

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Mar 7, 2016) - [Energold Drilling Corp.](#) (TSX VENTURE:EGD) ("Energold" or the "Company") is pleased to announce that it has completed the acquisition (the "Acquisition") of Cros-Man Direct Underground Ltd. ("Cros-Man"), headquartered in Reston, Manitoba, Canada. The arms-length Acquisition adds to Energold's growing portfolio of drilling services provided by the Company, as well as specifically targeting non-commodity related business lines.

Through the use of a wholly-owned subsidiary, Energold completed the Acquisition by way of a share purchase agreement (the "Agreement"). The Agreement was executed by the parties on March 4, 2016. Under the terms of the Agreement, Energold acquired all of the issued and outstanding shares of Cros-Man. On closing of the Acquisition, Energold paid \$3.5 million in cash to the vendors and has agreed to pay an additional amount equal to \$738,000 to the vendors at the end of the first year following the closing date and \$835,000 per year to the vendors at the end of second and third years following the closing date. Management also has the opportunity to earn a performance incentive of up to \$531,666 per year for the next three years following the closing date as it targets certain growth metrics. 60% of the earnout amounts for each applicable year will be payable to the vendors in cash and the remaining 40% of the earnout amounts will be payable to the vendors, at the option of Energold, either by cash or through the issuance of common shares in the capital of Energold. The upfront payment has been paid using a combination of cash on hand and existing credit facilities.

Cros-Man, founded in 2005, is a horizontal directional driller servicing the telecommunications, water, sewage, hydro and oil and gas markets in central Canada. Cros-Man's primary business involves the trenchless method of installing cable and piping systems underground in a shallow arc along a predetermined path, by the use of highly specialized drilling equipment. Over the past eleven years, Cros-Man has generated an increasing portion of its revenue from engineering and telecommunications drilling services and also maintains an ongoing presence in the oil and gas pipeline market in Central Canada.

Cros-Man has grown steadily over the years with a current inventory of five rigs operating year-round, and management-estimated revenue of approximately \$4.7 million for the most recent fiscal year (ended December 31, 2015). Cros-Man maintains no debt on its books and maintains a strong working capital position. Cros-Man anticipates strong growth in the near and medium terms as infrastructure spending is expected to increase across North America. To maintain continuity in the business of Cros-Man, Energold has agreed to retain the existing management and employees of Cros-Man.

Energold expects the Acquisition to be immediately accretive to its net income per share and highlights the Company's flexibility and desire to grow using its industry-leading balance sheet amidst challenging, albeit improving conditions in some of its traditional, commodity-based drilling markets worldwide.

Energold's strategic objective is to capitalize on the growing market for infrastructure drilling across Canada and the United States. Energold will seek to expand Cros-Man's business in the United States specifically by using its existing logistics and distribution network across the country. The reduced seasonality and non-commodity nature of Cros-Man's primary infrastructure business is expected to provide more predictable profitability to Energold while taking advantage of crew-sharing arrangements within the expanded Energold Group. The Company is acquiring a strong engineering and telecommunications business in Central Canada, with incremental exposure to the oil and gas pipeline markets in the region.

"We are pleased to have successfully completed the acquisition of Cros-Man. The diversification of Energold's revenue sources to include infrastructure is expected to dramatically scale operations of the Energold Group in its ongoing pursuit to become the leading specialty drilling services provider with above average returns," said President and Chief Executive Officer, Fred Davidson.

Cros-Man was represented by its financial advisor, CB4 Consulting Inc. of Winnipeg, Manitoba and its legal advisor, Ammeter Law Group of Winnipeg, Manitoba. [Energold Drilling Corp.](#) was represented by its financial advisor, EY (Tax Advisory Services), Vancouver, B.C., and its legal advisor, Norton Rose Fulbright Canada LLP, Calgary, Alberta. As part of the completion of the Acquisition, the Company has agreed to pay on the closing date, a finder's fee of approximately \$120,000.00 to Osprey Capital Partners Inc. of Toronto, Ontario and an additional amount of up to \$8,000.00 for each of the next three years following closing. Energold was assisted in financing the transaction from RBC Royal Bank of Calgary, Alberta.

[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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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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