

# Energold Drilling Corp. Announces First Quarter 2018 Financial Results

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VANCOUVER, May 28, 2018 /CNW/ - The Energold Group ("Energold" or "the Company") is pleased to announce first quarter revenue of \$23.9 million for the period ended March 31, 2018 compared to first quarter 2017 revenue of \$19.1 million, a 25.8% increase in revenue growth across all Company divisions representing a 25.8% increase on a year-over-year basis. This represents the highest quarterly revenue in 4 years. Gross margin on a group-wide basis increased to \$5.7 million, a 27% increase over the first quarter in 2017. The Company experienced an operating income of \$0.2 million compared to a loss of \$1.4 million in the first quarter of 2017. The Company generated adjusted EBITDA in the period of \$1.4 million, compared to an adjusted EBITDA of \$0.4 million in the same period of 2017. The group-wide net loss was \$0.04 per share in the period compared to a loss of \$0.17 per share in the first quarter of 2017. A conference call is planned for Tuesday, May 29, 2018 at 11:00am Eastern time. Dial-in number: (647) 689-4231 or (833) 297-9922.

The recovery in the Company's drilling operations continued through the New Year, with mineral drilling activity up substantially in the period while drilling in the oil and gas and infrastructure division also improved. The Company's mineral division drilled 73,300 metres in the period compared to 63,300 metres in the first quarter of 2017, representing a substantial year-over-year increase of 14.4%. Energold's energy business reported revenues of \$8.6 million in the quarter compared to \$7.8 million in the same period last year. Meanwhile, the manufacturing division showed strong improvement in revenue with \$4.4 million in the period compared to \$1.7 million in the same period of 2017.

The Company ended the quarter with cash of \$5.9 million and working capital of \$57.5 million.

Quarterly Results Comparison (\$CAD, 000s except per-share amounts and metres drilled)

	For the three months ended March 31,	
	2018	2017
Revenue		
Mineral	10,816	9,624
Manufacturing	4,401	1,689
Energy	8,639	7,751
Total Revenue	23,856	19,064
Gross profit	5,695	4,500
Operating income (loss)	179	(1,416)
Net loss	(1,920)	(3,046)

## MINERAL DRILLING DIVISION

Revenues increased to \$10.8 million in Q1-2018 from \$9.6 million in the comparable period of 2017. Metres in Q1-2018

to 72,400 compared to 63,300 in 2017. Average revenue per metre for Q1-2018 was \$149 compared to \$152 in Q1-2017. Activity in the mineral segment continues to improve following stronger, sustained commodity prices and an overall improving market environment for junior and intermediate exploration companies. Capacity in certain markets is tightening resulting in a strong competitive position for the Company's fleet. Specifically, South American activity is growing considerably compared to 2017, resulting in most of the improvement in the first quarter's activity.

The Company maintains a strong infrastructure network in all regions where it operates which allows for a relatively lean operation. As the majority of the Company's costs are variable, it can adapt quickly and respond accordingly to changing market conditions.

#### Quarterly Metres Drilling Results

	Q1-2018	Q4-2017	Q3-2017	Q2-2017	Q1-2017
Metres Drilled	72,400	66,300	75,600	88,900	63,300

#### OIL AND GAS, SUSTAINABLE ENERGY & INFRASTRUCTURE DRILLING DIVISION

Revenues for the three months ended March 31, 2018 were \$8.6 million compared to \$7.8 million in same period for 2017. Operating margin was \$2.8 million or 32% in Q1-2018 compared to \$2.9 million or 37% in the comparable period of 2017. Margins are strong in this division due to increased activity in the oil sands. Some of the new geothermal contracts announced in March 2018 are currently ramping up in Q2-2018.

	For the three months ended March 31,	
	2018	2017
Infrastructure	7,200	12,200
Oil sands	18,600	11,600
Water wells	-	600
Geothermal, geotechnical, and other	15,100	7,700
	40,900	32,100

The Company has won substantial sustainable energy business as it seeks to increase utilization of its equipment in slow and summer months. Global investment and development in renewable energy and infrastructure have opened up a significant market for the Company. Recently, substantial contracts have been awarded including \$10 million in the United States and \$10 million in Canada, where some of this work has already begun and the balance is expected to be completed between the end of the quarter and year end.

#### MANUFACTURING DIVISION – DANDO DRILLING INTERNATIONAL LTD.

Following a substantial reorganization including staff reductions and a more focused and modern product portfolio, the manufacturing segment started to recover in the first quarter. Revenues for Dando in Q1-2018 were \$4.4 million with a margin of 16% compared to revenues of \$1.7 million with a gross margin of 5% in Q1-2017. This marked improvement is due to increased efficiencies in contract delivery.

#### INDUSTRY OUTLOOK

Management has made significant changes in each of the divisions over the last several years that have set up the Company

whole to benefit from improving fundamentals. Cost cutting, investment in new equipment and developing new drilling projects have succeeded in growing activity levels in each division.

The mineral drilling division is expected to continue to show improvement over the balance of 2018. The Company's operations remain strong, especially in parts of South America and West Africa where Energold holds leading market share positions. As capacity utilization improves, management expects pricing trends to follow while keeping costs under control. In the energy, sustainable energy and infrastructure division, higher oil prices and continued investment in new projects in North America are expected to further grow the order book until the end of 2018, when equipment is reallocated to the oil patch. Meanwhile in the manufacturing segment, management expects the recent restructuring to continue to help improve the division's financial performance and ultimately grow profitability over the balance of the year.

[Energold Drilling Corp.](#) is a leading global specialty drilling company that services the mining, energy, infrastructure, government and 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 equipment manufacturing.

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

"Frederick W. Davidson"  
President, CEO

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