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Trading Symbol: "EGD: TSV.V"

VANCOUVER, Feb. 14, 2017 /CNW/ - [Energold Drilling Corp.](#) ("Energold" or "the Company") is pleased to announce that it has entered into a binding term sheet with Extract Advisors LLC ("Extract"), a New York and Toronto-based natural resources investment fund manager, for a \$20 million, secured convertible loan ("Convertible Loan"). Extract, through funds it manages, has agreed to finance \$15 million principal amount of the Loan and the balance will be provided by a syndicate of lenders to include existing debenture holders, new investors and insiders of the Company, who have agreed to finance \$2.25 million of the Loan.

Energold intends to use the proceeds to repay its current loans including \$13.5 million of secured convertible debenture due July 2017, as well as credit facilities with Royal Bank and Export Development Canada.

The Loan will have a term of 60 months, provided that 75% of the outstanding principal amount will be repaid within thirty-six (36) months, will carry an interest rate of US LIBOR plus 750 basis points, increasing to LIBOR plus 1,100 basis points during the last 24 months of the term, and with LIBOR to have a floor of 200 basis points, payable monthly. The Convertible Loan will be convertible into common shares of the Company, in whole or in part, at the sole discretion of the lenders, at a conversion price of \$0.85 per share. Conversion of the Loan into common shares, and the exercise of the warrants described below, will be subject to a restriction such that Extract's holdings will not, at any time, exceed 15.0% of the outstanding voting shares of the Company.

Energold will also issue 4,000,000 warrants, with a term of 60 months, as part of the \$20 million financing that will be distributed to all investors on a pro-rata basis. The warrants will be exercisable for one common share at an exercise price of \$1.50. In addition, Energold will issue to certain funds managed by Extract, 100,000 warrants with a term of 36 months that will be exercisable for one common share at an exercise price equal to the Conversion Price under the Loan.

In connection with the financing, Extract will be entitled to nominate one member to the board of directors of the Company pursuant to the terms of nomination rights agreement with Energold and Extract will serve as the Agent for the lenders. Extract will be paid an arrangement fee equal to 3% of the amount of the loan financed by certain funds managed by Extract.

To secure the obligations of the Company under the Loan, Energold had agreed to provide perfected senior, first ranking security interest in all assets of the Company with the exception of those assets already in place to secure certain loans and lease commitments.

Closing of the financing is expected on or before March 31, 2017 and is subject to the satisfaction of customary commercial lending conditions precedent, receipt of required consents from and agreements with certain existing lenders to the Company, and the receipt of applicable regulatory approvals, including approval of the TSX Venture Exchange.

[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

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statement Caution: Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements with respect to the satisfaction of the conditions precedent to the completion of the proposed financing and the intended use of proceeds. 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 inability of the Company, Extract and certain of the Company's existing lenders to settle the terms and conditions of the definitive financing documentation and other matters necessary to satisfy the conditions precedent to the closing, 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. Consequently, there can be no assurances that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Except to the extent required by applicable securities laws and the policies of the TSX Venture Exchange, the Company undertakes no obligation to update these forward-looking statements if management's beliefs, estimates or opinions, or other factors, should change. The reader is urged to refer to the Company's reports, publicly available through the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com for a more complete discussion of such risk factors and their potential effects.

SOURCE [Energold Drilling Corp.](#)

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