Trading Symbol: "EGD: TSX.V"

VANCOUVER, Nov. 21, 2016 /CNW/ - Energold Drilling Corp. ("Energold" or "the Company") announces third quarter revenue in 2016 of $18.9 million compared to $15.6 million in the second quarter of 2016 and $22.8 million in the third quarter of 2015. While the mineral segment continues to improve amidst a global recovery, the decrease in revenue year-over-year is due to softer conditions during the period in the energy and manufacturing segments.

The Company's gross margin in the third quarter of 2016 was 16.5% compared to 16.8% in the third quarter of 2015. EBITDA* in the third quarter improved to $0.3 million, representing the first EBITDA positive quarter this year and while modest, it further underscores management's belief that the recovery in the mineral segment has firmly taken hold. Management's focus on cost control has also played a role in the return to EBITDA profitability and continued improvements are expected going forward. The net loss per share for the period was $0.06 compared to a net loss per share of $0.08 in the same period in 2015.

Energold continues to maintain a strong and healthy balance sheet with $12.3 million in cash and $53.1 million in working capital, which includes the effect of reclassifying the Company's convertible debenture as a short-term liability. Management is currently considering several options to replace the convertible debenture which may include paying down a significant portion of the debt or refinancing the debenture in its entirety.

Quarter-to-date and year-to-date results comparison

		For three months ended September 30		For the year ended September 30	
CAD$ (000) except per share amounts		2016	2015	2016	2015
Revenue		$	$	$	$
	Mineral	10,729	10,371	28,218	22,562
	Energy	4,353	6,562	14,195	23,951
	Manufacturing	3,806	5,881	8,648	16,163
Total Revenue		18,888	22,814	51,061	62,676
Net Loss					
	Mineral	(740)	(885)	(3,316)	(5,082)
	Energy	(1,998)	(2,450)	(6,592)	(4,276)
	Manufacturing	(451)	(368)	(3,368)	(1,346)
	Corporate	(147)	(174)	(1,374)	(1,338)
Total Net Loss		(3,336)	(3,877)	(14,650)	(12,042)
Loss Per Share	Basic and diluted	(0.06)	(0.08)	(0.29)	(0.25)
EBITDA*		278	182	(4,463)	(1,581)

	As of September 30, 2016	As of December 31, 2015
Cash	12,303	13,561
Working Capital	53,077	72,568

* EBITDA - Earnings before interest, taxes, depreciation and amortization (see non-IFRS (international financial reporting standards) financial measures in Energold's MD&A).

MINERAL DRILLING DIVISION

Revenues increased to $10.7 million in the third quarter of 2016 compared to $10.4 million in the comparable period of 2015. Average revenue per meter in the period was $162 compared to $160 in the same period of 2015. On a year-to-date basis, revenues increased to $28.2 million in the first nine months of 2016 from $22.6 million in the comparable period of 2015 as a result of a 19% increase in meters drilled. Average revenue per meter for the first nine months of 2016 was $163 compared to $155 in the comparable period. Management sees a considerable improvement for mineral drilling services especially in Central America. As capacity utilization rises, pricing will continue to strengthen and margins will expand as the mineral division strives to maintain low operating costs and improve productivity. The gross margin for the third quarter of 2016 was $1.8 million or 16.9% compared to $1.2 million or 11.4% in the comparable period in 2015. The margin for the nine months ended September 30, 2016 was 12.8%, an improvement over the comparable period of 5.3%. Drilling programs have started to grow in size as the recovery continues and margin expansion is expected to continue as costs remain low and pricing becomes more firm in several key markets.

Meters Drilled

	Q3 2016	Q3 2015	2016 Annual	2015 Annual
Meters Drilled	66,300	65,000	173,200	145,400
Drill Rigs	N/A	N/A	139	138

ENERGY DRILLING AND INFRASTRUCTURE DIVISION

Revenue for the third quarter of 2016 was $4.4 million compared to $6.6 million in the same period for 2015. The majority of the decrease is due to major operators delaying projects due to the continued low price of oil. Gross margin was $0.7 million or 15.0% in 2016 compared to a $1.6 million or 24.9% in the comparable period of 2015. The decrease in revenue from the oil sands resulted in a lower gross margin as the division still has certain fixed costs in its operations, although significant efforts have been made to reduce costs over the last six months.

Meters Drilled

	Q3 2016	Q3 2015	2016 Annual	2015 Annual
Infrastructure	11,100	-	18,800	-
Oil sands coring	300	1,800	4,900	17,900
Seismic (Track and Heli portable)	-	-	-	66,300
Water wells	200	400	1,000	400
Geothermal & geotechnical	29,800	64,000	102,300	238,00
TOTAL	41,400	66,200	127,000	322,600

On a year-to-date basis, Bertram drilled 9,300 meters in Canada and approximately 98,900 in the U.S. compared to 88,800 meters in Canada and approximately 233,800 in the U.S. in 2015. Since its acquisition on March 4, 2016, Cros-man drilled 18,800 meters and 11,100 meters in Q3-2016 in the infrastructure in Central Canada.

Larger oil sands customers have started to refocus budgets on resource delineation as they seek to expand their resources and meet certain obligations made to continue development of the oil sands region. The majority of this budget expansion is ideal for the energy fleet core drilling fleet. Pricing however remains depressed and recovery remains uncertain.

MANUFACTURING & WATER DRILLING – DANDO

Revenues for Dando in the third quarter of 2016 were $3.8 million with a margin of 17.1 % compared to revenues of $5.9 million with a gross margin of 17.2% in the same period of 2015. Revenue is typically weak in the first half of the year with deliveries occurring towards the end of the year. Notwithstanding, several orders that management had expected did not materialize; therefore performance in this division has not met expectations.

Dando continues to receive growing interest for its products, however revenue growth has been affected by a number of factors including geopolitical uncertainty in many of the target markets, difficulties experienced by the customers in raising funds and the continuing downturn in the minerals market. As part of its plans to service future growth, Dando continues to maintain an inventory of additional small rigs for its stock. While this strategy tends to increase costs in the short run, revenue generally follows in later periods.

INDUSTRY OUTLOOK

The Company's mineral drilling division, which represents the largest component of aggregate sales, continues to recover with varying degrees of strength depending on the market. In certain countries in Latin America, the Company's man-portable, frontier style rigs are nearly fully utilized for a seasonally strong mid-2017 period. Equipment is being transferred from other parts of the world to the region to meet demand in various markets. Pricing and volume of meters drilled continue to recover as excess capacity associated with strong safety records are seeing the strongest signs of the ongoing recovery.

The energy market continues to face challenges although several larger customers have indicated their plans to increase spending in the oil patch in 2017 compared to 2016. The Company enjoys several long-term contracts and agreements with major oil companies which have led to ongoing work for the Company's fleet. Notwithstanding, excess capacity still exists and certain rigs are being moved to other markets for the time being. Meanwhile, efforts to reduce costs are ongoing as pricing and profitability remains below historical levels.

The infrastructure division continues to improve and despite its exposure to energy, it has picked up several contracts for national railway and telecom companies. The division offers a higher margin revenue profile for the Company with some of the strongest areas of growth over the next two years.

A conference call is planned for today, November 21, 2016 at 4:30 pm Eastern time. Dial-in numbers for the call are 416-640-5946 or 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.

On behalf of the Directors of Energold Drilling Corp.,

"Frederick W. Davidson"
President, CEO

SOURCE Energold Drilling Group

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