

VANCOUVER, BRITISH COLUMBIA--(Marketwired - May 26, 2016) - [Energold Drilling Corp.](#) (TSX VENTURE:EGD) ("Energold" or "the Company") is pleased to announce its financial results which include improvements in operational and financial performance in some of its business sectors. While revenue for the first quarter 2016 was \$16.6 million compared to \$19.6 million in the first quarter of 2015, the Company is seeing a sustained recovery in the mineral drilling segment with strong growth in the infrastructure and green drilling markets. The impact of the decline in the oil and gas sector was primarily responsible for the decline in revenue on a quarter-over-quarter basis.

During the first quarter 2016, the Company's overall gross margin declined to 10.8% from 22.4% in the comparable period in 2015 as a result of certain fixed costs that are incurred regardless of activity levels primarily from the energy and manufacturing sectors. Notwithstanding, operating margins in the Company's mineral market have started to improve as pricing per meter and activity levels continue to recover. *"The first quarter, which is typically a slow season for the mineral drilling market, saw pricing and activity levels that grew substantially year over year and causes us to believe that the industry is well off its multi-year lows. Meanwhile, other markets in green and infrastructure drilling are seeing material tender opportunities and a growing market for our services"* said Fred Davidson, Energold's CEO & President.

Efforts to reduce regional costs were ongoing throughout the period as activity in the oil and gas sector was slower than in previous years. At the same time, the Company continued to invest in new opportunities in other markets around the world. The net loss in the first quarter of 2016 was \$6.3 million or (\$0.13) per share compared to a net loss of \$3.4 million or (\$0.07) per share in the first quarter of 2015.

Energold's balance sheet at the end of the first quarter 2016 remained well capitalized with \$11.8 million in cash and \$63.8 million in working capital.

First Quarter Comparison (\$CAD '000s except per-share amounts)

	For three months ended March 31	
	2016	2015
Revenue	\$	\$
Mineral	8,472	4,354
Energy	6,135	12,180
Manufacturing	2,005	3,079
	16,612	19,613
(Loss) Earnings		
Mineral	(1,877	) (2,593
Energy	(1,923	) 474
Manufacturing	(2,052	) (876
Corporate	(483	) (413
	(6,335	) (3,408
Loss Per Share		
Basic and diluted	(0.13	) (0.07
EBITDA*	(3,181	) (232
	As of March 31, 2016	As of December 31, 2015
Cash	11,829	13,561
Working Capital	63,811	72,568

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

MINERAL DRILLING DIVISION

Revenue increased to \$8.5 million in the first quarter 2016 from \$4.4 million in the first quarter 2015 as a result of a 55% increase in meters drilled. Average revenue per meter for the first quarter 2016 improved substantially to \$173 compared to \$146 in the first quarter of 2015, an increase of 18.5%. As capacity utilization rises, pricing will continue to strengthen and margins will expand given operating costs are likely to remain at multi-year lows for some time. The gross margin for the three months ended March 31, 2016 in this division was 8.0% compared to a negative margin of (5.6)% in the comparable period in 2015.

Meters Drilled

	Q1 2016	Q1 2015
Meters Drilled	46,400	29,900
Drill Rigs	137	139

ENERGY & INFRASTRUCTURE DRILLING DIVISION (Oil & Gas, Geothermal, Geotechnical, Water, Telecommunications)

In the first quarter of 2016, Bertram drilled 5,500 meters in Canada and approximately 33,400 in the U.S. compared to 83,900 meters in Canada and approximately 81,200 in the U.S. in the first quarter of 2015. The decline is entirely due to depressed hydrocarbon prices. Since its acquisition in the first quarter of 2016, Cros-Man drilled 4,800 meters in both the infrastructure and oil and gas sectors in Central Canada.

While activity levels are not always reflective of revenues due to the type of drilling the division offers, the industry is operating at multi-year lows in terms of utilization, although some signs of recovery are possible heading into the balance of 2016 and into 2017. Meanwhile, management anticipates strong growth in the infrastructure, water and green drilling markets to continue.

Meters Drilled

	Q1 2016	Q1 2015
Infrastructure	4,800*	-
Oil sands coring	4,400	15,200
Seismic (Track and Heli portable) -	-	66,300
Water wells	700	-
Geothermal, geotechnical, water	33,800	83,600
TOTAL	43,700	165,100

MANUFACTURING

Revenue for Dando in the first quarter of 2016 was \$2.0 million with a gross margin of (6.2)% compared to revenue of \$3.1 million with a gross margin of 17% in the first quarter of 2015. Revenue is typically weak in the first and second quarters due to the seasonal bidding process that occurs at that time while deliveries are made in the latter half of the year.

INDUSTRY OUTLOOK

Mineral drilling activity has started to improve in terms of pricing, margins and utilization. Management believes these three cornerstones to financial growth will continue through 2016 and 2017. Stronger commodity prices and recent equity financings in the mining sector have allowed for new exploration activity in markets where the Company holds dominant market share positions, including parts of Central and South America and Africa. In Africa, activity has started to improve as well, owing to a stronger overall market for drilling services as well as the reduced impact of Ebola that previously impacted activity levels. The Company is currently bidding on significantly more new business opportunities than it had done just six months ago and expects this to translate into more significant growth over the next year.

The Energy services market remains negatively impacted by low oil and gas prices. Management expects increasing levels of work through the end of 2016 and into 2017 if oil prices firm at current levels, which should help resource delineation drilling in the oil sands region that is the primary business for the Company's Energy fleet.

The infrastructure and green drilling markets offer the most substantial upside for the Company. Developed nations continue to revamp aging infrastructure while developing nations are involved in building state-of-the-art water and geothermal networks. These opportunities are ideal for the Company's excess capacity within its existing energy fleet. As well, growth in water and geothermal drilling in North America and Africa offers the Company further growth opportunities over the near and medium terms.

A conference call is planned for May 26, 2016 at 4:30pm Eastern. Dial-in numbers are 416-640-5946 or 1-866-233-4585.

[Energold Drilling Corp.](#) is a leading global specialty drilling company that services the mining, energy, water, infrastructure and manufacturing sectors in approximately 25 countries. Specializing in a socially and environmentally sensitive approach to drilling, Energold provides a comprehensive range of drilling services from early stage exploration to mine site operations for all commodity sectors and has an established drill rig manufacturer, Dando Drilling International, based in the United Kingdom. At March 31, 2016, Energold held 6.98 million shares of [Impact Silver Corp.](#) ("IMPACT"), a profitable silver producer in Mexico. Subsequent to the quarter, Energold acquired an additional 1 million shares of IMPACT.

On behalf of the Directors of [Energold Drilling Corp.](#),

Frederick W. Davidson, President, CEO

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