

# **ENERGOLD DRILLING CORP.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 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

	March 31 2013	December 31 2012
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 22,582	\$ 28,493
Restricted cash	216	82
Trade and other receivables	49,941	26,739
Due from IMPACT Silver Corp.	1,292	678
Income taxes receivable	2,274	1,411
Available-for-sale investments	542	697
Inventories	52,945	54,000
	<b>129,792</b>	<b>112,100</b>
<b>Non-current assets</b>		
Investment in IMPACT Silver Corp.	6,807	6,805
Exploration properties	1,568	1,543
Property, plant and equipment	43,809	43,987
Goodwill and intangible assets	4,737	4,978
Deferred income tax assets	1,632	3,403
	<b>58,553</b>	<b>60,716</b>
	<b>\$ 188,345</b>	<b>\$ 172,816</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank indebtedness (Note 6)	\$ 3,879	\$ 2,954
Trade and other payables	24,964	16,219
Convertible debenture (Note 7)	9,489	9,402
Current income tax payable	727	517
Deferred revenue	1,679	1,161
	<b>40,738</b>	<b>30,253</b>
<b>Non-current liabilities</b>		
Finance leases (Note 9)	2,628	3,192
Deferred income tax liabilities	9,575	9,510
	<b>12,203</b>	<b>12,702</b>
	<b>52,941</b>	<b>42,955</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	90,506	90,506
Contributed surplus	6,698	6,621
Warrants	272	272
Equity component of convertible debenture (Note 7)	1,051	1,051
Accumulated other comprehensive (loss)	(1,913)	(3,891)
Retained earnings	38,882	35,302
<b>Total equity attributable to Energold Drilling Corp. shareholders</b>	<b>135,496</b>	<b>129,861</b>
Non-controlling interest (Note 5)	(92)	-
	<b>135,404</b>	<b>129,861</b>
	<b>\$ 188,345</b>	<b>\$ 172,816</b>

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 Income For the Three Months Ended March 31

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

	2013		2012	
Revenue from drilling contracts	\$	53,864	\$	53,270
Direct drilling costs		37,479		35,723
Gross profit (excluding amortization)		16,385		17,547
<b>Indirect and administrative expenses</b>				
Accounting, audit, legal and business development investigations		356		217
Amortization		2,195		2,186
Bad debt expense (recovery)		24		(41)
Earnout related to Energold Energy (Note 3)		2,800		6,650
Investor relations, promotion and travel		492		349
Management fees and consulting		302		185
Office, rent, insurance and sundry		895		906
Office salaries and services		2,207		1,927
Share-based payments		77		466
		9,348		12,845
<b>Operating income before the following</b>		7,037		4,702
<b>Other income / (expenses)</b>				
Dilution gain on investment in IMPACT Silver Corp.		74		22
Equity (loss) from IMPACT Silver Corp.		(73)		(20)
Foreign exchange (loss)		(574)		(1,690)
Impairment on intangible assets		(84)		(32)
Gain on disposal of assets		11		92
Finance income		10		16
Finance cost (Note 8)		(630)		(516)
Other income		30		97
		(1,236)		(2,031)
<b>Earnings before taxes</b>		5,801		2,671
Deferred income taxes expense (recovery)		1,618		(77)
Current income and other taxes expense		695		1,856
<b>Net earnings</b>	\$	3,488	\$	892
<b>Attributable to:</b>				
Equity holders of Energold Drilling Corp.	\$	3,580	\$	892
Non-controlling interest (Note 5)		(92)		-
	\$	3,488	\$	892
<b>Earnings per share attributable to equity holders of Energold Drilling Corp.</b>				
Earnings per share - Basic	\$	0.08	\$	0.02
Earnings per share - Diluted	\$	0.07	\$	0.02
Weighted average number of shares outstanding – Basic (Note 10)		47,606,534		42,985,337
Weighted average number of shares outstanding – Diluted (Note 10)		47,743,509		44,533,369

- 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 Months Ended March 31

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

	2013		2012	
<b>Net (loss) earnings</b>	\$	<b>3,488</b>	\$	892
<b>Other comprehensive income (loss)</b>				
Unrealized (loss) gain on available-for-sale short term investments		<b>(156)</b>		10
Cumulative translation adjustment		<b>2,134</b>		1,183
		<b>1,978</b>		1,193
<b>Total comprehensive income</b>	\$	<b>5,466</b>	\$	2,085
<b>Attributable to:</b>				
Equity holders of Energold Drilling Corp.	\$	<b>5,558</b>	\$	2,085
Non-controlling interest ( <i>Note 5</i> )		<b>(92)</b>		-
	\$	<b>5,466</b>	\$	2,085

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# Energold Drilling Corp.

## Interim Condensed Consolidated Statement of Changes in Equity For the Three Months Ended March 31

Canadian dollars in thousands except for shares and per share data

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	Shares Outstanding	Share Capital (\$)	Contributed Surplus (\$)	Warrants (\$)	Equity component of convertible debenture (\$)	Accumulated Other Comprehensive Income (\$)	Non- controlling interest (\$)	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 earnings for the year	-	-	-	-	-	-	-	892	892
Stock options exercised	207,575	532	-	-	-	-	-	-	532
Fair value assigned to options exercised	-	219	(219)	-	-	-	-	-	-
Share-based payment expense	-	-	465	-	-	-	-	-	465
Shares issued in relation to a private placement	3,900,000	20,280	-	-	-	-	-	-	20,280
Share issue costs	-	(1,292)	-	-	-	-	-	-	(1,292)
Warrants issued in relation to a private placement	-	(272)	-	272	-	-	-	-	-
Warrants exercised	55,250	247	-	-	-	-	-	-	247
Fair value of warrants exercised	-	49	-	(49)	-	-	-	-	-
Unrealized gains on investments classified as available for sale	-	-	-	-	-	10	-	-	10
Cumulative translation adjustment	-	-	-	-	-	1,183	-	-	1,183
<b>Balance at March 31, 2012</b>	<b>45,947,342</b>	<b>83,887</b>	<b>4,234</b>	<b>2,288</b>	<b>1,051</b>	<b>(2,091)</b>	<b>-</b>	<b>44,844</b>	<b>134,213</b>
Balance at January 1, 2013	47,606,534	90,506	6,621	272	1,051	(3,891)	-	35,302	129,861
Net earnings for the year	-	-	-	-	-	-	(92)	3,580	3,488
Share-based payment expense	-	-	77	-	-	-	-	-	77
Unrealized loss on investments classified as available for sale	-	-	-	-	-	(156)	-	-	(156)
Cumulative translation adjustment	-	-	-	-	-	2,134	-	-	2,134
<b>Balance at March 31, 2013</b>	<b>47,606,534</b>	<b>90,506</b>	<b>6,698</b>	<b>272</b>	<b>1,051</b>	<b>(1,913)</b>	<b>(92)</b>	<b>38,882</b>	<b>135,404</b>

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

# Energold Drilling Corp.

## Interim Condensed Consolidated Statement of Cash Flows For the three months ended March 31

Canadian dollars in thousands except for shares and per share data  
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<b>Cash provided by (used in)</b>	<b>2013</b>	<b>2012</b>
<b>Operating activities</b>		
Net earnings	\$ 3,488	\$ 892
Items not affecting cash:		
Amortization	2,195	2,186
Finance costs	109	-
Share-based payments	77	466
Dilution (gain) on investment in IMPACT Silver Corp.	(74)	(22)
Deferred income taxes expense (recovery)	1,618	(77)
Equity loss from IMPACT Silver Corp.	73	20
(Gain) on disposal of assets	(11)	(92)
Impairment of intangible assets	84	32
Bad debt expense (recovery)	24	(41)
Accretion related to convertible debenture	87	76
Changes in non-cash working capital (Note 12)	(12,639)	(10,557)
<b>Net cash used in operating activities</b>	<b>(4,969)</b>	<b>(7,117)</b>
<b>Investing activities</b>		
Proceeds on sale of property, plant and equipment	107	-
Proceeds on sale of available for sale financial instruments	-	159
Purchase of property, plant and equipment	(1,845)	(2,091)
Resource property (costs)	(24)	(2)
Restricted cash	(131)	503
<b>Net cash used in investing activities</b>	<b>(1,893)</b>	<b>(1,431)</b>
<b>Financing activities</b>		
Bank indebtedness	925	(54)
Long term trade payables	-	(63)
Proceeds from capital leases	-	3,000
Repayment of capital leases	(610)	-
Share capital issued	1	19,769
<b>Net cash provided by financing activities</b>	<b>316</b>	<b>22,652</b>
Effect of exchange rate changes on cash	635	328
<b>Net increase / (decrease) in cash</b>	<b>(5,911)</b>	<b>14,432</b>
Cash at the beginning of the period	28,493	22,783
<b>Cash at the end of the period</b>	<b>\$ 22,582</b>	<b>\$ 37,215</b>

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

# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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

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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.

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### 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 May 23, 2013.

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### 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 three months ended March 31, 2013, the Company expensed \$2.8 million (March 31, 2012 - \$6.6 million) on the statement of income.

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# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

Canadian dollars in thousands except for shares and per share data  
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### 4. Inventories

The cost of inventories recognized as an expense and included in direct drilling costs for the three months ended March 31, 2013 was \$6.2 million (March 31, 2012 - \$8.3 million).

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### 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 expected to provide 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 will be 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. Hydrofor Togo contributed \$0.1 million of revenue to the Company and incurred a loss of \$(0.2) 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.

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### 6. Bank Indebtedness

	<b>March 31, 2013</b>	December 31, 2012
\$4.0 million revolving demand facility	<b>\$ 3,879</b>	\$ 2,954
\$U.S. 1.0 million revolving line of credit	-	-
	<b>\$ 3,879</b>	\$ 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 \$6.8 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 March 31, 2013.

# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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

Balance at January 1 and December 31, 2010	\$	-
Amounts advanced		10,000
Conversion feature		(1,051)
<b>Net debt component of CD on issue</b>	<b>\$</b>	<b>8,949</b>

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 period		87
<b>Convertible debenture as of March 31, 2013</b>	<b>\$</b>	<b>9,489</b>

The convertible debenture contains financial and non-financial covenants customary for a facility of this size and nature. As at March 31, 2013, the Company was not in compliance with one of the non-financial covenants. To date, the Company has obtained waivers from debt holders and does not expect the debenture to be repaid immediately; however, management has continued to classify the debenture as current.

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# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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### 8. Finance cost

	<b>2013</b>		2012	
Bank fees and interest expense	\$	<b>123</b>	\$	142
Finance lease expense		<b>167</b>		48
Interest expense and accretion of convertible debt		<b>340</b>		326
<b>Finance cost</b>	<b>\$</b>	<b>630</b>	<b>\$</b>	<b>516</b>

### 9. Commitments

No new leases have been entered into since December 31, 2012. At March 31, 2013, Bertram's finance lease obligations were \$4.9 million, of which \$2.3 million is current and is included within trade and other payables and \$2.6 million is long term. The remaining leases belong to the Company's subsidiaries, E-Global Drilling Corp. and Dando Drilling International.

Finance lease liabilities are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	<b>March 31, 2013</b>	December 31, 2012	<b>March 31, 2013</b>	December 31, 2012
Not more than one year	\$ <b>2,351</b>	\$ 2,385	\$ <b>2,309</b>	\$ 2,343
Later than one year and not later than five years	<b>2,674</b>	3,249	<b>2,628</b>	3,192
Later than five years	-	-	-	-
	<b>\$ 5,025</b>	\$ 5,634	<b>\$ 4,937</b>	\$ 5,535
Less: future finance charges	<b>(88)</b>	(99)	-	-
Present value of minimum lease payments	<b>\$ 4,937</b>	\$ 5,535	<b>\$ 4,937</b>	\$ 5,535

# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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### 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 3,175,825 have been allocated at March 31, 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.

A summary of the Company's stock options outstanding at March 31, 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	(120,000)	3.14
<b>At March 31, 2013</b>	<b>3,175,825</b>	<b>3.37</b>

The following table summarizes information about the stock options outstanding at March 31, 2013:

Exercise Price Per Share	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Number of Options Exercisable
\$2.01	590,625	1.50	590,625
\$2.30	7,900	2.10	7,900
\$3.45	1,078,275	2.56	1,078,275
\$3.80	1,319,025	3.54	1,147,150
\$4.19	150,000	2.79	150,000
\$5.13	30,000	3.88	22,500
	<b>3,175,825</b>	<b>2.79</b>	<b>2,996,450</b>

The weighted share price at the date of exercise of the stock options was nil (March 31, 2012 - \$5.32).

# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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

### 10. Equity - continued

#### a) Stock Options - continued

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 three months ended March 31, 2013 is \$0.08 million (March 31, 2012 – \$0.47 million).

#### 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	-	-
<b>At March 31, 2013</b>	<b>234,000</b>	<b>5.20</b>

# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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

### 10. Equity - continued

#### b) Warrants - continued

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 (March 31, 2012 - \$5.24).

#### c) Earnings Per Share

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

	For the three months ended March 31	
	2013	2012
Net income	\$ 3,488	\$ 892
Attributable to non-controlling interest	92	-
Attributable to shareholders of EGD	\$ 3,580	\$ 892
Weighted average number of shares - basic	47,606,534	42,985,337
Adjustment for:		
Share options	136,975	1,246,937
Warrants	-	301,095
<b>Weighted average number of shares outstanding - Diluted</b>	<b>47,743,509</b>	<b>44,533,369</b>

### 11. Related party transactions

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

- During the three months ended March 31, 2013, legal fees in the amount of \$0.1 million (March 31, 2012 - \$0.01 million) were accrued or paid to a firm related to a director. As of March 31, 2013, the amount outstanding is \$0.1 million (March 31, 2012 - \$0.003 million).
- During three months ended March 31, 2013, fees in the amount of \$1.3 million (March 31, 2012 - \$0.9 million) were charged to IMPACT for contract drilling services performed in Mexico. At March 31, 2013 \$1.3 million (December 31, 2012 - \$0.7 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 has been classified as current. The profit of \$0.01 million at March 31, 2013 (March 31, 2012 - profit of \$0.01 million) on drilling services provided to IMPACT has been eliminated from these financial statements.

# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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

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### 11. Related party transactions - *continued*

- c) 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. As of March 31, 2013, the outstanding payable is \$0.35 million.
- d) During the three months ended March 31, 2013, no fees were received or paid (March 31, 2012 – net fees received \$0.04 million) to / from a company related to an officer of Bertram for helicopter services performed in Canada and the U.S. As of March 31, 2013, there were no amounts outstanding (December 31, 2012 – no amounts outstanding).
- 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. Lease obligations, net of operating costs, are \$0.04 million per year.

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### 12. Additional information to the consolidated statements of cash flows

Changes in non-cash working capital:

	For the three months ended March 31,	
	2013	2012
Trade and other receivables	\$ (22,989)	\$ (12,088)
Due from IMPACT Silver Corp.	(559)	(613)
Income taxes receivable	(802)	468
Inventories	2,051	(5,250)
Trade and other payables	8,974	9,426
Current income tax payable	190	(2,359)
Deferred revenue	496	(141)
	<u>\$ (12,639)</u>	<u>\$ (10,557)</u>
	2013	2012
Interest paid	\$ 343	\$ 340
Income taxes paid	\$ 1,218	\$ 3,745

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# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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

### 13. Economic dependence and 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. The segments are 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 March 31	
	2013	2012
<b>Revenue</b>		
Drilling Mexico, Caribbean, Central America	\$ 5,777	\$ 11,732
Drilling South America	5,704	8,205
Drilling Africa, Asia and Other	6,848	6,007
Manufacturing, United Kingdom and Mexico	4,100	1,873
Energy, North America	31,435	25,453
	<u>\$ 53,864</u>	<u>\$ 53,270</u>
<b>Earnings (loss)</b>		
Drilling Mexico, Caribbean, Central America	\$ 846	\$ 1,894
Drilling South America	1,009	2,044
Drilling Africa, Asia and Other	1,193	533
Drilling Canada	(567)	(1,917)
Manufacturing, United Kingdom and Mexico	(828)	(534)
Energy, North America	1,835	(1,128)
	<u>\$ 3,488</u>	<u>\$ 892</u>
<b>Amortization</b>		
Drilling Mexico, Caribbean, Central America	\$ 134	\$ 161
Drilling South America	111	131
Drilling Africa, Asia and Other	245	215
Drilling Canada	61	61
Manufacturing, United Kingdom and Mexico	47	47
Energy, North America	1,597	1,571
	<u>\$ 2,195</u>	<u>\$ 2,186</u>

#### *Significant customers*

For the three months ended March 31, 2013, the Company received revenues from two customers in the energy segment that amounted to \$29.0 million (customer A - \$17.5 million or 33% and customer B - \$11.5 million or 21%) which represented 54% of total Company revenue. For the three months ended March 31, 2012, the Company received revenues from one customer in the energy segment that amounted to \$8.7 million which represented 16% of total Company revenue.



# Energold Drilling Corp.

## Notes to the Consolidated Financial Statements For the Three Months Ended March 31

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

### 13. Economic dependence and segmented information – *continued*

As at	<b>March 31, 2013</b>	December 31, 2012
<b>Assets</b>		
Drilling Mexico, Caribbean, Central America	<b>\$ 32,201</b>	\$ 33,185
Drilling South America	<b>28,733</b>	26,543
Drilling Africa, Asia and Other	<b>32,130</b>	27,953
Drilling Canada	<b>20,078</b>	23,912
Manufacturing, United Kingdom and Mexico	<b>11,097</b>	9,727
Energy, North America	<b>64,156</b>	51,496
	<b>\$ 188,395</b>	\$ 172,816
<b>Property, plant and equipment</b>		
Drilling Mexico, Caribbean, Central America	<b>\$ 2,878</b>	\$ 2,685
Drilling South America	<b>2,201</b>	2,292
Drilling Africa, Asia and Other	<b>5,814</b>	5,707
Drilling Canada	<b>1,105</b>	1,243
Manufacturing, United Kingdom and Mexico	<b>1,493</b>	439
Energy, North America	<b>30,318</b>	31,621
	<b>\$ 43,809</b>	\$ 43,987
<b>Intangibles</b>		
Drilling South America	<b>\$ 1,710</b>	\$ 1,710
Manufacturing, United Kingdom and Mexico	<b>209</b>	228
Energy, North America	<b>2,818</b>	3,040
	<b>\$ 4,737</b>	\$ 4,978