

Energold Discloses Debt Defaults and Forbearance Negotiations

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VANCOUVER, June 25, 2019 - Energold Drilling Corp. (EGD:TSX.V) ("Energold" or the "Company") reports that it, and its subsidiaries, (together, the "Energold Group") are facing material liquidity issues. As a result the Company is in default of payment and financial covenants under its June 15, 2017 C\$20.0 million convertible secured note agreement (the "NPA") with Energold and a syndicate of noteholders (each a "Noteholder"). Extract Advisors LLC (the "Agent"), a natural resources fund manager, is the administrative agent to the Noteholders. Energold's principal and continuing defaults under the NPA include:

- non-payment of interest due under the notes issued pursuant to the NPA (the "Notes"); and
- failure to meet minimum working capital requirements.

In addition, Energold is in default with respect to the repayment of the residual principal balance owing on a March 2018 revolving capital facility.

In order to provide it with more time to develop and implement business reorganization plans to address these defaults and ongoing efforts to divest of non-core assets ("Proposed Sales"), Energold was successful in securing certain Noteholder forbearance accommodations under a forbearance agreement (the "Forbearance") announced on May 3, 2019. In consideration of those accommodations, among other things, the Forbearance contemplates:

- a reduction in the current Note conversion price per Energold share; and
- an issuance of breach accommodation warrants to the Noteholders.

In addition to the continuing obligations of the Energold Group under the NPA, pursuant to the Forbearance:

- until July 31, 2019, any interest payment that becomes due after the date of the Forbearance will continue to be calculated at the applicable due date under the Notes and will not be deferred; and
- any interest payment which becomes due during the term of the Forbearance (running from the date of the Forbearance to September 30, 2019, subject to early termination conditions) is to be paid either in cash or by the Company transferring certain liquid assets to the Noteholders.

The Company has received a notice of default from the Agent confirming the Noteholders' position that the Company is in default under the Forbearance, including as a result of:

- non-payment of interest due under the Notes; and
- continuing non-compliance under the NPA with respect to a minimum net working capital requirement and financial covenants.

While Energold management continues to make diligent efforts to comply with the terms of the Forbearance, including implementing initial cost reduction and control measures, and providing regular and fulsome reporting to the Agent, it expects it will need additional time to clarify and address all of the Noteholders' forbearance requirements. Where necessary, Energold expects to request amendments to certain Forbearance terms to better align them with the realities of Energold's business and accounting systems. In addition, certain provisions of the Forbearance, notably including any amendment to the Note conversion price and the issuance of any breach accommodation warrants, will be subject to the acceptance of the TSX Venture Exchange ("TSX.V").

Despite the multiple and material defaults under the NPA and the delays in implementing all of the terms of the Forbearance, the Agent has reassured the Company that the Noteholders present intention is to continue to forbear, on a day-to-day basis, from exercising their remedies while the Agent continues to work cooperatively with the Company and its board of directors (the "Board"), including supporting the Company's efforts to retain additional management support, work with its advisors on the Proposed Sales, and provide the Agent with the information it requires to monitor and evaluate the Company's financial and operational performance.

The Company management and the Board believe that it is in the best interests of all stakeholders for the Company to continue working cooperatively with the Agent to stabilize the business. At the same time, the Company understands that the Noteholders' continued support will depend upon the Company putting forward a credible plan, backed by sound financial analysis, and demonstrating that any further infusions of capital will be likely to increase the value of the Company and its assets. To this end, the Company management and the Board are running a process to identify and engage an experienced Chief Financial Restructuring Officer to guide the Company through its present challenges. The Company, with input from the Agent, is evaluating a number of potential candidates. In addition, Energold intends to look for additional equity financing opportunities to facilitate the restoration of its financial and other debt covenants to good standing.

Energold also reports that it has received and accepted the resignation of its Corporate Secretary, Graeme Austin.

About Energold Drilling Corp.

[Energold Drilling Corp.](#) is a leading global specialty drilling company that services the mining, energy, infrastructure, power, 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 and Chief Executive Officer

Forward-Looking Statement Cautions:

This press release contains certain "forward-looking statements" within the meaning of Canadian securities legislation, including statements regarding the Forbearance terms and implementation, amendment of the conversion price under the NPA, the issuance of breach accommodation warrants, the expiry of the term of the Forbearance, the requirement for TSX.V acceptance of the provisions of the Forbearance, the Proposed Sales, Energold's plans to raise additional equity financing; the appointment of a Chief Restructuring Officer, and the development and implementation of plans to restore Energold to a sound financial position and profitability.

Such statements include forward-looking information that involves various risks and uncertainties. These risks and uncertainties include the risk that: the ongoing discussions between Energold and the Agent will not result in mutually acceptable revocation of Forbearance; the Agent or other lenders to Energold will terminate their forbearance and commence debt enforcement proceedings against Energold; the TSX.V will not accept the terms of the Forbearance; Energold will not be successful in raising additional equity financing or in reorganizing its business such that it will return to profitability; commodity prices, global economic conditions, government regulation of drilling and/or resource companies, or other unforeseen events will impede the Company's business.

These statements are based on the current expectations of the Company's management, and are expressly qualified in their entirety by this cautionary notice.

Although the Company believes that such statements are reasonable, the associated risks and uncertainties may cause actual results to differ from current expectations, and there can be no assurance that such forward-looking statements will prove to be accurate. 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 public disclosure record available through the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com for a more detailed discussion of the Company's business, including the associated risk factors and their potential effects.

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.

SOURCE [Energold Drilling Corp.](#) Group

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