Trading Symbol: "EGD: TSX.V"

VANCOUVER, Aug. 25, 2016 /CNW/ - Energold Drilling Corp. ("Energold" or "the Company") announces second quarter, 2016 revenue of $15.6 million across all business divisions, compared to revenue of $20.2 million in the same period of 2015. The Company is experiencing a recovery in the Mineral drilling division as improved activity levels are taking hold. Meanwhile, offsetting the increased revenue in the Mineral segment is a decline in the revenue on a year over year basis in the Energy division as well as delivery and timing variances in the manufacturing sector compared to the second quarter of 2015.

Commodity prices are improving which has resulted in more activity in the Mineral drilling space for the Company. While lower oil and gas prices have impacted activity levels in the energy sector, greater stability in the price for oil has improved management's visibility that there will be more activity in the winter drilling season at the end of 2016 and leading into 2017. Green drilling remains substantial while a number of bids in Manufacturing were deferred and deliveries are expected to be back-end loaded for the year and into 2017.

In the second quarter of 2016, the Company's overall gross margin declined to 12% from 17% in the same period of 2015 as certain fixed costs in the Energy and Manufacturing divisions are incurred regardless of activity levels and delivery schedules, respectively. The net loss per share in the period was $0.10 per share which was comparable to the net loss per share in the same period of 2015.

Energold's balance sheet at the end of the second quarter of 2016 remained well capitalized with $8.7 million in cash and $63.0 million in working capital. Subsequent to quarter-end, the Company raised an additional $6.5 million in cash.

2016 Quarter-to-Date and Year-to-Date Results Comparison

($CAD '000s except per-share amounts and meters drilled)

		For three months ended June 30		For the six months ended June 30	
		2016	2015	2016	2015
Revenue		$	$	$	$
	Mineral	9,016	7,837	17,489	12,191
	Energy	3,708	5,209	9,842	17,389
	Manufacturing	2,837	7,203	4,842	10,282
		15,561	20,249	32,173	39,862
Loss					
	Mineral	(699)	(1,603)	(2,576)	(4,196)
	Energy	(2,670)	(2,304)	(4,594)	(1,830)
	Manufacturing	(866)	(102)	(2,917)	(978)
	Corporate	(744)	(748)	(1,227)	(1,161)
		(4,979)	(4,757)	(11,314)	(8,165)
Loss Per Share	Basic and diluted	(0.10)	(0.10)	(0.23)	(0.17)
EBITDA*		(1,560)	(1,531)	(4,741)	(1,763)
		As of June 30, 2016		As of December 31, 2015	
Cash		8,688		13,561	
Working Capital		62,989		72,568	

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

MINERAL DRILLING DIVISION

Revenues increased to $9.0 million in the second quarter of 2016 from $7.8 million in the comparable period of 2015 as a result of a 20% increase in meters drilled. As capacity utilization rises, pricing will continue to strengthen and margins will expand as the mineral division will strive to maintain low operating costs. The gross margin for the three months ended June 30, 2016 in this division was $1.1 million or 12% compared to $0.3 million or 3% in the comparable period in 2015.

Meters Drilled

	Q2 2016	Q2 2015	2016	2015
Meters Drilled	60,800	50,500	107,200	80,400
Drill Rigs	138	138	138	138

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

Revenues for the second quarter of 2016 were $3.7 million compared to $5.2 million in the same period for 2015. The Company incurred several delays in planned work projects during the quarter due to the fires in Fort McMurray. These projects are expected to begin in the third and fourth quarters of this year. Gross margin was $0.4 million or 12% in 2016 compared to $1.9 million or 37% in the comparable period of 2015. The decrease in margin is mostly attributable to certain levels of fixed costs associated with running the business, regardless of activity levels.

Meters Drilled

	Q2 2016	Q2 2015	2016	2015
Infrastructure	2,900	-	7,700	-
Oil sands coring	200	900	4,600	16,100
Seismic (Track and Heli portable)	-	-	-	66,300
Water wells	200	-	900	-
Geothermal & geotechnical	38,600	90,400	72,400	174,000
TOTAL	41,900	91,300	85,600	256,400

Activity in Green drilling and Infrastructure continue to grow while the second quarter is typically a seasonally slower period in Canada due to road bans around Central Canada, where the bulk of the infrastructure operations take place. Since March 4, 2016, Cros-man drilled 7,700 meters and 2,900 meters in the second quarter of 2016 in the infrastructure sector in Central Canada.

MANUFACTURING

Revenues for Dando for the three months ended June 30, 2016 were $2.8 million with a gross margin of 14% compared to revenues of $7.2 million with a gross margin of 17% in the comparable period in 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. To date a number of tenders have been deferred and are now expected to be committed in late 2016 and 2017.

INDUSTRY OUTLOOK

The Company continues to benefit from stronger activity levels in its core Mineral drilling segment. Financings across the mining landscape have helped increase exploration activity worldwide. Management believes this trend will continue and strengthen in 2017. This should help pricing as it maintains its recovery while margins expand with improving capacity utilization worldwide.

Green drilling and Infrastructure activity continues to grow and the Company is in the process of bidding on several large projects in North America and elsewhere as it seeks to deploy unused assets. Meanwhile, activity in the Energy division will continue to be hampered by lower hydrocarbon pricing. Notwithstanding, management is anticipating a stronger winter season beginning late 2016 and into the first quarter of 2017 as it maintains its long-term relationships with its key customers in the oil sands region.

Energold remains diversified in terms of service offering and well capitalized as it recovers from current market conditions. Management is comfortable in continuing to develop markets where it sees long-term benefit by using its strong balance sheet in the pursuit of growth.

A conference call is planned for August 25, 2016 at 4:30pm Eastern. Dial-in numbers are 719-325-4903 or 877-741-4239.

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.

On behalf of the Directors of Energold Drilling Corp.,

"Frederick W. Davidson"
President, CEO

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