Energold Drilling Corp Announces Q1 2019 Financial Results

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Trading Symbols: "EGD:TSX.V | EGDFF:US"

VANCOUVER, May 30, 2019 - Energold Drilling Corp. ("Energold" or "The Company" or "Energold Group") announces revenue of $21.3 million for the period ended March 31, 2019 compared to first quarter 2018 revenue of $23.9 million, from energy and infrastructure increasing to $11.4 million from $8.6 million in the same time period in 2018. Gross mar group-wide basis was $2.94 million.

The Company recorded positive Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the period million, an increase of 18% over the same period of 2018. This is now the fourth positive EBITDA in the last five quarte affirms the advantages of a diversified drilling service group in mitigating the cyclical nature of the resource sector. Net $2.4 million in Q1 2019 compared to $1.9 million in 2018. The group-wide net loss was $0.04 per share, unchanged fro

In light of the ongoing weakness in the resource sector, the Company is continuing its efforts to streamline operations a costs. During the current period, general and administrative expenses dropped 21% to $4.3 million.

The Company ended the quarter with cash of $4.0 million ($5.0 million in Q1 2018), $18.5 million in receivables ($13.5 2018) and working capital of $29.8 million. Overall the Company is on track to meet revenue targets but requires ongoi capital.

The Company's mineral division drilled 59,600 metres in the period compared to 72,400 metres in Q1 2018, representi year-over-year decrease of 18%. Energold's energy and infrastructure business reported revenues of $11.4 million in th compared to $8.6 million in the same period last year. Meanwhile, revenue for the manufacturing division decreased to in the period compared to $4.4 million in the same period of 2018.

Quarterly Results Comparison

	For the three months ended March 31	
CAD$ (000s)	2019	2018
Revenue		
Mineral	$8,421	$10,816
Manufacturing	1,459	4,401
Energy	11,371	8,639
Total Revenue	$21,251	$23,856
Gross profit	$2,935	$5,695
EBITDA*	$457	$387

*Earnings before interest, tax, depreciation, & amortization – non-GAAP non-IFRS earnings measure

INFRASTRUCTURE DRILLING DIVISION - OIL AND GAS, SUSTAINABLE ENERGY & GEOTHERMAL DRILLING

Revenues for the three months ended March 31, 2019 were $11.4 million, an increase of 32% from $8.6 million in same period for 2018. Gross margin was $1.46 million or 13% this quarter compared to $2.78 million and 32% in the comparable period of 2018 due to pressures on pricing of projects in the oil and gas sector as well as a delayed start on geothermal projects which are expected to ramp up in Q2 2019.

Meters drilled:

	For the three months ended March 31	
	2019	2018
Infrastructure	15,200	6,900
Oil sands	19,500	18,600
Geothermal, geotechnical, and other	47,900	15,100
	82,600	40,600

In February 2019, Energold announced it was awarded significant contracts totaling $21 million for drilling, comprised of $14 million in oil sands and $7 million in geothermal ground loop projects. The continued growth of the diversified drilling division is a testament to Energold's success in rotating underutilized rigs, crews, and logistical infrastructure in seasonally slower periods to more lucrative new markets such as geothermal drilling, infrastructure work, and horizontal directional drilling sectors.

MINERAL DRILLING DIVISION

Revenue for mineral drilling in Q1 2019 was $8.4 million, decreasing 22% from $10.8 million in the comparable period of 2018. Metres in Q1 2019 decreased 18% to 59,600 compared to 72,400 in 2018. Average revenue per metre for Q1 2019 was $141 compared to $149 in Q1 2018.

Mexico, the Caribbean and Central America remain key markets for the group with 57 rigs in the region representing 33% of metres in Q1 2019, though Africa and Europe have surpassed this at 56% in Q1 2019 compared to 40% in Q1 2018. Operating 31 rigs in Africa, select clienteles comprising of high-grade explorers and producers in the area are attracting market attention which has resulted in increased drilling activity. At the end of Q1 2019, Energold has 139 drill rigs with a mix of underground, reverse circulation, open-hole drilling, conventional, and modular rigs to cater to the changing demand of more advanced levels of projects globally.

Activities in the mining resources space remain challenged, with the business mix largely focused on development and well-funded intermediate and senior producers with operating assets. Select successful junior exploration companies are present but the traditional higher margin drilling frontier projects are more difficult to come by. While tenders and drilling opportunities are increasing overall, the exploration budget and cash control remain a priority for most clients and therefore pricing is competitive. Global non-ferrous mineral exploration budgets continue to stabilize, crossing $9 billion[1] in 2018. Growth is anticipated at 10% in 2019, but it is still down almost 60% from 2012 peaks.

[1] S&P Global Markets Intelligence. January 2019. https://www.spglobal.com/marketintelligence/en/media-center/press-release/global-exploration-budgets-to-increase-10-

The Company maintains a strong infrastructure network in all regions where it operates which allows it to adapt quickly and respond accordingly to changing market conditions.

Metres Drilled During the Quarter

	Q1-2019	Q4-2018	Q3-2018	Q2-2018	Q1-2018
Metres Drilled	59,600	42,400	56,400	83,100	72,400

MANUFACTURING DIVISION -- DANDO DRILLING INTERNATIONAL LTD.

Following a substantial reorganization in 2018, including staff reductions and a more focused and modern product portfolio, the manufacturing division reported a strong 2018 with gross margins of 24%. Revenue for Dando in Q1 2019 was $1.5 million with a gross margin of 19% compared to revenue of $4.4 million with a gross margin of 16% in Q1 2018.

Following a successful turnaround strategy in Q1 2019 Energold entered into a binding Heads of Agreement ("HOA") with a private United Kingdom group to acquire Dando. New management is now operating Dando and the Purchaser will hold 51% shares of Dando and purchase the remaining (49%) as well as shareholder loans from Energold for approximately $5.4 million in equal quarterly payments over a 10-year period.

OVERALL BUSINESS OUTLOOK

Management expects sustainable drilling activity to be strong for the balance of the year with increased spending on infrastructure and geothermal projects throughout North America.

The oil and gas market continues to face challenges despite increased revenue in Q1 2019. The Company has several long-term contracts and agreements with major oil companies which will lead to ongoing work throughout the remainder of 2019.

The minerals division continues to operate with varying degrees of strength depending on the market. The demand in Africa is expected to remain strong throughout the year while other areas will have lower activity as a result of weakness in the price of minerals. However, management believes there will be a positive fundamental need for new projects in the minerals sector which will drive the need for additional drilling in years to come.

A conference call is planned for Friday May 31, 2019 at 1:00 p.m. Pacific Time. Dial-in numbers are 647-689-4231 or 1-833-297-9922.

ABOUT ENERGOLD DRILLING

Energold Drilling Corp. is a leading global specialty drilling company that services the energy, geothermal, mining, and infrastructure 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 through brownfield production for various commodities and infrastructure projects.

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 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.

SOURCE Energold Drilling Corp. Group

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