

Energold Drilling Announces Second Quarter 2018 Financial Results

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VANCOUVER, Aug. 27, 2018 - [Energold Drilling Corp.](#) ("Energold" or "the Company") is pleased to announce second quarter 2018 revenue of \$23.8 million across three business divisions, representing a 34% increase over revenue of \$17.8 million in the second quarter of 2017. The Company achieved a combined gross margin of 16% during the period compared to 10% in the same quarter in 2017. The net loss for the period was \$2.8 million compared to \$4.8 million in the same period of 2017, owing to improved activity and a stronger gross margin.

Activity levels have been reflective of commodity prices over the last 18 months with a general improvement since late 2016. Recent metal price weakness has led to a more cautious approach on the part of some customers, while others expect to continue to move forward on their exploration plans. Moreover, a significant increase in non-mineral drilling activity came from the Company's push to green energy drilling during the period. Horizontal Directional Drilling (HDD) has been an area of strong momentum this year as the Company has further developed and grown its HDD fleet across North and Central America.

The company ended the second quarter with cash \$4.8 million and with working capital of \$53.9 million. Management continues to focus on expanding current markets while ensuring working capital levels remain suitable to meet current and future programs.

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

	For three months ended June 30		For six months ended June 30	
CAD\$ (000s)	2018	2017	2018	2017
Revenue				
Mineral	12,434	13,141	23,250	22,764
Manufacturing	3,230	1,197	7,631	2,886
Energy and infrastructure	8,124	3,511	16,763	11,263
Total Revenue	\$23,788	\$17,849	\$47,644	\$36,913
Gross profit	3,706	1,812	9,401	6,312
Operating loss	(2,147)	(4,122)	(1,968)	(5,538)
Net loss	(2,766)	(4,604)	(4,686)	(7,650)

MINERAL DRILLING DIVISION

During the second quarter of 2018, Energold's mineral division drilled 83,100 meters compared to 88,900

meters in the second quarter of 2017. Despite a higher price per metre in the period of \$150 compared to \$148 per metres in the same period in 2017, revenue in the mineral segment dropped slightly to \$12.4 million from \$13.1 million in the same period of 2017. The market for mineral drilling services remained strong in the quarter as junior and intermediate companies continued to deploy capital to exploration programs.

The margin for the three months ended June 30, 2018 in this division was \$1.9 million or 15% compared to \$2.1 million or 16% in the comparable period in 2017. The slight margin decline in the period is expected to be isolated, and management continues to focus on cost control as activity remains stronger than in past years.

Meters Drilled During the Quarter

	Q2-2018	Q1-2018	Q4-2017	Q3-2017	Q2-2017
Meters Drilled	83,100	72,400	66,300	75,600	88,900

At June 30, 2018 the Company has 139 rigs in its mineral drilling fleet. The Company intends to add new equipment on an as-needed basis and may modify existing equipment to meet customer demand. The Company will continue to work with certain clients who require specific equipment to meet challenging conditions at various projects.

OIL AND GAS, SUSTAINABLE DRILLING & INFRASTRUCTURE DIVISION

Revenues for the three months ended June 30, 2018 were \$8.1 million compared to \$3.5 million in same period for 2017. The margin for the three months ended June 30, 2018 in this division was \$0.7 million or 8% compared to a negative margin of \$0.3 million or 9% in the comparable period in 2017. Revenue growth is a result of management's focus on adding more revenue streams to reduce rig downtime during the summer months, especially in the area of sustainable drilling where the Company is building a leading market share position across Canada and the United States. There is considerable room for margin expansion as newer revenue streams mature and economies of scale develop.

Meters drilled:

	For the three months ended June 30		For the six months ended June 30	
	2018	2017	2018	2017
Infrastructure	18,300	6,200	25,100	18,300
Oil sands	1,100	300	19,700	11,900
Sustainable drilling	87,900	32,500	103,000	40,800
	107,300	39,000	147,800	71,000

MANUFACTURING DIVISION & DANDO DRILLING

Revenues for Dando in the second quarter of 2018 were \$3.2 million with a margin of 35% compared to revenues of \$1.2 million with a negative margin of 1% in the second quarter of 2017. This improvement in sales revenue demonstrates the results of the completion of the division's restructuring activities in 2017 which have led to a more streamlined manufacturing process and a more efficient sales pipeline.

Management is currently considering several options for the manufacturing division, including a possible sale of Dando or joint venture.

INDUSTRY OUTLOOK

Management expects the balance of the year to be reflective of typical, seasonal trends in the mineral drilling market while it expects some areas of lower activity due to recent mineral price weakness. The Company is actively bidding several projects in its key Latin American and African markets where demand has recovered from multi-year lows, despite a more cautious customer base. Improvements in efficiencies should help offset some lower activity levels and assist in maintaining margins across this division.

In the energy drilling business, the Company's clients are in the planning stages of work programs for the upcoming winter. While these programs are not yet finalized until mid-fall, management expects activity to continue to improve this winter as higher oil prices drive activity in Western Canada and have helped expand budgets in the oil patch. Meanwhile, efforts to grow the Company's green energy business has been successful as the Company has completed several large scale projects in across North America and is bidding on several others at this time.

A conference call is planned for Monday, August 27, 2018 at 4:15p.m. Eastern Time. Dial-in numbers are 647-689-4231 or 1-833-297-9922.

[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

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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, each of which may 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 statements.

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