine months of 2013, down 38% compared to $17.8 million in the comparable period of 2012. Gross margin percentage decreased primarily due to the decrease in revenues per meter. As previously discussed, the overall number of meters decreased from the prior year; however, costs have still remained high in some regions due to retention of experienced supervisors and operations personnel. Management has addressed overstaffing issues in certain markets and taken measures to relocate key staff to stronger markets as dictated by market dynamics.

- Energy

  - Revenues for the first nine months of 2013 were $39.4 million compared to $38.9 million in the first nine months of 2012, a slight increase of 1%. The majority of revenues are generally generated in the first quarter of the year as drilling conditions were more ideal. The third quarter tends to involve higher working capital demands to address the ramp-up period leading into the strong winter drilling season.

  - Gross margin was $6.5 million or 17% in the first nine months of 2013 compared to $9.9 million or 26% in the comparable period of 2012. The lower gross margin percentage in the period is due to increased costs related to the ramp up of the upcoming winter season and in one case, helicopter costs associated with one particular job.

- Manufacturing

  - Revenues increased to $11.7 million in the first nine months of 2013 from $11.4 million in the first nine months of 2012, an increase of 3%. The increase is due to delivery of different types of rigs in the third quarter of 2013 over the third quarter of 2012.

  - Gross margin was $1.2 million or 10% in the first nine months of 2013 compared to $2.6 million or 23% in the comparable period of 2012. As discussed earlier, Dando commenced work on a large contract late in Q3 of 2013. Costs were incurred late in the quarter and only a portion of the revenues were recorded.

- Indirect and administrative expenses decreased to $21.9 million in the first nine months of 2013 from $26.9 million in the first nine months of 2012, of which $1.1 million was for the earnout related directly to the acquisition of Bertram, and $5.0 million relates to amortization of Bertram's property plant and equipment and intangible assets as a result of the acquisition of Bertram. As a percentage of revenue, indirect and administrative expenses remained the same at 23% in the first nine months of 2013 as compared to the first nine months of 2012.

- The Company also recognized a foreign exchange gain of $0.2 million in the first nine months of 2013, compared to a $1.8 million loss in the comparable period of 2012. Future foreign exchange fluctuations will result in gains or losses as the Company translates its non-Canadian dollar denominated assets and liabilities into Canadian dollars and may have a significant impact on future net earnings.

- The Company recorded finance costs of $1.8 million in the first nine months of 2013, up 16% from $1.6 million in 2012 due additional finance leases and operating loans primarily from Bertram.

- Current and deferred income taxes decreased to $0.3 million in the first nine months of 2013 compared to $4.3 million in the first nine months of 2012. In certain jurisdictions where the Company has assurance of future taxable income, a deferred tax asset has been recorded which results in a tax recovery. In the current year, the earnout amount was a non-deductible expense for tax purposes as it was treated as a capital transaction for tax purposes.

- Other comprehensive income was $0.8 million in the first nine months of 2013 compared to $1.1 million loss in the first nine months of 2012. Other comprehensive income is related to unrealized gains or losses on short-term investments held net of taxes and cumulative translation adjustments on foreign currency translations.

For the three months ended September 30, 2013 compared to the three months ended September 30, 2012

Net earnings for quarter-to-date 2013 were impacted by the following factors:

- Mineral

  - Revenues decreased to $8.0 million or by 53% in the third quarter of 2013 from $17.3 million in the comparable period due to the weakened demand which began in the second quarter of 2012 as a result of the weakened market. There was a decrease of 38,600 meters drilled or 42% in total meters drilled over the third quarter of 2012. The decrease in average revenue per meter drilled also contributed to the decrease in revenues from the third quarter of 2013 over the comparable period in 2012. Average revenue per meter of mineral drilling decreased to $149 in the third quarter of 2013 from $187 in the comparable period in 2012, a decrease of 20%. The decrease in revenue per meter is a result of the weakened economy and the loss in junior mining clients who generally paid higher prices for frontier drilling. Junior miners have failed to return to the market and as a result there is excess rig capacity which is putting pressure on pricing. Management does not foresee a meaningful increase in revenue per meter drilled over the near term.

  - Gross margin decreased to $1.0 million in the third quarter of 2013, down 79% compared to $4.8 million in the comparable period of 2012. Gross margin percentage decreased primarily due to the decrease in revenue per meter. As previously discussed, the overall number of meters decreased from prior year; however, costs have still remained high in some regions due to retention of experienced supervisors and operations personnel. A staff rationalization process has taken place in some markets to help mitigate this effect.

- Energy

  - Revenues for the third quarter of 2013 were $5.6 million compared to $9.0 million in the third quarter of 2012, a decrease of 38%. The majority of revenues are generally generated in the first quarter of the year as drilling conditions were more ideal. Like all quarters except the first quarter, revenue in the third quarter is difficult to predict given the short lead times requested by clients to prepare for, and execute a seismic or geothermal program. For this reason, revenue in non-first quarter periods tends to be volatile on a year-over-year basis.

- Gross margin for the quarter was negative $1.7 million or (31)% in the third quarter of 2013 compared to $0.8 million or 8% in the comparable period of 2012. As previously discussed, the negative gross margin during the period relates to higher than expected costs associated with helicopter transportation of equipment and labour for one job in particular. As well, labour associated with ramping up for the winter program also impact gross profit levels.

- Manufacturing

  - Revenues decreased to $2.9 million in the third quarter of 2013 from $3.6 million in the third quarter of 2012, a decrease of 18%. Revenue recognition depends heavily on work in process and delivery schedules; therefore, revenue can be volatile on a quarter-over-quarter basis.

  - Gross margin was close to break-even or 0.9% in the third quarter of 2013 compared to $0.7 million or 20% in the comparable period of 2012. Dando commenced work on a large contract late in the quarter; whereby, costs were incurred late in the quarter and only a portion of the revenues were recorded.

- Indirect and administrative expenses increased slightly at $7.0 million in the third quarter of 2013 from $6.4 million in the third quarter of 2012, of which, $1.7 million relates to amortization of Bertram's property plant and equipment and intangible assets as a result of the acquisition of Bertram. As a percentage of revenue, indirect and administrative expenses were 42% in the third quarter of 2013 compared to 21% in the same period of 2012. Overall revenues for the Company decreased by 45% from the third quarter of 2012 and 2013.

- The Company also recognized a foreign exchange loss of $0.04 million in the third quarter of 2013, compared to a $0.8 million loss in the comparable period of 2012. Future foreign exchange fluctuations will result in gains or losses as the Company translates its non-Canadian dollar denominated assets and liabilities into Canadian dollars and may have a significant impact on future net earnings.

- The Company recorded finance costs of $0.6 million in the third quarter of 2013, compared to $0.5 million in the comparable period in 2012.

- Current and deferred income taxes was a $1.1 million recovery in the third quarter of 2013 compared to a $1.3 million expense in the comparable period in 2012. In certain jurisdictions where the Company has assurance of future taxable income, a deferred tax asset has been recorded which results in a tax recovery.

- Other comprehensive loss was $1.8 million in the third quarter of 2013 compared to a $1.9 million loss in the third quarter of 2012. Other comprehensive income is related to unrealized gains or losses on short-term investments held net of taxes and cumulative translation adjustments on foreign currency translations.

OTHER FINANCIAL INFORMATION

Summary of Quarterly Results

The following table represents our unaudited quarterly results of operations for each of the last eight quarters. All figures are in thousands of Canadian dollars except earnings per share:

	Sept 30 2013	June 30 2013	Mar 31 2013	Dec 31 2012	Sept 30 2012	June 30 2012	Mar 31 2012	Dec 31 2011
Revenue	16,555	23,273	53,864	25,704	29,890	32,650	53,270	35,302
Net earnings / (loss) **	(7,290)	(1,243)	3,580	(4,995)	(2,508)	(2,039)	892	12,725
(Loss) Earnings per share - Basic*	(0.15)	(0.03)	0.08	(0.11)	(0.05)	(0.04)	0.02	0.30
(Loss) Earnings per share - Diluted*	(0.15)	(0.03)	0.07	(0.11)	(0.05)	(0.04)	0.02	0.30

* Per share numbers have been rounded to two decimal places

** Attributable to equity shareholders of Energold

FINANCING

To accommodate the Company's growth over the last several years, Energold has entered into two equity financings and one convertible debenture issue. In conjunction with continued operational performance, these financings have led to the Company having one of the industry's strongest balance sheets that will allow for continued growth, both organically and through acquisition amidst a more challenging environment. Management continues to make a conscious effort to use financial leverage where possible but with the determination to keep its financial structure on a balanced basis in accordance with its near and long term outlooks of the industry.

On March 21, 2012, the Company closed an agreement with a syndicate of underwriters led by TD Securities Inc. to purchase, on a bought-deal private placement basis, 3.9 million common shares of Energold at a price of $5.20 per share for gross proceeds of $20.3 million.

On July 21, 2011, the Company completed a $10.0 million secured convertible debenture issue which bears interest at 10% calculated annually, payable quarterly, with a maximum term of three years (Energold holds a call provision). The convertible debentures are convertible into common shares of the Company at a conversion price of $5.25 per share, subject to a minimum conversion of $50,000 (if converted in part). The convertible debentures are classified as a liability, less fair values allocated to the conversion feature. As a result, the recorded liability for the convertible debentures is lower than its face value which is characterized as a debt discount. At September 30, 2013, the debt component was $9.7 million. The conversion feature is classified as equity and accounted for as an equity instrument with any changes in value not recognized. The convertible debentures are generally secured against all the assets of the Company and specifically secured by a pledge of two million common shares of IMPACT Silver Corp. owned by the Company.

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

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

In the third quarter of 2013, cash flows used in operations before changes in non-cash working capital[2] were $5.7 million, a decrease from cash flows from operations of $0.4 million in the third quarter of 2012. The use of cash and non-cash working capital items is mainly due to the decrease of trade and other receivables and trade and other payables. In the current quarter, the Company continued to improve on collections and purchased fewer supplies for its operations and was able to pay down its trade payables.

In the third quarter of 2013, the Company used $2.8 million for investing activities compared to $1.5 million in the same period in 2012. The Company used approximately $2.7 million on purchasing property, plant and equipment in the third quarter of 2013 compared to $1.6 million in the third quarter of 2012.

In the third quarter of 2013, the Company was provided $0.8 million from financing activities compared to $0.5 million in the comparable period of 2012. The Company took on $0.1 million of debt and made capital lease payments of $0.8 million in the third quarter of 2013 compared to paying down $0.5 million of debt and $0.6 million of capital lease payments in the comparable period of 2012. The Company received proceeds for financing leases of $1.3 million in the third quarter of 2013 compared to $1.6 million in the comparable period of 2012.

The Company's financial position at September 30, 2013 remains strong with $26.9 million in cash (September 30, 2012 – $27.8 million) and net working capital of $75.7 million (September 30, 2012 - $96.5 million). The majority of these funds are denominated in U.S. and Canadian dollars and held with Canadian chartered banks.

The Company has the following financial liabilities commitments as of September 30, 2013:

(in thousands of dollars)	Less than one year	1-5 years	More than 5 years	Total
Finance lease obligation	2,617	2,285	-	4,902
Convertible debenture	9,675	-	-	9,675
	12,292	2,285	-	14,577

In the opinion of management, the working capital at September 30, 2013, together with the expected future cash flows from operations, is sufficient to support the Company's normal operating requirements on an ongoing basis.

[2] Cash flows from operations before changes in non-cash working capital is a non-IFRS measure which the Company believes provides a better indicator of the Company's ability to generate cash flows from its drilling operations. See "NON-IFRS MEASURES."

OUTSTANDING SHARE DATA

The following common shares and stock options of the Company were outstanding at November 26, 2013:

	# of Shares	Exercise Price	Expiry Date
Issued and outstanding common shares at November 26, 2013	47,606,534		
Stock options outstanding	575,625	2.01	October 1, 2014
Stock options outstanding	7,900	2.30	May 7, 2015
Stock options outstanding	1,028,275	3.45	October 20, 2015
Stock options outstanding	150,000	4.19	January 12, 2016
Stock options outstanding	1,259,025	3.80	October 13, 2016
Stock options outstanding	30,000	5.13	February 14, 2017
Agents warrants outstanding	234,000	5.20	March 21, 2014
Fully diluted at November 26, 2013	50,891,359		

All of the 3,050,825 stock options outstanding have vested at November 26, 2013.

EQUITY HOLDINGS

IMPACT Silver Corp. (IPT: TSX.V) ("IMPACT")

Energold owns 6.98 million shares or 10.2% of the issued and outstanding shares of IMPACT at March 31, 2012. Energold, through mutual management at the executive level and its shareholding and directorships in IMPACT, exercises significant influence over IMPACT and as a result the investment is accounted for using the equity method of accounting. At September 30, 2013, this investment is carried on the Company's balance sheet at $6.6 million.

IMPACT is a natural resource mining and development company, primarily engaged in the acquisition, exploration, development and mining of mineral properties located in Mexico and the Dominican Republic. IMPACT has grown from an exploration company into a significant silver producer with production levels increasing year-over-year. IMPACT has acquired control of two entire mineral districts in central Mexico; the 423 km^2 Royal Mines of Zacualpan Silver District and the 200 km^2 Mamatla Mineral District immediately southwest of Zacualpan.

Key events for the quarter ended September 30, 2013 for IMPACT include the following:

Financial Overview

- Revenues for the third quarter of 2013 were $3.1 million, a slight decrease from $3.2 million in the third quarter of 2012, despite a significantly lower silver price.
- Mine operating loss for the third quarter of 2013 was $0.4 million loss, a decrease from $0.7 million earnings in the third quarter of 2012.
- Losses before taxes for the third quarter of 2013 were $1.2 million compared to earnings before taxes of $0.009 million for the same period of 2012.
- Cash flows used in operations[3] before changes in non-cash working capital for the third quarter of 2013 were $0.05 million, compared to cash flows provided in operations of $0.5 million in the same period for 2012.

[3] Cash flows from operations before changes in non-cash working capital is a non-IFRS measure which the Company believes provides a better indicator of the Company's ability to generate cash flows from its mining operations. See "NON-IFRS MEASURES."

- Net working capital remained strong at $9.9 million on September 30, 2013, compared to $12.7 million on June 30, 2013 after spending $3.5 million on exploration and development of IMPACT'S properties and $6.5 million on property, plant and equipment, year-to-date.

Production Overview

- Total tonnes milled during the third quarter of 2013 decreased to 38,520 from 44,699 in the third quarter of 2012 and 42,086 tonnes from the second quarter of 2013.
- Silver production increased 16% to 177,366 ounces for the third quarter of 2013 from 153,018 ounces in the same period of 2012 and decreased 5% from 185,998 ounces in the second quarter of 2013. During the third quarter of 2013 there was a 28% decrease in the average price of silver compared to the third quarter of 2012, accordingly, revenue only increased slightly compared with the previous year even though silver sales increased.
- Average mill feed grade for silver increased in the third quarter of 2013 to 171 grams per tonne (g/t) from 129 g/t in the third quarter of 2012 which was reflected in the higher production for the comparative periods.
- IMPACT started shipping concentrate during the start-up and testing phase of the Capire production centre during the quarter. The pilot plant has not yet entered into commercial production and its sales revenue is not included in reported sales results.

Looking Ahead: Transition to Growth

Management believes IMPACT has growth opportunities through the continued development of the Zacualpan and Capire-Mamatla Mineral Districts. 2013 will continue to be a year of progress as the Company commissions the Capire Mine and pilot plant into production and shifts into full production at the Cuchara-Oscar Mine. These areas of new production are anticipated to form the basis for enhancing operations in the future.

IMPACT is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange as a Tier 1 Issuer under the symbol IPT and on the Frankfurt Stock Exchange under the symbol IKL.

For more information on IMPACT visit its website at www.impactsilver.com and SEDAR at www.sedar.com.

SAFETY, SOCIAL AND ENVIRONMENTAL POLICY

An ongoing research program on equipment safety is being conducted, and the Company has commenced a retrofit program for new safety upgrades on all of its rigs. The Company has developed and maintains an active safety audit program.

Exploration and drilling create a physical change within the area of work. The Company believes in its responsibility to ensure that it minimizes the environmental impact of its efforts. The development of our drills is a direct successful offshoot of the need to explore with a light footprint using a drill pad of very limited size, which does not require the construction of roads and complex access. Additives used are non-toxic, and contaminants from petroleum based products are contained with a dual retention system.

Our employees and contract personnel are aware and continually reminded that environmental issues and safety cannot be compromised. The Company has published safety, social, and environmental policies related to its operations and is currently implementing an ISO 14001 program throughout the Company.

The Company works as part of the community whose members must be kept informed of our activities and their concerns addressed. Wherever possible the local community should participate in the benefits that may flow from the Company's activities. The use of local personnel as drillers, driller's helpers and workers fosters direct involvement in the programs conducted by the Company. For instance during 2010, as part of its overall community programs in Mexico, the Company drilled and equipped three water wells for remote communities without adequate clean water. In Haiti, the Company participated in the construction of the almost 50-meter long Elizabeth foot bridge in Limbe Municipality.

The Company has published specific policies and regulations to address the above, as well as our ongoing concern for safety. Work being conducted by or on behalf of the Company must be well planned, safe and with a concern for the environment and communities surrounding us.

CONTRACT DRILLING RISK FACTORS

The Company is faced with a number of risks with respect to its contract drilling operations. Contract drilling is a highly competitive industry, where numerous competitors may tender bids for contracts. The Company's ability to continue to secure profitable contracts on an ongoing basis is not assured. Like every business operating internationally, the Company faces numerous risks in its day-to-day business operations which are highlighted in the headings below and briefly summarized.

Cyclical Industry Risks

The contract drilling industry is reliant on demand from two primary categories of commodities, gold and base metals, while certain industrial minerals may also be tested. Under favourable market conditions, rising commodity prices normally spur an increased demand for drilling services; however, cyclical downturns in commodity prices can have the opposite effect and the Company could be exposed to an investment in drilling equipment and supplies which might not be able to be utilized to their full capacity.

Reliance on Key Accounts

From time to time, the Company may be dependent on a small number of customers for a significant portion of its overall drilling revenues and net earnings.

Workforce Availability

Drilling is as much an art as a science and it takes considerable time and experience for an individual to become a well-qualified driller. As the drilling industry transitions to a cyclical upturn there may be a shortage of qualified drillers. The Company is addressing this issue in a number of ways. In certain countries, it is developing and training a local work force. It is also hiring overseas and developing incentive programs to retain drillers. If the Company cannot hire or train a sufficient quantity of drillers, it may result in lower rig utilization and revenues.

Extreme Weather Conditions

The Company operates in a variety of locations and areas in the world, some of which are subject to extreme weather conditions which can have a significant impact on operations.

Foreign Countries and Regulatory Requirements

Contract drilling, mineral exploration and mining activities may be affected in varying degrees by political instability and government regulations relating to the mining industry and foreign investors therein. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its own, or its clients' business outlook. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, mine safety, environmental legislation, and expropriation of property.

Environmental and Other Regulatory Requirements

The current or future operations of the Company and its clients involving contract drilling, exploration, development activities, production and mining on their properties require permits from various federal, state, and local governmental authorities. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly changed, which could significantly adversely affect the business of the Company and its clients in any jurisdiction in which the Company operates.

Permits and Licenses

The operations of the Company and its clients may require licenses and permits from various governmental authorities. There can be no assurance that the Company or its clients will be able to obtain all necessary licenses and permits that they may require to carry out contract drilling or exploration, development and mining operations on their mineral properties.

Political, Regulatory & Security Issues

The Company's operations are subject to control and scrutiny by several levels of government, various departments within each level, and corporate, environmental and mining regulations. Permission must also sometimes be secured from local peoples for exploration and drilling permits, water and land surface use rights. Consequently, the Company, in carrying out its mining and exploration activities, may be exposed to a large array of conditions to satisfy on a daily basis in its activities. Risk exists that the Company might fail to be fully compliant in all respects in this political and regulatory environment or that permits might not be issued on a timely basis to facilitate the Company's planned development activities. In addition, social and political unrest may exist within a region covered by the Company's operations and such events may affect the feeling of safety and security of the local peoples and may affect the operating activities of the Company. From time-to-time, government regulatory agencies may review the books and records of the Company which may result in changes in the Company's operating results. There is also potential risk of tax policy changes by the government in the various countries the Company operates in which may impact the Company's operating results.

Mineral Exploration and Development Risks

In addition to these risks with respect to its contract drilling operations, the Company could face certain additional risks to those already identified above, with respect to its mineral exploration activities, if it were to resume such activities on an active basis. While the Company retains a core legacy of mineral concession exploration properties in the Dominican Republic from its historic roots as a mineral exploration company, it does not currently have any plans to resume exploration activities on these mineral property concessions for its own account. Rather, the Company intends to realize value with respect to these mineral property concessions by various means, including the possible sale or optioning of such property concessions to others, as the Company deems advisable. The Company believes that current exploration efforts by other mineral exploration companies in the Dominican Republic are enhancing the future value of these mineral exploration concessions and that further opportunities to realize value for these concessions will come available to the Company in the future.

As the Company's management has had considerable prior experience in mining operations, it understands that the exploration for and development of mineral deposits is a speculative venture necessarily involving substantial risks. Management understands that very few properties which are explored will result in the discoveries of commercially viable mineral deposits which will ultimately be developed into a profitable commercial mining operation. It is for this reason that the Company has chosen to reduce its business risk to its shareholders by using its mining knowledge and 'know how' experience to provide contract drilling services to the mining and mineral exploration sectors, thus providing an essential service available to mining and mineral exploration companies with a contract drilling service offered in a cost effective and environmentally friendly manner.

FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

Financial assets and liabilities

The Company's financial instruments consist of cash and cash equivalents, restricted cash, trade receivable, available-for-sale financial instruments, trade and other payables, bank indebtedness, and convertible debenture. The Company has designated cash and restricted cash and trade receivables as loans and receivables, which are measured at amortized cost. Available-for-sale financial assets are designated as available for sale and measured at fair value as determined by reference to quoted market prices. Trade and other payables, bank indebtedness and convertible debenture are designated as other liabilities which are measured at amortized cost. At September 30, 2013, all cash and short-term investments held were classified as Level 2 and convertible debenture was classified as Level 3 on the fair value hierarchy of IFRS 7 - *Financial Instruments - Disclosures*. As of September 30, 2013, the carrying value of the Company's cash and cash equivalents, restricted cash, trade and other receivables, available-for-sale investments, trade and other payables, bank indebtedness, and convertible debenture are stated at fair value.

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 and trade receivable. The Company deposits its cash 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 companies 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, and trade receivable.

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. 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 September 30, 2013, the Company's total liabilities were $39.8 million, of which $29.0 million is due for payment within twelve months of the balance sheet date. The Company has convertible debt of $9.7 million.

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 U.S. dollars. Thus its currency risk arises primarily with respect to the U.S. 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 its currency risk at this time. At September 30, 2013, the Company is exposed to currency risk through cash, trade receivable, and trade payable and accrued liabilities held in U.S. dollars, Mexican pesos, and Brazilian reais. Based on these foreign currency exposures at September 30, 2013, a 5% depreciation or appreciation of all the above currencies against the Canadian dollar would result in a decrease or increase of the Company's net earnings of approximately $0.8 million.

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 its revolving demand and credit line facility. Cash and cash equivalents, restricted cash have limited interest rate risk due to their short-term nature. The Company's debt borrowings are exposed to interest rate risk as it is subject to floating interest rates. Assuming that all other variables remain constant, a 1% increase or decrease in the bank's prime lending rate does not have a significant impact on net earnings. Convertible debt and finance leases are not subject to interest rate risk because they are at fixed rates.

RELATED PARTY DISCLOSURE

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 nine months ended September 30, 2013, legal fees in the amount of $0.25 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 - $0.24 million).

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.

In 2011, a director of the Company purchased a convertible debenture ("CD") having a principal face value of $0.35 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).

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).

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.

APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of Energold has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

NON-IFRS MEASURES

The Company uses both IFRS and non-IFRS measures to assess performance and believes the non-IFRS measures provide useful information to investors to help in evaluating the Company's performance. Following are the non-IFRS measures the Company uses in assessing performance:

Gross margin: Calculated as Revenue less Direct Costs, excluding amortization.

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

Cash flows from operations before changes in non-cash working capital: Calculated as Cash flows from operations less the changes in non-cash working capital (accounts receivable and prepaid expenses, due from IMPACT Silver Corp., income taxes receivable, inventories, accounts payable and accrued liabilities, income taxes payable, deferred revenue, and future income taxes).

EBITDA: Calculated as earnings before interest, taxes, depreciation and amortization.

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

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information, this MD&A may contain forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "estimates", "plans", "intends", "anticipates", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

The factors that could cause actual results to differ materially include, but are not limited to, the following: general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments in countries in which the Company operates; changes in regulatory requirements impacting the Company's operations; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital; and demand for the Company's drill rigs.

The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include but are not limited to, the various assumptions set forth herein and in the MD&A, or as otherwise expressly incorporated herein by reference as well as (1) there being no significant disruptions or adverse conditions; (2) fluctuations in the price and demand for commodities; (3) fluctuations in the level of mineral and oil and gas exploration and development activities; (4) fluctuations in the demand for contract drilling; (5) the exchange rate between the Canadian dollar, U.S. Dollar, Mexican Peso and various currencies that the Company operates in being approximately consistent with current levels; (6) capital market liquidity available to fund customer drilling programs; (7) prices for and availability of equipment, labour, fuel, oil, electricity and other key supplies remaining consistent with current levels; (8) labour and materials costs increasing on a basis consistent with the Company's current expectations; (9) other unforeseen conditions which could impact the use of services supplied by the Company.

This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

The forward looking statements contained herein are based on information available as of November 26, 2013.

Additional Information

Additional information relating to Energold is on SEDAR at www.sedar.com.

On behalf of the Board of Directors,

"Frederick W. Davidson",
President and Chief Executive Officer

November 26, 2013