Trading Symbol: "EGD: TSX.V"

VANCOUVER, Aug. 24, 2017 /CNW/ - Energold Drilling Corp. ("Energold" or "the Company") announces second quarter 2017 consolidated revenues of $17.8 million, a 15% increase compared to revenue of $15.6 million in the same period of 2016. On a Company-wide basis, there is ongoing improvement in the mineral drilling sector which has been partially offset by ongoing challenging conditions in the energy division and weakness in the manufacturing division.

Commodity price stability has contributed to improved activity in the mineral drilling market. On a year over year basis, the number of metres drilled has increased substantially as customers have been successful in raising and deploying exploration capital. The energy drilling market remains hampered by stagnantly low hydrocarbon prices which have impacted exploration drilling activity to date, however there appears to be renewed activity for the second half of the year in geo-thermal programs. The manufacturing business has been weak for some time and the company is undergoing a reorganization of the division to improve sales and profitability.

In the second quarter of 2017, the Company's overall gross margin declined to 10% from 12% in the same period of 2016. Costs in the energy and manufacturing sector reduced the Company's gross profit, notwithstanding a substantial improvement in the mineral division. Group indirect & administrative expenses were lower by 14% over the comparative quarter. The net loss per share in the period improved to $(0.09) per share compared to $(0.10) in the same period of 2016.

Energold's balance sheet at the end of the second quarter of 2017 was well-capitalized with $10.4 million in cash and $59.2 million in working capital. On June 15, 2017, the Company completed a $20.0 million private placement of $20.0 million convertible secured notes. The proceeds of the private placement were used to repay certain current loans, including the $13.5 million secured convertible debenture which was due in July 2017, as well as some existing credit facilities with RBC Royal Bank of Canada and Export Development Canada.

2017 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	
		2017	2016	2017	2016
Revenue		$	$	$	$
	Mineral	13,141	9,016	22,764	17,489
	Energy	3,511	3,708	11,263	9,842
	Manufacturing	1,197	2,837	2,886	4,842
		17,849	15,561	36,913	32,173
Loss					
	Mineral	(78)	(699)	(907)	(2,576)
	Energy	(2,757)	(2,670)	(2,615)	(4,594)
	Manufacturing	(905)	(866)	(2,004)	(2,917)
	Corporate	(929)	(744)	(2,150)	(1,227)
		(4,669)	(4,979)	(7,676)	(11,314)
Loss Per Share	Basic and diluted	(0.09)	(0.10)	(0.14)	(0.23)
EBITDA*		(1,662)	(1,560)	(1,954)	(4,741)
		As of June 30, 2017		As of December 31, 2016	
Cash		10,442		13,715	
Working Capital		59,213		46,859	

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

MINERAL DRILLING DIVISION

Revenues increased to $13.1 million in Q2-2017 from $9.0 million in the comparable period of 2016. Meters in the first half of 2017 increased to 88,900 compared to 61,000 in 2016. Average revenue per meter for Q2-2017 and Q2-2016 remained the same at $148. Pricing remains competitive and there is still excess rig capacity in the industry although the Company is operating at increased utilization in certain key markets in Latin America. The margin for the three months ended June 30, 2017 in this division was $2.1 million or 16% compared to $1.1 million or 12% in the comparable period in 2016. Drilling programs have started to grow in size as the recovery continues and margin expansion is expected to continue as costs remain under control and pricing starts to firm up in several key markets.

Meters Drilled				
	Q2 2017	Q2 2016	2017	2016
Meters Drilled	88,900	61,000	152,200	106,900
Drill Rigs	140	138	140	138

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

Revenues for the three months ended June 30, 2017 were $3.5 million compared to $3.7 million in same period for 2016. There was a negative margin of $0.3 million or 9% in 2017 compared to a gross margin of $0.4 million or 12% in the comparable period of 2016. The division still has certain fixed costs in its operations, although there continues to be a concerted effort to reduce costs.

	Meters Drilled			
	Q2 2017	Q2 2016	2017	2016
Infrastructure	6,200	2,900	18,300	7,700
Oil sands coring	300	300	11,900	4,600
Water wells	400	200	1,000	900
Geothermal & geotechnical	32,100	38,600	39,800	72,400
TOTAL	39,000	42,000	71,000	85,600

MANUFACTURING

Revenues for Dando for the three months ended June 30, 2017 were $1.2 million with a negative margin of 1% compared to revenues of $2.8 million with a gross margin of 14% in the comparable period in 2016. Revenue remained weak in this division as global demand for new drilling rigs of all kinds in the Spring was subdued. Subsequent to the end of the quarter, Dando received orders for three large rigs and a moderate recovery is anticipated during the balance of the year. The Company is implementing an extensive reorganization of Dando which should be completed by year-end. This effort should translate into reduced fixed costs and improved margins. Further the Company will have completed a focused portfolio of new models of its high-quality drilling rig.

INDUSTRY OUTLOOK

Management believes the recovery in the mineral drilling sector should continue into 2018. Capacity utilization is expected to grow in key markets with pricing remaining stable at current levels. There is some return to riskier jurisdictions worldwide which bodes well for activity levels within the Company's core man-portable drilling rig fleet.

The Energy drilling market, while soft in recent years, should be more active in the upcoming winter drilling season. Several of the Company's key customers have plans to implement larger drilling programs as significant work was deferred in past years. Oil sands producers, who represent the majority of the Company's winter drilling business, seek to drill "ahead of the shovel" as extraction equipment must have considerable resource ahead of it to maintain production levels. Therefore, larger delineation drilling is planned for the 2017/2018 winter drilling season. Until such time that the winter drilling projects begin, green and infrastructure drilling activity has been increasing in activity over the first half. The Company is working on and bidding several large infrastructure projects in Canada as it seeks to deploy unused assets in seasonally slower periods.

Following the recent convertible debenture financing, the Company's balance sheet is in a strong position. There are resources available to the Company to invest in areas of growth and develop new markets. Management plans to invest in mostly organic growth over the foreseeable future to improve utilization and profit levels.

A conference call is planned for August 24, 2017 at 4:15 pm Eastern. To access the conference call by telephone, dial 647-792-1278 or 1-888-504-7961. Please connect 15 minutes prior to the beginning of the call.

Energold Drilling Corp. is a leading global specialty drilling company that services the mining, energy, infrastructure, geothermal, water and manufacturing sectors in 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 onsite operations as well as manufacturing.

On behalf of the Directors of Energold Drilling Corp.,

"Frederick W. Davidson"
President, CEO

Forward-Looking Statements: Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements with respect to proposed activities, work programs and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others, the effects of general economic conditions, a reduction in the demand for the Company's drilling services, the price of commodities, changing foreign exchange rates, actions by government authorities, the failure to find economically viable acquisition targets, title matters, environmental matters, reliance on key personnel, the ability for operational and other reasons to complete proposed activities and work programs, the need for additional financing and the timing and amount of expenditures. Energold Drilling Corp. does not assume the obligation to update any forward-looking statement.

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