Energold Drilling Group Announces Fourth Quarter & Fiscal 2017 Financial Results

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VANCOUVER, April 17, 2018 /CNW/ - Energold Drilling Corp. ("Energold" or "the Company") announces annual revenue in 2017 of \$75.0 million across all business divisions, compared to 2016 revenue of \$65.4 million, representing an increase of 14.6% on a year over year basis. Improving fundamentals including recovering commodity prices led to the improvement in revenue and activity in the Company's core mineral and oil & gas drilling markets. Mineral drilling revenue rose 22.2% in 2017 compared to 2016 while revenue in the oil and gas drilling business increased by 24.4% compared to 2016.

There were substantial improvements in certain regions during the year and market improvements in general strengthened considerably throughout 2017 that carried over into early 2018. The Company's geographic and market diversification efforts continue to pay off in the green and infrastructure drilling markets.

In 2017, the Company's overall gross margin was 14.4% compared to 14.1% in 2016. Continued overhead cost containment and increases in activity levels were partially offset with start-up costs and increased usage of working capital to begin new programs, namely in the mineral, green and infrastructure drilling markets. The net loss in 2017 was \$17.6 million or (\$0.32) per share compared to an adjusted net loss of \$18.6 million or (\$0.36) per share in 2016. At the end of 2017, Energold's balance sheet had \$7.7 million in cash and \$51.5 million in working capital.

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2017 Annual Results Comparison (\$CAD '000s except per-share amounts)

	For three months ended December 31 For the year ended December 31				
	2017	2016	2017	2016	
Revenue	\$	\$	\$	\$	
Mineral	10,948	8,857	45,295	37,075	
Energy	5,056	4,034	22,681	18,229	
Manufacturing	2,279	1,448	7,004	10,096	
	18,283	14,339	74,979	65,400	
Net (Loss) Income					
Mineral	(704)	1,043	(2,402)	(2,273)	
Energy	(2,406)	(865)	(6,517)	(7,457)	
Manufacturing	(1,194)	(1,655)	(3,912)	(5,023)	
Corporate	(1,614)	(2,434)	(4,767)	(3,808)	
	(5,918)	(3,911)	(17,598)	(18,561)	
Loss Per Share					
Basic and diluted	(0.11)	(0.07)	(0.32)	(0.36)	
EBITDA*	(2,900)	(787)	(5,618)	(5,250)	
	As of December 31, 2017		As of December 31, 2016		
Cash	7,653		13,715		
Working Capital	51,536		46,859		

^{*} 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 \$45.3 million in 2017 from \$37.1 million in 2016 as a result of a 27% increase in meters drilled. Average revenue per meter in 2017 was \$154 compared to \$159 in 2016. Although the market is recovering, there was still some excess rig capacity in the industry in 2017 that impacted pricing. As capacity utilization rises, pricing and margins are expected to expand, coupled with continued focus on low operating costs and increased productivity. The margin for the year ended December 31, 2017 was \$5.7 million or 13%, compared to \$4.9 million or 13% in the comparable period in 2016.

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Meters Drilled

Q4 2017 Q4 2016 2017 Annual 2016 Annual

Meters Drilled 66,300 59,400 294,100 232,600

Drill Rigs 139 139 139

ENERGY DRILLING DIVISION (Oil & Gas, Green Energy, Geotechnical, Water)

Revenues for the year ended December 31, 2017 were \$22.7 million compared to \$18.2 million in 2016. Although activity levels are still lower than what the Company has experienced in previous years, Q1-2017 was more active in the oil sands compared to Q1-2016. Gross margin improved to \$4.6 million or 20% in 2017 compared to \$3.3 million or 18% in 2016.

EBITDA for the energy division was positive for 2017. In 2017, Bertram drilled 33,400 meters in Canada and 104,800 in the U.S. compared to 18,000 meters in Canada and approximately 112,700 in the U.S. in 2016. Cros-Man, which does infrastructure drilling in Central Canada, drilled 43,500 meters in 2017 compared to 30,500 in 2016 (from March 4, 2016 acquisition). Subsequent to December 31, 2017, the Company was awarded more than \$10 million in new green drilling contracts in the United States and \$9 million in infrastructure drilling contracts in Canada.

Meters Drilled

	Q4 2017	7 Q4 2016	62017 Annua	l 2016 Annual
Infrastructure	11,500	11,700	43,700	30,500
Oil sands coring	7,000	700	19,900	5,600
Seismic (Track and Heli portable) -	-	700	-
Water	300	600	1,300	1,700
Geothermal & geotechnical	23,300	21,200	116,300	123,400
	42,100	34,200	181,900	161,200

MANUFACTURING

Revenues for Dando for the year ended December 31, 2017 were \$7.0 million with a gross margin of 6% compared to revenues of \$10.1 million with a gross margin of 11% in 2016. In 2017, a complete restructuring of the manufacturing division was undertaken to improve profitability while offering a more focused suite of products. The restructuring process was completed in the second half of 2017 and the Company has had several meaningful improvements in the production and financial areas of the division in early 2018.

INDUSTRY OUTLOOK

The recovery taking hold in the Company's key divisions in 2017 has continued in 2018. Mineral drilling is expected to remain stronger than in past years through the balance of the year in the Company's strongest geographical regions, namely Central and South America, as well as in West Africa. In the energy drilling

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division, stronger activity is expected to persist in 2018 as spending ramped up considerably in the most recent winter drilling season. Management has deployed energy drilling equipment in non-winter seasons when equipment typically sits idle, which has led to new contracts in the green energy and infrastructure drilling sectors. Public spending in North America on improving infrastructure and developing the green economy has provided the Company with significant opportunities to win new business as a diversification to strictly commodity-based drilling activities.

A conference call is planned for April 18, 2018 at 10:00am Eastern time. Dial-in numbers are (647) 689-4231 or (833) 297-9922.

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. Energold also holds 6.98 million shares of Impact Silver Corp., a silver producer in Mexico.

On behalf of the Directors of Energold Drilling Corp.,

"Frederick W. Davidson" President, CEO

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SOURCE Energold Drilling Group

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