

Energold Drilling Corp.
Form 51-102F1
Management's Discussion and Analysis
For the three months and nine months ended September 30, 2018

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is for the three months and nine months ended September 30, 2018 of Energold Drilling Corp. ("Energold" or the "Company") prepared as at November 23, 2018 and should be read in conjunction with the Company's unaudited consolidated financial statements for the three months and nine months ended September 30, 2018 and the Company's audited consolidated financial statements for the year ended December 31, 2017 and 2016 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."

OVERALL PERFORMANCE

The Company's mineral, energy, and manufacturing divisions' performance improved in the nine months ended September 30, 2018 compared to the first nine months of 2017.

- The Company's Q3-2018 revenues increased by 11% to \$21.9 million from \$19.8 million in the same period of 2017. Year-to-date 2018 revenues increased by 23% to \$69.6 million from \$56.7 million in the same period of 2017. Year-to-date the Company has achieved the strongest revenues in 4 years.
- The Company's Q3-2018 gross margin increased to \$3.8 million, a 36% increase from the comparative quarter in 2017 (\$2.8 million). Additionally, the Company's year-to-date 2018 gross margin increased to \$13.2 million, a 45% increase from the comparative period in 2017 (\$9.1 million).
- The Company's sustainable drilling operations revenues, included within the energy division, increased to \$8.3 million in Q3-2018 compared to \$4.2 million in Q3-2017. Sustainable drilling operations revenues were \$15.8 million in the nine months ended September 30, 2018 compared to \$7.3 million in 2017. The Company is continuing to explore opportunities in this growing industry.
- The Company's horizontal directional drilling operations, included within the energy and minerals divisions, generated revenues of \$2.1 million in Q3-2018 compared to \$1.0 million in the same period of 2017. For the nine months ended September 30, 2018, revenues for this sector were \$4.1 million compared to \$2.8 million in the same period of 2017.
- The Company's minerals division achieved a gross margin for the first nine months of 2018 of \$5.6 million, a 14% increase from \$4.9 million in the comparative period of 2017.
- The Company's oil sands and seismic operations generated revenues of \$1.3 million in Q3-2018 compared to \$1.1 million in Q3-2017. For the nine months ended September 30, 2018, oil sands and seismic operations generated revenues of \$9.0 million compared with \$7.5 million in the nine months ended September 30, 2017.
- The Company's manufacturing operations generated revenues of \$8.9 for the nine months ended September 30, 2018, compared to \$4.7 million in the same period of 2017.

- Net loss for Q3-2018 was \$2.5 million compared to \$4.1 million in the comparative period of 2017. Earnings before interest, taxes, depreciation and amortization¹ was \$1.0 million in Q3-2018 compared to a loss of \$0.8 million in Q3-2017. Net loss for the nine months ended September 30, 2018 decreased to \$7.2 million compared to \$11.7 million in the comparable period of 2017. Earnings before interest, taxes, depreciation and amortization¹ improved significantly to \$2.4 million in the nine months ended September 30, 2018 compared to a loss of \$2.8 million in the same period of 2017.
- The Company had cash of \$4.1 million at September 30, 2018 (December 31, 2017 – \$7.7 million) and net working capital of \$47.7 million (December 31, 2017 - \$54.0 million). Part of the decline in working capital relates to the reclassification of a \$2.0 million USD loan to Export Development Canada from long-term to current.

SELECT OPERATING INFORMATION

	Sept 2018	June 2018	Mar 2018	Dec 2017	Sept 2017	June 2017	Mar 2017	Dec 2016
Mineral								
Drill rig fleet	139	139	139	139	140	140	139	139
Metres drilled	56,400	83,100	72,400	66,300	75,600	88,900	63,300	59,400
Energy								
Drill rig fleet	135	135	133	133	133	133	133	133
Metres drilled	135,900*	107,300*	40,600*	42,100*	68,900*	39,000*	32,100*	34,200*

*Water, geothermal, geotechnical and horizontal drilling metres are included in these figures

CORPORATE OVERVIEW

Recognized internationally for its sustainable, community-based drilling and manufacturing practices, Energold serves a broad market base in the Americas, Africa and Europe. Energold's unique approach to drilling is focused on social and environmental awareness while adhering to the highest standards for health and safety. With a broad base of activities, Energold is a global drilling solutions provider for various industries. This allows the Company to deploy equipment in new drilling industries and seek a "second season" for idle equipment outside seasonal focuses. Energold has over 270 drill rigs in 24 countries and provides a comprehensive range of drilling services. As a diversified global drilling provider, the Company serves a number of sectors and its services include the following:

Mineral drilling: Servicing mining and mineral exploration companies, the Company provides highly portable diamond drilling rigs, deep hole rigs, mobile underground drilling rigs, easily portable reverse-circulation ("RC") rigs, and conventional RC and reverse-air-blast rigs ("RAB"). The type of rig provided for drilling is dependent on the clients' needs as each is unique and applied in specific situations.

Sustainable energy drilling: Geothermal energy is becoming an integral element of many development projects by extracting energy from the earth's latent ground temperature, either through gradient heat exchange or a full passive system through convection. Energold's access to energy drilling technologies and expertise, combined with larger drill rigs, are used to service the geothermal drilling market.

Geotechnical drilling: The Company's geotechnical teams work with geotechnical, civil or geological engineers to retrieve information on physical properties of soil, foundation and rock. We have specialized rigs and provide drilling services in preparation for building engineering, footings for wind farms, bridges

¹ Earnings before interest, taxes, depreciation and amortization is a non-IFRS measure which the Company believes provides meaningful information about the Company's financial performance.

and other foundation construction. In mining and natural resources, geotechnical drilling is carried out as part of soil and rock mechanical studies. Energold also conducts geotechnical drilling to measure thermal resistivity of soil for underground transmission lines, oil and gas lines, solar and thermal storage facilities, etc.

Energy drilling: Energold serves the industry with oil sands coring rigs, shot-hole seismic rigs and other specialty rigs.

Horizontal directional drilling: Using highly specialized equipment, we have developed a trenchless method of installing cables and piping systems underground in a shallow arc along a predetermined path.

Manufacturing: The Company manufactures drilling rigs and equipment for water well, mineral exploration, geotechnical and geothermal applications. Its multipurpose mineral exploration rigs are capable of a wide range of drilling techniques including wireline coring, RAB and RC.

Water well drilling: The Company's wide range of water well drilling services includes fresh water drilling, mine pit dewatering, mine water supplies and mine hydrological characterization and well monitoring.

MINERAL DRILLING

Demand for Energold's services in the mineral sector has been derived traditionally from three groups of customers: precious metal mining companies, base metal mining companies and junior exploration companies. Each of these groups is impacted by distinct market forces from the industry level and also by capital market demand for its equity and debt. Exploration for precious metals continues to represent the largest demand with respect to mineral drilling.

The business mix of the Company's mineral drilling activity has favoured well-funded, intermediate and senior miners as a result of miners shifting their focus from grassroots exploration to capital expenditures on advanced assets and mine development. While the tender opportunities have increased in some regions, exploration budget and cash control remain a priority at most mining companies. Pricing remains competitive but improvements in certain regions are expected to continue.

Over the long term, management believes that a majority of new exploration and development opportunities for minerals lie in underdeveloped regions in Latin America and Africa. There is also growing opportunity in the sustainable drilling industry including geothermal and water as well as infrastructure-related drilling in more developed countries, which allows for deployment of otherwise idle equipment.

Outlook and Business Strategy

The Company sees demand for its services maintained at the current level with improvement in metres drilled during 2017 and into the first quarter of 2018. Exploration spending is improving in the Company's key markets although pricing remains competitive.

While the environment for mineral drilling remains impacted by the downturn of previous years, there are positive signs in the industry and an improvement in exploration spending worldwide. Revenue in the first three quarters of 2018 has increased over the first three quarters of 2017 and management expects margins to continue to expand due to its efforts to improve productivity and monitor costs. Working capital levels are suitable to maintain existing operations although new business is being taken on a selective basis. Revenue per metre rates vary depending upon the type of drilling (i.e. RC drilling yields higher metres drilled but the revenue per metre is lower compared to diamond drilling which has higher revenue rates with lower metres drilled). Ongoing investment in new equipment is being considered to address market shortages in regions where few drilling companies are present. Management has also been moving rigs to stronger regions in Central America and the Caribbean where the market is starting to recover. There has been a demand for complementary drill rigs from existing clients including underground drill rigs, more conventional diamond drill and reverse circulation rigs. The Company is focused on reducing inventory levels by consolidating its inventory from various sites, re-distributing inventory and by minimizing its purchases.

Energold remains committed to investing in areas where there is an economic benefit. In doing so, some high-cost, low-return areas are being re-evaluated to ensure the best use of working capital. At this stage, working capital is crucial to winning new contracts as some opportunities require setup and mobility costs while customer receivables are settled in as much as 60-90 days or beyond.

Mexico, the Caribbean and Central America

This continues to be one of the most important markets for the Company with 57 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. Management believes the Company is one of the largest players in the region due to its unique ability to drill in challenging jurisdictions.

The regional fleet remains active, particularly in Mexico where the Company has long held a leading market share position, especially for its frontier style man-portable drilling rigs. While pricing pressure persists in the region, activity levels are steady with new contract generation and aggressive marketing activity and the Company remains competitive in the bidding processes. The Company is also drilling in Panama where there are currently three rigs committed to contracts. Approximately 63% of global metres drilled by the Company in the Q3-2018 were in this region, compared to 72% in 2017. Approximately 48% of global metres drilled by the Company in the first nine months of 2018 were in this region, compared to 69% in 2017.

South America

The Company has 33 drill rigs in the region. Approximately 4% of metres were drilled in this region in the third quarter of 2018, compared to 11% in the third quarter of 2017. In the nine months ended September 30, 2018, metres drilling in this region was approximately 11% of the Company’s total compared to 7% in 2017.

Social and political issues play a major role in this region and the Company is well suited to navigate these issues given its business model using man-portable equipment. Following a period of uncertainty in Argentina over the last several years, activity recovered slightly with 2 rigs drilling in Q3-2018. In the last few years Peru, which was originally one of our most profitable markets, suffered from local, political and social issues that resulted in the suspension of several potential drilling opportunities. However, in the nine months ended September 30, 2018 the country had 5 rigs drilling and contributed the majority of the metres drilled in the region. In Brazil, the Company has stored certain drill rigs, reduced overheads and laid off a significant number of field personnel to control its costs until the market recovers. The Company is exploring opportunities to lease its rigs or entering into cost plus contracts in certain regions to provide the Company with a suitable return.

The Company remains the driller of choice for several key clients, especially in frontier regions where the vast majority of future exploration will take place. In each of these markets, our primary rig is the “S” style rig servicing more difficult and remote programs.

Europe, Middle East, Africa (EMEA) & Canada

The Company has 33 rigs in Africa, 10 rigs in the United Kingdom and Europe and 6 rigs in Canada. Metres drilled in EMEA was approximately 34% of global metres drilled for the third quarter of 2018, compared to 18% in the third quarter of 2017. In the nine months ended September 30, 2018, global metres drilling by this region was approximately 41% compared to 24% in 2017.

The majority of metres drilled in the EMEA group were in Africa (in particular, Ivory Coast and Senegal) with the remaining metres being drilled in Europe. Management continues to seek opportunities to drill in European markets and also expects more drilling work to be done in Europe. West Africa, which is where the Company mainly operates, remains heavily exposed to junior miners. The financial environment surrounding that market has impacted activity levels but there are indications that exploration activity is in the recovery phase. The Company continues to see a stable flow of opportunities in other parts of the continent where its frontier rigs are ideal given challenging infrastructure and social

issues. The Company's fully developed logistical network in Africa allows management to move equipment and personnel quickly to new markets on the continent as dictated by demand.

Drill Fleet

At September 30, 2018 the Company has 139 rigs in its mineral drilling fleet. The Company intends to add new equipment on an as-needed basis and may modify existing equipment to meet customer demand. The Company will continue to work with certain clients who require specific equipment to meet challenging conditions at various projects. Typically, the cost of the Company retrofitting existing or building new equipment is more than offset by the value of the particular contract and in many cases, management seeks to implement guarantees in those contracts to ensure certain costs are recovered. The Company is continuing a modification program to increase the operational and depth capabilities of its standard S-2 and S-3 rigs. Recently, the Company has developed a conversion kit for its S rigs allowing them to conduct limited reverse circulation and open-hole drilling.

The Company offers additional technical ability in complementary activities including underground drilling. Included in the total rig count are 9 underground rigs. The expansion into underground drilling was in response to certain clients' requests that we provide full service to their operations. The majority of the underground rigs are similar to our existing surface rigs, using substantially the same equipment and supplies. This significantly reduces crew training time and inventory requirements.

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. 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.

ENERGY DRILLING

Oil and Gas Drilling

Oil Sands

The Canadian government has identified the oil sands as a strategic asset supporting long-term economic growth for all of Canada and has approved several energy pipeline projects. Recent political developments in the United States indicate a greater willingness to promote new pipelines from Canada although the effects of that potential policy change will take some time.

Natural Gas

While gas inventories have remained larger over recent years than in the previous decade, the technical developments related to shale gas have opened up a new market for further seismic exploration, especially in the United States ("U.S.") and in Latin America. There is 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. The environment for conventional seismic equipment is competitive in North America, although the Company has an advantage where it can offer heli-portable services that are in short supply to address environmental and societal concerns in certain areas. Recent developments in Western Canada vis-à-vis LNG infrastructure have been encouraging.

Outlook and Business Strategy

Overall, lower oil and gas prices have significantly impacted the Company's activity levels and financial performance and recovery remains uncertain. Larger companies operating in the oil sands region have reduced development budgets in accordance with lower profit forecasts over the near to medium term. Some recovery started to take hold in late 2017 as major oil and gas companies began to increase spending, compared to previous years, in order to meet spending commitments as well as having somewhat adapted exploration costs in accordance with new global oil price levels.

Prior to the downturn in the oil industry in 2015, the performance of the energy division since its acquisition in July 2011 had shown its value in terms of diversifying revenues and offsetting seasonality of Energold's mineral division while providing a platform for continued growth. Energold's management continues to work aggressively to capitalize on the potential synergies between the various divisions. Sharing of equipment, expertise, contacts, crews and logistical infrastructure helps drive revenues, operating margins and overall long-term shareholder value. Furthermore, management feels it can increase revenue using the current fleet of equipment by growing market share in current businesses while penetrating new markets outside North America with the Company's know-how when operating in remote regions. Management endeavours to keep costs under control in the energy business although a particular level of fixed costs is required to meet day-to-day needs of the business on a year-round basis. Financial performance has improved through the first nine months of 2018 and is expected to continue into the 2019 winter drilling season.

Management has sought for some time to increase utilization of equipment in seasonally slower periods, which are typically the spring, summer and fall periods. In doing so, new business lines in the sustainable energy industry have opened up and the Company is performing a significant amount of work in this area in 2018, with the majority of it in North America, using the Company's existing drilling fleet.

Seasonality

The ability to move heavy equipment into 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 activity levels. Many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen hard enough to support equipment. 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. 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 logistical costs to operate could be higher than in the winter season. The fourth quarter tends to be much quieter although the post-winter business is usually available to help offset costs of demobilizing equipment from the winter period. The Company is currently experiencing a strong fourth quarter in the oil and gas sector, with roughly \$4.0 million of revenue expected for Q4-2018.

Energy and Infrastructure Metres Drilled

Activity levels are not always reflective of revenues due to the type of drilling the division offers. Oil sands and geothermal drilling are more technical and require specialized equipment and skilled labour. For those reasons, pricing per metre is much higher than other types of drilling. Moreover, revenue and profitability depends on the type of drilling performed rather than the number of metres drilled.

In the nine months ended September 30, 2018, Bertram drilled 127,500 metres in Canada and 112,700 in the U.S. compared to 25,100 metres in Canada and 82,500 in the U.S. in 2017. Cros-Man, which does infrastructure drilling in Central Canada, drilled 43,600 metres in the nine months ended September 30, 2018 compared to 32,200 in 2017. The Company also drilled 1,500 metres of infrastructure drilling in Central America in the nine months ended September 30, 2018.

Sustainable Drilling - Water, Geothermal and Geotechnical

Recently, management has focused on growing other areas including commercial sustainable drilling. Worldwide, demand for geothermal and water drilling continues to grow in regions where the Company currently operates and excess rig capacity from those regions can be utilized.

Historically, Bertram has been able to generate consistent operating margins on its geothermal programs. In the longer term, as society looks for alternative sources of energy, geothermal programs reduce energy demands, 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. is substantial. The Company is in a strong position to participate in multi-year programs that may

potentially help offset seasonality effects that take place when the oil sands coring business ramps up during the winter months.

The water market in particular can provide the Company with new revenue sources with tender opportunities across some of its traditional markets in Africa, as well as in North America. In doing so, management can effectively redeploy idle drilling rigs to take advantage of growth in new markets elsewhere while more traditional commodity markets recover.

In Q3-2018, sustainable drilling made up 40% of global drilling revenues, compared to 21% in Q3-2017. In the nine months ended September 30, 2018, sustainable drilling encompassed 26% of global drilling revenues, compared to 13% in the same period of 2017.

Energy and infrastructure metres were drilled in the following areas:

	For the three months ended Sept 30		For the nine months ended Sept 30	
	2018	2017	2018	2017
Infrastructure	19,200	13,900	45,000	32,200
Oil sands/Seismic	2,800	1,800	22,500	13,600
Sustainable drilling	114,700	53,200	217,800	94,000
	136,700	68,900	285,300	139,800

MANUFACTURING DIVISION

Outlook and business strategy

The principal activity of Dando remains the design, manufacture and sale of mobile drilling rigs and associated equipment for water wells, mineral exploration, geotechnical investigation and environmental monitoring. Dando has historically had an excellent reputation in Africa, South East Asia and Australia. The utilization of the Company's contacts and expertise in Latin and North America has led to significant interest from previously untapped geographical markets.

Dando continues to receive interest for its products but revenue growth in recent years has been affected by a number of factors. Dando has been adversely affected by worldwide complex geo-political issues, a general nervousness in the markets and lack of client funding or availability of foreign currency, especially for some of the large projects in the water sector. The fluctuation of commodity prices has resulted in a volatile mineral market. Depressed oil prices have also affected Dando's ability to generate revenue in the geotechnical and seismic industry space. However, Dando continues to build relationships with clients in this sector. The water markets are also changing and growing as shallow aquifers have been exhausted, or have become harder to find. As a result, demand is increasing for more powerful and higher priced machinery to access deeper water reserves which is a further strain on the potential customers who already find it difficult to finance their purchases. Along with other Energold subsidiaries, Dando has been using various financial instruments from Export Development Canada and similar parties to assist new customers in financing their purchases to better generate contracts.

To offset the decline in sales volume, Dando began a restructuring process in 2017 with the aim of reducing costs, streamlining production and working to market a more focused product portfolio. New management at Dando has been brought in to continue these initiatives and the Company has already achieved stronger performance. Some large rig deliveries in the first half of 2018 coupled with improved efficiencies resulted in a return to profitability for the division. Management has been working closely with internal engineers and suppliers to refine designs and improve efficiencies across the entire product development and manufacturing process. In the wake of this restructuring, the Company is considering various strategic alternatives for Dando, including the potential sale of the division to a third party.

RESULTS OF OPERATIONS

For the three months ended September 30, 2018 compared to the three months ended September 30, 2017

(in thousands)	For the 3 months ended September 30	
	2018	2017
Revenue		
Mineral	\$ 9,513	\$ 11,582
Energy and Infrastructure	11,107	6,362
Manufacturing	1,295	1,839
	\$ 21,915	\$ 19,783
Operating income (loss)		
Mineral	\$ 422	\$ 341
Energy and Infrastructure	(3)	(1,331)
Manufacturing	(415)	(669)
Corporate	(1,587)	(1,601)
	\$ (1,583)	\$ (3,260)
Loss per share – basic and diluted ²	\$ (0.05)	\$ (0.07)

Net loss for the three months ended September 30, 2018 was impacted by the following factors:

- Mineral
 - Revenues decreased to \$9.5 million in Q3-2018 from \$11.6 million in the comparable period of 2017. Metres in Q3-2018 decreased to 56,400 compared to 75,600 in Q3-2017. Average revenue per metre for Q3-2018 increased to \$169 from \$153 in Q3-2017. The margin for the three months ended September 30, 2018 in this division was \$1.5 million or 16% compared to \$1.3 million or 11% in the comparable period in 2017. The improved margins in Q3-2018 reflect management's focus on cost control as revenues strengthen and key markets recover.
- Energy & Infrastructure
 - Revenues for the three months ended September 30, 2018 were \$11.1 million compared to \$6.4 million in same period for 2017. The margin for the three months ended September 30, 2018 in this division was \$2.2 million or 20% compared to \$1.4 million or 22% in the comparable period in 2017. Revenue growth is a result of management's focus on adding more revenue streams to reduce rig downtime during the summer months. There is significant room for continued margin growth as newer revenue streams mature and economies of scale develop.
- Manufacturing
 - Revenues for Dando in Q3-2018 were \$1.3 million with a margin of 6% compared to revenues of \$1.8 million with a margin of 5% in Q3-2017. Q3-2018 was a slower quarter in anticipation of the release of newly designed rigs in the near future. The improvement in margins, even in a slow quarter, demonstrates the results of the completion of the division's restructuring activities in 2017 which have led to a more streamlined manufacturing process.
- Indirect and administrative expenses were reduced in Q3-2018 to \$5.4 million compared to \$6.0 million in Q3-2017. There was a \$0.3 million reduction in amortization cost as the amortization of the purchase price allocation on the 2011 acquisition of Bertram Drilling Corp. is nearly complete. There was also a \$0.3 million reduction in office salaries and services mostly attributable to the absence of Q3-2017 Dando restructuring activities.

² Loss per share is calculated based on losses attributable to equity shareholders of Energold Drilling Corp.

- Finance costs related to interest payments on the convertible debentures, loans and leases for Q3-2018 and Q3-2017 were \$1.1 million and \$0.9 million respectively.
- Gain on derivative component of debenture in Q3-2018 was \$0.7 million compared to nil in Q3-2017. This relates to the USD portion of the Company's convertible debenture, which is measured at fair value with gains and losses to the statement of loss. The value of the derivative fluctuates based on changes in CAD/USD exchange rates and the market value of the Company's shares.
- Current and deferred income tax expense was \$0.6 million in Q3-2018 compared to \$0.3 million in Q3-2017.
- Other comprehensive loss totaled \$1.6 million in Q3-2018 compared to \$2.4 million in the comparable period of 2017. Other comprehensive loss/income is related to unrealized gains or losses on short-term investments held net of taxes and cumulative translation adjustments on foreign currency translation. The Company's subsidiaries hold balances in their functional currency; therefore upon translation to presentation currency, which is the Canadian dollar, balances on the balance sheet may increase or decrease depending on the foreign exchange rate at that time.

For the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017

(in thousands)	2018		2017	
Revenue				
Mineral	\$	32,763	\$	34,346
Energy and Infrastructure		27,870		17,625
Manufacturing		8,926		4,725
	\$	69,559	\$	56,696
Operating income (loss)				
Mineral	\$	1,568	\$	1,191
Energy and Infrastructure		(1,147)		(3,692)
Manufacturing		155		(2,314)
Corporate		(4,127)		(3,983)
	\$	(3,551)	\$	(8,798)
Loss per share – basic and diluted ³	\$	(0.13)	\$	(0.21)

Net loss for the nine months ended September 30, 2018 was impacted by the following factors:

- **Mineral**
 - Revenues decreased to \$32.8 million in the first nine months of 2018 from \$34.3 million in the comparable period of 2017. Average revenue per metre for the first nine months of 2018 was \$155 compared to \$151 in the same period of 2017. The margin for the nine months ended September 30, 2018 in this division was \$5.6 million or 17% compared to \$4.9 million or 14% in the comparable period in 2017. Margin growth in the first nine months of 2018 reflects management's focus on cost control as revenues strengthen and key markets recover.
- **Energy & Infrastructure**
 - Revenues for the nine months ended September 30, 2018 were \$27.9 million compared to \$17.6 million in same period for 2017. Gross margin was \$5.7 million or 20% in 2018 compared to \$4.0 million or 23% in the comparable period of 2017. Revenue growth can be attributed to the focus on new revenue streams in Q3-2018.
- **Manufacturing**
 - Revenues for Dando in the first nine months of 2018 were \$8.9 million with a margin of 21% compared to revenues of \$4.7 million with a margin of 4% in the comparable period of 2017.
- Indirect and administrative expenses were reduced in the first nine months of 2018 to \$16.7 million compared to \$17.9 million in the comparable period of 2017. There was a \$0.9 million reduction in amortization cost as the amortization of the purchase price allocation on the 2011 acquisition of Bertram Drilling Corp. is nearly complete.
- The Company recorded finance costs related to interest payments on the convertible debentures, loans and leases in the first nine months of 2018 of \$3.3 million compared to \$2.4 million in the comparable period of 2017.
- Gain on derivative component of debenture in the first nine months of 2018 was \$1.0 million compared to nil in the comparable period of 2017. This relates to the USD portion of the Company's convertible debenture, which is measured at fair value with gains and losses to the statement of loss.

³ Loss per share is calculated based on losses attributable to equity shareholders of Energold Drilling Corp.

The value of the derivative fluctuates based on changes in CAD/USD exchange rates and the market value of the Company's shares.

- The Company had current and deferred income tax expense of \$1.0 million in the nine months ended September 30, 2018 compared \$0.3 million in the comparable period of 2017.
- Other comprehensive loss totaled \$0.3 million in the first nine months of 2018 compared to \$3.3 million in the comparable period of 2017. Other comprehensive loss/income is related to unrealized gains or losses on short-term investments held net of taxes and cumulative translation adjustments on foreign currency translation. The Company's subsidiaries hold balances in their functional currency; therefore upon translation to presentation currency, which is the Canadian dollar, balances on the balance sheet may increase or decrease depending on the foreign exchange rate at that time.

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 loss per share:

	Sept 30 2018	June 30 2018	Mar 31 2018	Dec 31 2017	Sept 30 2017	June 30 2017	Mar 31 2017	Dec 31 2016
Revenue	21,915	23,788	23,856	18,283	19,783	17,849	19,064	14,339
Net loss	(2,546)	(2,766)	(1,920)	(5,918)	(4,004)	(4,669)	(3,046)	(3,911)
Loss per share – Basic and Diluted*	(0.05)	(0.05)	(0.04)	(0.11)	(0.07)	(0.09)	(0.06)	(0.07)

* Per share numbers have been rounded to two decimal places

FINANCING

On March 1, 2018, the Company entered into a working capital facility of up to \$2.0 million with Extract Capital Master Fund Ltd. ("Extract") and Sprott Hedge LP1 and Sprott Hedge LP2 (together, now "Ninepoint"). The loan is unsecured and was originally had a term of six months, which has subsequently been extended by mutual agreement. Interest on the outstanding principal amount is calculated at a rate of 14% per annum. As partial consideration for the facility, the Company may issue to the lenders an aggregate of up to 2,000,000 share purchase warrants, with each warrant exercisable to acquire one common share of Energold at a price to be determined at the time of issuance for a period of one year from date of issuance. To date, the Company has issued 1,200,000 warrants at an exercise price of \$0.54 per share split evenly between Extract and Ninepoint and 762,660 warrants at an exercise price of \$0.415 per share split evenly between Extract and Ninepoint. As of September 30, 2018, the amount outstanding on this credit facility is \$0.5 million to Extract and \$0.5 million to Ninepoint. The total of these loans (\$1.0 million) is included in trade and other payables. In October 2018, the Company paid \$0.7 million. The balance of \$0.3 million is due on December 21, 2018.

On June 15, 2017, the Company completed a private placement of \$20.0 million convertible secured notes ("the convertible debentures or CDs"). Extract Advisors LLC ("Extract"), a natural resources investment fund manager, funded the principal amount of USD\$10.3 million representing \$13.7 million of the convertible debentures, with the remaining \$6.3 million balance being provided by a syndicate of lenders. The convertible debentures mature on June 14, 2022 provided that the Company repays at least 75% of the original principal amount by June 14, 2020. The convertible debentures bear interest at a minimum U.S. London Interbank Offered Rate ("U.S. LIBOR") plus 7.5% until June 14, 2020, and U.S. LIBOR plus 11% for the remainder of the term. Interest is payable monthly. The debentures are convertible into common shares of the Company at a conversion price of \$0.85 per share. The loan holders were issued purchase warrants equal to 25% of the total principal amount of the convertible debentures purchased.

Each warrant is exercisable for one common share at an exercise price of \$1.50 per common share for a period of 60 months from the closing date of the transaction.

The Company fair valued the \$20.0 million convertible debt component and conversion option using a convertible bond model. The valuation date was June 15, 2017, the closing date of the convertible debentures. For valuation purposes, the convertible debentures had an effective interest rate of 18.31% for the U.S. debt portion and 18.21% for the Canadian debt portion.

Below is a summary of the valuation between the U.S. and Canadian portions of the convertible debentures.

	U.S. debt	Canadian debt	Total debt
(in millions CS)			
Debt value	11.1	5.2	16.3
Conversion option (equity)	-	1.0	1.0
Conversion option (derivative)	2.3	-	2.3
Warrant value	0.3	0.1	0.4
Principle amount	13.7	6.3	20.0

On July 6, 2016, the Company completed a public offering in which the Company issued 5,750,000 units at a price of \$1.00 per unit for aggregate gross proceeds of \$5.8 million, including the full exercise of the agents' option to increase the offering in the amount of \$0.8 million. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.75 per share for a period of 18 months from the date of issuance. The Offering was conducted through a syndicate of agents led by Clarus Securities Inc. and including M Partners Inc. (together, the "Agents"). In consideration for their services in connection with the offering, the agents received a cash commission of 6% of the gross proceeds raised under the offering as well as compensation warrants equal to 6% of the number of units sold under the offering. Each compensation warrant entitled the holder to acquire one common share of the Company at an exercise price of \$1.00 and expired on January 6, 2018.

On July 22, 2016, the Company completed a non-brokered private placement of 716,192 units at a price of \$1.00 per unit for aggregate gross proceeds of \$0.7 million. Each unit comprises one common share and one common share purchase warrant. Each warrant was exercisable for one common share at a price of \$1.75 per share and expired on January 22, 2018.

Management continues to make a conscious effort to use financial leverage where possible while keeping the Company's financial structure on a balanced basis in accordance with its near and long-term industry outlooks.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

Cash flows used in operations were \$2.4 million in Q3-2018 compared to \$4.5 million in Q3-2017. This reflects an overall improvement in profitability. Cash flows used in operations for the year-to-date was \$5.3 million in 2018 compared to \$8.8 million in the same period of 2017. A decline in net loss compared to the first nine months of 2017 was partially offset by the ongoing need for non-cash working capital due to 2018 revenue growth.

In Q3-2018, the Company invested cash of \$0.5 million compared to \$0.6 million in Q3-2017. In Q3-2018 and Q3-2017, the Company invested \$0.6 million in property, plant and equipment (net of proceeds and capitalized development costs). In the first nine months of 2018, the Company used \$1.2 million for investing activities compared to using \$0.7 million in the same period of 2017. During the first nine months of 2018, the Company invested approximately \$1.7 million to purchase property, plant and equipment (net of proceeds and capitalized development costs), compared to \$0.7 million in the comparable period. In Q3-2018 year to date, the Company received proceeds of \$0.4 million from the sale of investments compared to \$0.1 million in the first nine months of 2017.

Cash flows from financing activities were \$2.2 million in Q3-2018 compared to \$0.9 million in Q3-2017. In Q3-2018, the Company received proceeds of \$2.6 million from its bank facility, repaid \$0.1 million of finance leases, and repaid \$0.2 million to related parties. In Q3-2017, the Company received proceeds of its bank facility of \$0.3 million and obtained proceeds from finance leases of \$0.5 million.

For the first nine months of 2018, cash flows from financing were \$2.9 million compared to \$2.0 million in the same period of 2017. In the first nine months of 2018, the Company obtained proceeds from credit facilities of \$0.1 million compared to repaying credit facilities of \$3.7 million in the same period of 2017 in connection with the completion of private placement financing. In the first 9 months of 2017, the Company completed a \$20.0 million private placement and received cash of \$18.9 million (net of transaction costs). By doing so, the Company repaid \$13.5 million of the convertible debentures which were due in July 2017. During the first 9 months of 2018, the Company received proceeds of \$2.7 million from bank facilities compared to receiving \$0.3 million from bank facilities in the same period of 2017.

The Company has the following financial liabilities and commitments as of Sept 30, 2018:

(in millions \$)	Less than		Total
	one year	1-5 years	
Finance lease obligation	0.5	0.7	1.2
Debt	6.3	1.1	7.4
Convertible debentures	-	17.5	17.5
	6.8	19.3	26.1

OUTSTANDING SHARE DATA

The following common shares, warrants and stock options of the Company were issued and outstanding at November 23, 2018:

	# of Shares	Exercise	Expiry Date
		Price	
Issued and outstanding common shares	54,679,939		
Stock options outstanding	1,505,000	0.45	December 23, 2020
Stock options outstanding	495,000	2.01	October 1, 2019
Warrants outstanding	4,000,000	1.50	June 15, 2022
Warrants outstanding	100,000	0.85	June 15, 2020
Stock options outstanding	1,840,000	0.35	December 21, 2022
Warrants outstanding	1,200,000	0.54	March 1, 2019
Warrants outstanding	762,660	0.415	March 1, 2019
Fully diluted	64,582,599		

3,840,000 stock options outstanding have vested at November 23, 2018.

CHANGES IN ACCOUNTING POLICIES

IFRS standards adopted

IFRS 15, 'Revenue from contracts with customers'

The Company has adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") as of January 1, 2018. IFRS 15 covers principles that an entity should apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The Company elected to apply IFRS 15 using a modified retrospective approach by recognizing the cumulative effect of initially adopting IFRS 15 as an adjustment to the opening balance sheet at January 1, 2018. Therefore, the comparative information has not been restated. The details of accounting policy changes and the quantitative impact of these changes are described below.

Manufacturing revenue

The Company performed an assessment of manufacturing division sales contracts. Under IFRS 15, revenue from the manufacturing division will continue to be recognized as the performance of the contract is satisfied over time, however only to the extent that the customer is obliged to pay for progress to date and the manufactured product cannot be readily reassigned to a separate customer. In cases where these criteria are not met, revenue will be recognized upon delivery. The adoption of IFRS 15 resulted in an opening retained earnings adjustment of \$0.2 million for a contract that was partially completed as at January 1, 2018.

Minerals and energy revenue

The Company performed an assessment of the mineral drilling and energy divisions' service agreements and has concluded there will be no impact from the adoption of IFRS 15.

SAFETY, SOCIAL AND ENVIRONMENTAL POLICY

The Company is committed to ongoing research programs on equipment safety 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 participates 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, in previous years, 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-metre long Elizabeth foot bridge in the Limbe Municipality. In Peru and the Dominican Republic, the Company provided school supplies to children and in West Africa, the Company assisted in financing and equipping an elementary school.

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 mineral contract drilling industry is reliant on demand from two primary categories of commodities, precious 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.

The oil and gas drilling industry is reliant on the level of activity by oil and gas companies. This level of activity has traditionally been volatile as a result of fluctuations in oil and gas prices and their uncertainty in the future. The purchase of the services the Company provides are, to a substantial extent, deferrable in the event oil and gas companies reduce capital expenditures. Therefore, the willingness of the Company's customers to make expenditures is critical to our operations. The levels of such capital expenditures are influenced by, among other things: 1) oil and gas prices and industry perceptions of future prices; 2) the cost of exploring for, producing and delivering oil and gas; 3) the ability of oil and gas companies to generate capital; 4) the discovery rate of new oil and gas reserves in offshore areas; and 5) local, federal and international political and economic conditions. Producers generally react to declining oil and gas prices by reducing expenditures and this has in the past and may in the future adversely affect our business. We are unable to predict future oil and gas prices or the level of oil and gas industry activity. A prolonged low level of activity in the oil and gas industry may adversely affect the demand for services and may impact the financial condition and results of operations of the Company.

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. In certain countries, the Company is developing and training a local work force. The Company 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 change significantly, which could have adverse effects on 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 people for exploration and drilling permits, water and land surface

use rights. 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 people 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.

FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISK

Financial assets and liabilities

As of September 30, 2018, and 2017, the carrying value of the Company's cash and cash equivalents, restricted cash, trade and other receivables, investments, trade and other payables, bank indebtedness, and convertible debenture approximate fair values.

At September 30, 2018 and 2017, all cash and investments held were classified as Level 2 and convertible debenture was classified as Level 3 on the fair value hierarchy of IFRS 13 – Fair value measurement.

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 carries its receivables net of expected credit losses. 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, 2018, the Company's total liabilities were \$47.3 million, of which \$24.7 million is current. The Company has finance lease obligations of \$1.2 million, debt of \$7.4 million and a convertible debt of \$17.5 million.

Currency risk

The Company operates on an international basis; therefore, currency risk exposures arise from transactions denominated in currencies other than the entity's functional currency. 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. At September 30, 2018, the Company is exposed to currency risk through cash and cash equivalents, trade receivable, and trade payable and

accrued liabilities held in a variety of currencies, the most significant being the U.S. dollar. Based on these foreign currency exposures at September 30, 2018, 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 loss and equity of approximately \$0.5 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 and 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 has a minimal impact on net earnings.

RELATED PARTY DISCLOSURE

Related party transactions not disclosed elsewhere are as follows:

On May 22, 2018, Bertram Drilling Inc. entered into a promissory note in the amount of \$0.2 million with a company that is a related party to five directors of Energold. The note bears an interest rate of 12.5% per annum and has a term of twenty-four months.

On March 1, 2018, the Company entered into a working capital facility of up to \$2.0 million with Extract Capital Master Fund Ltd. ("Extract") and Sprott Hedge LP1 and Sprott Hedge LP2 (together, now "Ninepoint"). The loan is unsecured and originally had a term of six months, which has subsequently been extended by mutual agreement. Interest on the outstanding principal amount is calculated at a rate of 14% per annum. As partial consideration for the facility, the Company may issue to the lenders an aggregate of up to 2,000,000 share purchase warrants, with each warrant exercisable to acquire one common share of Energold at a price of \$0.54 per share for a period of one year from date of issuance. To date, the Company has issued 1,200,000 warrants at an exercise price of \$0.54 per share split evenly between Extract and Ninepoint and 762,660 warrants at an exercise price of \$0.415 split evenly between Extract and Ninepoint. As of September 30, 2018, the amount outstanding on this credit facility is \$0.5 million (December 31, 2017 - \$nil) to Extract and \$0.5 million (December 31, 2017 - \$nil) to Ninepoint. The total of these loans (\$1.0 million) is included in trade and other payables. In October 2018, the Company paid \$0.7 million. The balance of \$0.3 million is due on December 21, 2018.

During the nine months ended September 30, 2018, net fees of \$0.02 million were incurred (September 30, 2017 - \$0.7 million) from a company related to an officer of Bertram for helicopter services performed in Canada and the U.S. As at September 30, 2018, there was a net payable balance of \$0.02 million (December 31, 2017 - \$0.8 million).

In 2017, the chief executive officer, the chairman of the board, and the audit committee chair purchased a total of \$1.0 million of the convertible debentures. In connection with the transaction, a partner at Extract became a director of the Company from July 2017 to August 2018. As a result, the director and Extract became related parties to the Company during this time. The total amount of CDs purchased by the director and Extract was \$13.7 million. In addition, a person related to the chief executive officer and a person related to the audit committee chair of the Company purchased CD's totaling \$0.2 million. A trust related to officers of Bertram Drilling Corp., purchased \$1.0 million of the CDs. As of September 30, 2018, the outstanding payable to related parties on the CDs was \$15.9 million (December 31, 2017 - \$15.9 million).

In October and November 2016, the Company entered into loan facilities with a company related to an officer of Bertram which expire on December 31, 2019. The loans bear interest at 4.7% per annum. As of September 30, 2018, the amount outstanding on the loan facility is \$0.8 million (December 31, 2017 - \$0.8 million).

As at September 30, 2018, a deferred payment of \$0.7 million is due in 2019 to the vendor of Cros-Man who remains a director of the subsidiary (December 31, 2017 - \$1.5 million).

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 have 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 non-IFRS measures presented do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be directly comparable to similar measures presented by other issuers. The data presented is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. 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:

EBITDA is a measure that the Company believes is a useful indicator of its operating (loss)/income and considers it to be a meaningful supplement to net loss as a performance measurement. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors use this information to evaluate the Company's performance. As the Company incurs significant depreciation and amortization, EBITDA eliminates the non-cash impact and allows the Company and investors to evaluate the operating results of the underlying core operations.

	For the three months ended September 30		For the nine months ended September 30	
	2018	2017	2018	2017
Net loss	(2,546)	(4,062)	(7,232)	(11,712)
Add (deduct):				
Finance income	(10)	(10)	(36)	(39)
Finance cost	1,103	895	3,252	2,447
Amortization	1,837	2,101	5,380	6,259
Deferred income taxes (recovery) expense	(62)	362	79	(386)
Current income and other taxes expense	646	(58)	918	681
EBITDA	968	(772)	2,361	(2,750)
Gain on derivative component of debentures	(746)	-	(957)	-
Adjusted EBITDA	222	(772)	1,404	(2,750)

Gross margin and gross margin percentage are measures which the Company believes provides a useful indicator of how the Company's operations are performing. These measures are calculated as follows:

- Gross margin: Calculated as revenue less direct costs, excluding amortization.
- Gross margin percentage: Calculated as (gross margin divided by revenue) x 100.

In thousands	Mineral	Energy	Manufacturing	YTD Q3 2018
Revenue	\$ 32,763	27,870	8,926	69,559
Direct Costs	27,172	22,200	7,010	56,382
Gross Margin	\$ 5,591	5,670	1,916	13,177
Gross Margin %	17%	20%	21%	19%

In thousands	Mineral	Energy	Manufacturing	YTD Q3 2017
Revenue	\$ 34,346	17,625	4,275	56,696
Direct Costs	29,400	13,656	4,548	47,604
Gross Margin	\$ 4,946	3,969	177	9,092
Gross Margin %	14%	23%	4%	16%

In thousands	Mineral	Energy	Manufacturing	Q3 2018
Revenue	\$ 9,513	11,107	1,295	21,915
Direct Costs	8,036	8,884	1,219	18,139
Gross Margin	\$ 1,477	2,223	76	3,776
Gross Margin %	16%	20%	6%	17%

In thousands	Mineral	Energy	Manufacturing	Q3 2017
Revenue	\$ 11,582	6,362	1,839	19,783
Direct Costs	10,307	4,956	1,740	17,003
Gross Margin	\$ 1,275	1,406	99	2,780
Gross Margin %	11%	22%	5%	14%

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) tax policy changes by the government in the various countries the Company operates; and (10) 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 23, 2018.

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 23, 2018