Energold Drilling Announces Second Quarter 2013 Financial Results

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 29, 2013) - Energold Drilling Corp. (TSX VENTURE:EGD) ("Energold" or "the Company") reported the following financial results for the second quarter of 2013. Company-wide revenue during the second quarter of 2013 was $23.3 million, compared to $32.7 million in the second quarter of 2012. The decline in revenue was principally related to the year-over-year decrease in mineral exploration activity in the industry. Gross profit margin fell to 14% in the second quarter of 2013 from 20% in the comparable period of 2012. The Company had a net loss in the second quarter of ($0.03) per share, compared to a net loss of ($0.04) per share in the same period of 2012.

A conference call is planned for today, August 29, 2013 at 4:30 pm Eastern Standard Time. Dial-in numbers are 647-426-1845 or 1-866-782-8903. Please call in 15 minutes before to ensure participation.

The Company has an excellent financial position with a strong balance sheet including cash and cash equivalents of $30.7 million. Management remains committed to using its financial resources to grow its revenue base and profitability of the Company, both on an organic basis and via acquisition.

Quarter-to-date and year-to-date June 30, 2013 results comparison

($CAD ,000s except per-share amounts and meters drilled)		For Three Months Ended June 30		For the Six Months Ended June 30	
		2013	2012	2013	2012
Revenue					
	Mineral	16,180	22,273	34,509	48,218
	Energy	2,402	4,438	33,837	29,891
	Manufacturing	4,691	5,939	8,791	7,811
Total Revenue		23,273	32,650	77,137	85,920
Earnings (Loss)					
	Mineral	916	919	3,397	3,474
	Energy	(1,784)	(3,486)	51	(4,615)
	Manufacturing	(458)	528	(1,286)	(6)
Total Earnings		(1,326)	(2,039)	2,162	(1,147)
Earnings Per Share	Basic	$(0.03)	$(0.04)	$0.05	$(0.02)
	Diluted	$(0.03)	$(0.04)	$0.05	$(0.02)
EBITDA*		$731	$2,014	$9,439	$7,371
Adjusted Earnings**		$(3,404)	$(1,536)	$3,906	$8,268
Adjusted Earnings Per Share	Basic	$(0.07)	$(0.03)	$0.08	$0.19
	Diluted	$(0.07)	$(0.03)	$0.08	$0.18

	As of June 30, 2013	As of June 30, 2012
Cash	$30,738	$36,465
Working Capital	$85,601	$93,429

* EBITDA - Earnings before interest, taxes, depreciation and amortization (see non-GAAP (generally accepted accounting principles) financial measures).

** Adjusted Earnings - Excludes earnout payment and non-cash items, which include accretion expense on debenture, finance cost related to sales-leaseback finance lease, share-based payments, foreign exchange, dilution and equity gain/loss on IMPACT, impairment/write-down of assets, gain on acquisition.

MINERAL DRILLING DIVISION

During the second quarter of 2013, Energold's mineral division drilled 92,100 meters compared to 114,900 meters in the same period of 2012, a decrease of 20%. Revenues for the second quarter of 2013 were $16.2 million compared to $22.3 million for the same period in 2012. Average revenue per meter for the second quarter of 2013 decreased to $176 from $194 in the second quarter of 2012 due to the depressed market.

Revenue in the second quarter of 2013 compared to the second quarter of 2012 was negatively impacted due to reduced exploration spending from the junior mining segment, as challenging capital market conditions continued to weigh on their ability to raise money for exploration. The majority of the decline in junior mineral exploration activity has likely already occurred and while intermediate and senior players continue to focus their reserve replacement through exploration, those companies remain cautious and prudent about the size of their programs. As indicated in the previous quarter, there are no significant indications that the junior market will return to previous levels of activity anytime soon. Meanwhile, the Company enjoys a customer book of well-funded intermediate and senior miners whose programs are ongoing at various paces.

Gross margin percentage remains heavily impacted by the type of drilling the Company performs, the region and country the Company operates in and the type of the client. Junior miners typically explore more frontier style environments that allow for higher margins and there is now increased presence of senior miners exploring the frontier regions. Gross margin percentage from mineral drilling for the second quarter of 2013 was 23%, compared to 21% in the second quarter of 2012. As expected, signs of stabilization have taken hold but at lower rates and utilization levels. Notwithstanding, the Company maintains a strong infrastructure network in all regions that it operates which allows for a relatively lean operation. The Company continues to draw down on its inventory and its working capital remains strong. As the majority of its costs are variable, the Company can adapt quickly and respond accordingly to changing market conditions.

Quarter-to-date and year-to-date June 30, 2013 meters drilled

	Q2 2013	Q2 2012	YTD 2013	YTD 2012
Meters Drilled	92,100	114,900	198,500	249,400

As at June 30, 2013, the Company had 134 rigs in its mineral drilling fleet. The Company is currently adding two new S-1 rigs which will be deployed to the Asian market, as well as adding three deeper capability S-3.5 rigs manufactured by Dando Drilling International Ltd. These rigs are intended for the African and Middle Eastern markets where the Company sees considerable growth targets. In July 2013, the Company took delivery of a heavier diamond drilling rig (Atlas Copco CS1000) for the Middle East.

ENERGY DRILLING DIVISION - BERTRAM DRILLING CORP. ("Bertram")

The majority of revenues and activity are typically generated in the first quarter, primarily due to weather factors. Bertram was very active during the first quarter of 2013 primarily on the oil sands projects in Northern Alberta. Revenues for the first half and second quarter of 2013 were $33.8 million and $2.4 million, respectively, compared to $29.9 million and $4.4 million in the first half and second quarter of 2012. For the six months ended June 30, 2013, 96% of revenues were generated in Canada with the remainder contributed from the U.S. Meters were drilled in the following areas:

	For Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Oil sands	300	600	54,400	36,200
Seismic (Track and Heli-portable)	-	17,400	146,100	335,500
Geothermal and Geotechnical	12,900	68,200	23,300	157,800
	13,200	86,200	223,800	529,500

The gross margin for first half of the year and the second quarter of 2013 was 24% and (54)%, respectively, compared to 31% and 5% in the first half and second quarter of 2012. The negative gross margin during the period relates to lower work levels associated with spring breakup while costs associated with moving equipment and personnel still continued as equipment is returned to their summer locations. In the first half of 2013, Bertram drilled approximately 202,800 meters in Canada and approximately 21,000 in the U.S. This compares to the first half of 2012 where Bertram drilled approximately 347,600 meters in Canada and approximately 181,900 in the U.S.

Oil sands operations accounted for over $1.5 million of second quarter revenues and $30.6 million of year-to-date revenues in 2013 compared to $0.8 million and $16.9 million of second quarter and year-to-date revenues, respectively in 2012. Revenue was generated from programs conducted on behalf of major operators. Geothermal and geotechnical drilling activity accounted for $0.9 million of second quarter revenues and $1.8 of year-to-date revenues in 2013 compared to $1.9 million in the second quarter and $6.0 million of year-to-date revenue in 2012. Track seismic represents the remainder of the revenues.

Going forward, the Company anticipates continued strong activity levels in the Canadian oil sands. The bulk of growth in the energy division will be dependent on weather in the latter part of the year as an early freeze would positively impact work levels and financial performance. At the moment most of Bertram's oil sands rigs are fully committed for the 2013/2014 season including two newly acquired rigs capable of reaching greater depths that could translate into a dramatic effect on utilization going forward. Management also forecasts an increasing pipeline of seismic opportunities in North America and Latin America as evidenced by the Company's new Columbian joint venture, EESI. Finally, the geothermal and geotechnical markets are showing signs of increased activity and tender opportunities in the coming year.

MANUFACTURING DIVISION - DANDO DRILLING INTERNATIONAL LTD ("Dando")

Year-to-date revenues for 2013 were $8.8 million with an operating margin of 14% compared to revenues of $7.8 million with an operating margin of 24% in the first half of 2012. Revenues in the second quarter of 2013 were $4.7 million with an operating margin of 16% compared to revenues of $5.9 million with an operating margin of 28% in the second quarter of 2012. In the second quarter of 2013, the Company delivered ten rigs which comprised of three Watertec 40 heavy water well drills, one Mintec 12.8, one Watertec 6000, three Terrier mini rigs, one 3000 cable percussion rig and one Multitec 9000.

Demand for rigs and equipment remains high. Currently Dando has a confirmed order book in excess of $8.0 million and continues to have strong enquiries for its products. As part of its plans to service future growth, Dando is continuing to build additional small rigs for stock and a new prototype, a remote controlled self-loading tracked vehicle capable of carrying in excess of five tonnes. The Company continues to be on target to achieve a substantial increase in revenues and profit.

Markets continue to provide mixed signals with the hard rock mineral market showing some signs of recovery with good enquiries from mining companies. The water-well market remains buoyant with sizeable orders from Africa and very promising enquiries from Indonesia, Africa and Eastern Europe.

GROWTH PLAN

Energold remains committed to expanding its business across all drilling platforms depending on market conditions. While the Company was founded on the basis of mineral drilling, management continues to evaluate new ways to expand its global drilling solutions platform. The entrance into the energy drilling and manufacturing markets in recent years has started to provide value to shareholders. New markets including water, a geographical expansion of the seismic business into Latin America, as well as new opportunities for technical and diversified commodity drilling are considered on an ongoing basis as the Company seeks the most efficient use of its strong balance sheet and low debt levels.

Energold Drilling Corp. is a leading global specialty drilling solutions company that services the mining, energy, water and manufacturing sectors in 24 countries. Specializing in a socially and environmentally sensitive approach to drilling, Energold provides a comprehensive range of drilling services from early stage exploration to onsite operations for the metals, energy and water sectors, including an established drill rig manufacturer, Dando Drilling International Ltd. Energold also holds 6.98 million shares of Impact Silver Corp., a profitable silver producer in Mexico.

On behalf of the Directors of Energold Drilling Corp.,

Frederick W. Davidson, President, CEO

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Note Regarding Non-IFRS measures:

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

Cautionary Note Regarding Forward-Looking Statements:

Except for historical information, this earnings release 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 earnings release, which may prove to be incorrect, include but are not limited to, the various assumptions set forth herein and in the earnings release, 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 the Company operations in being approximately consistent with current levels; (6) capital market liquidity available to fund customer drilling programs; (7) prices for and availability of equipment, labour, fuel, oil, electricity and other key supplies remaining consistent with current levels; (8) labour and materials costs increasing on a basis consistent with the Company's current expectations; (9) other unforeseen conditions which could impact the use of services supplied by the Company.

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

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