

VANCOUVER, BRITISH COLUMBIA--(Marketwired - June 15, 2017) - Energold Drilling Corp. (TSX VENTURE:EGD) (the "Company", or "Energold") is pleased to announce that it has closed its private placement of \$20.0 million convertible secured notes (the "Convertible Loan") first announced on February 14, 2017. Extract Advisors LLC ("Extract"), a natural resources investment fund manager with offices in New York and Toronto, through its affiliates ("Extract Affiliates"), has funded US\$10.3 million principal amount representing C\$13.65 million of the Convertible Loan, with the balance being provided by a syndicate of lenders, including new investors and insiders of the Company, funding the remaining \$6.35 million of the Convertible Loan. Participation in this convertible loan financing by insiders of the Company constituted a related party transaction pursuant to TSX Venture Exchange Policy 5.9 and Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company relied on section 5.5(a) of MI 61-101 for an exemption from the formal valuation requirement and section 5.7(1)(a) of MI 61-101 for an exemption from the minority shareholder approval requirement of MI 61-101 as the fair market value of the insider participation did not exceed 25% of the Company's market capitalization.

The proceeds of the Convertible Loan have gone to repay certain of Energold's current loans, including \$13.50 million of secured convertible debenture due July 2017, as well as some existing credit facilities with Royal Bank and Export Development Canada. The Convertible Loan has a term of 60 months, provided that 75% of the outstanding principal amount is payable within 36 months. The interest rate for the Convertible Loan determined annually is US LIBOR plus 750 basis points, increasing to LIBOR plus 1,100 basis points during the last 24 months of the term, subject to a LIBOR floor of 200 basis points, and with interest payable monthly. The Convertible Loan is 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 Convertible Loan notes into Energold common shares, and the exercise of the warrants described below, is subject to a restriction such that the holdings of Extract (together with its associates and affiliates) will not, at any time, exceed 15.0% of the outstanding voting shares of the Company.

In connection with the Convertible Loan, Energold has issued 4,000,000 warrants, with a term of 60 months, distributed to all Convertible Loan note purchasers on a pro-rata basis. Each such warrant is exercisable to purchase one Energold common share at an exercise price of \$1.50, subject to acceleration if, at any time after October 16, 2017, during the term of the warrants the volume weighted average trading price of the Energold common shares is at or above \$3.00 for 20 consecutive trading days. If an acceleration event is triggered, the holder will be required to exercise any remaining warrants within 60 days.

In connection with the financing, Extract and its Affiliates received an arrangement fee equal to 3.0% of the amount of the Convertible Loan. In addition, Energold has issued to Extract Affiliates, 100,000 warrants with a term of 36 months, exercisable to purchase one Energold common share at an exercise price equal to the conversion price under the Convertible Loan. Also, pursuant to a nomination rights agreement entered into between Energold and Extract, Energold will appoint Ethan Park, an Extract financial analyst, to its board of directors.

To secure the obligations of the Company under the Convertible Loan, Energold has provided perfected senior, first ranking security interest in all assets of the Company, with the exception of those assets subject to prior security interests under certain existing loans and lease commitments.

None of the above-described securities have been, nor will they be, registered under the U.S. Securities Act of 1933 (the "1933 Act"), as amended, or under any state securities laws, and may not be offered or sold, directly or indirectly, or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act), absent registration or an applicable exemption from registration requirements. This news release does not constitute an offer to sell or a solicitation to buy such securities in the United States.

Fred Davidson, CEO of Energold stated, "the Convertible Loan provides the capital resources necessary to take advantage of the recovering resource drilling market. Since the announcement, we worked with the incoming lenders to provide additional ability for the Company to access additional working capital as we continue to see a recovery in the market. We are delighted to extend the loan maturity by multiple years."

About Energold Drilling Corp.

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

Neither 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.

Contact

Steven Gold
Chief Financial Officer
(416) 275-4070
sgold@energold.com

Jerry Huang
Investor Relations Manager
(604) 681-9501
info@energold.com