

This is Affidavit #2 of Michael Bell in this proceeding and was made on November 5th, 2019

No. S1910194
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c.57

AND

IN THE MATTER OF ENERGOLD DRILLING CORP., CROS-MAN DIRECT
UNDERGROUND LTD., EGD SERVICES LTD., BERTRAM DRILLING CORP., AND
OMNITERRA INTERNATIONAL DRILLING INC.

PETITIONERS

AFFIDAVIT #2 OF MICHAEL BELL

I, Michael Bell, of 700 W. Georgia St., Vancouver, B.C. V7Y 1C7, HEREBY SWEAR THAT:

1. I am a Senior Vice President of Ernst & Young Inc. ("EY"). EY and its affiliate, Ernst & Young Orenda Corporate Finance Inc. ("EY Orenda", and together with EY, the "Financial Advisor"), together serve as the Financial Advisor to the Petitioners in these proceedings. Details on my professional qualifications and expertise are set out in detail in paragraph 8 below.

2. As set out in my Affidavit #1 made September 11, 2019, I have worked with Energold in respect of a strategic review and potential sale of its assets since approximately May 2019. I have also been involved with all aspects of the sale and solicitation process, both in its development and in its implementation. Accordingly, I have personal knowledge of the facts deposed to in this Affidavit except where stated to be based on information and belief, in which case I verily believe them to be true.

3. In preparing this Affidavit, I have also consulted with other personnel at EY or EYO involved in this matter including Robert Withers, Partner and Senior Vice President at EYO, and Jason Eckford,

Manager at EY (collectively, I, Mr. Withers, and Mr. Eckford are referred to herein as the “**Transaction Team**”).

Sale Solicitation Procedure

4. On September 13, 2019, the Honourable Mr. Justice Milman granted an order (the “**Sale Procedure Order**”) approving a process (the “**Sale Process**”) in accordance with the sale solicitation procedure attached as Schedule B to that Order (the “**SSP**”). The Sale Process and the SSP contemplated marketing the property and assets of the Petitioners, including the shares of the Petitioners’ subsidiaries (collectively, the “**Energold Property**”).

5. Capitalized terms used in this Affidavit and not otherwise defined have the meaning set out in the SSP.

6. I swear this Affidavit in support of the Petitioners’ applications for orders to approve the following transactions:

- (a) the sale of all or substantially all of the assets of Cros-Man Direct Underground Ltd. that comprise the Cros-Man Unit to Extract Advisors LLC, in its capacity as administrative agent of the Noteholders (“**Extract**”) pursuant the agreement dated October 11, 2019 (the “**Cros-Man Sale Transaction**”);
- (b) the sale of all of the shares owned by Energold and Omniterra International Drilling Inc. in certain subsidiaries that comprise the Latin America Unit to Extract pursuant to the agreement dated October 11, 2019 (the “**Latin American Sale Transaction**”);
- (c) the sale of all of the shares owned by Bertram Drilling Corp. in the capital of Bertram Drilling Inc. (“**BDI**”) that comprise the BDI Unit to Extract pursuant to the agreement dated October 11, 2019 (the “**BDI Sale Transaction**”); and
- (d) the sale of all of the shares owned by Energold in the capital of E-Global Drilling Corp. (“**E-Global**”) to Extract pursuant to the agreement dated October 31, 2019 (the “**EMEA Sale Transaction**”).

Expertise of EY Regarding Corporate Finance and Sales Processes

7. In my opinion and that of the Transaction Team, EY and EYO are both industry leaders in the insolvency, restructuring and corporate finance spaces, respectively, and rank among the top firms in those industries in Canada.

8. I have over 11 years' experience in the insolvency and corporate restructuring industry, and have worked for EY since January 2008. I received my CIRP designation in 2011, am a Chartered Accountant by training, and hold a Degree in Commerce (Honours) in Accounting from McMaster University. I have acted as a court officer or financial advisor on numerous insolvency and restructuring mandates to date in my career, and have acted in numerous court-ordered sale processes.

9. Robert Withers is a Partner and Senior Vice President at EYO. Robert Withers has over 25 years of experience in the corporate finance and investment industry, and has worked at EYO since January 2018. Prior to that, Mr. Withers was a Vice President – Investments at Mosaic Capital Corporation between 2016 and 2018, and the Managing Partner of Whytecliff Capital Partners Inc. between 2008 and 2016. I am advised by Robert Withers and believe to be true that he has acted for clients on over 30 separate corporate finance or sale transactions.

10. Jason Eckford is a Manager of Transaction Advisory Services in the corporate restructuring practice at EY. Mr. Eckford has worked at EY since 2015, and is a licensed Chartered Professional Accountant of Canada.

Initial Stages of the Sale Process (September 13, 2019 to October 11, 2019)

Identifying Prospective Purchasers

11. In accordance with the SSP, the Transaction Team considered credible prospective purchasers of the Energold Property (the “**Prospective Purchasers**”) and prepared a list of those potential purchasers.

12. The work to prepare the list of Prospective Purchasers began prior to formal approval of the SSP on September 13, 2019 and the Transaction Team finalized the list following Court approval on September 13, 2019.

13. The Transaction Team identified the Prospective Purchasers in consultation with Energold and Extract (which is Energold's primary secured creditor). The Prospective Purchasers included companies and other investors active in the market for distressed assets, companies active in the drilling, mining and/or oil and gas industries in the relevant markets, some of Energold's key customers and competitors and equipment auctioneers (in respect of the Cros-Man assets). The Prospective Purchasers also included strategic buyers that had become aware of the SSP independently because of the public nature of the CCAA proceedings and related public disclosures, and that had reached out to members of the Transaction Team.

14. The Prospective Purchasers list included 96 separate parties located in the regions the Petitioners' subsidiaries operated, including Canada, the United States, Latin America and Africa. Based on my experience in restructuring matters and sales processes, I believe that the Prospective Purchasers list was comprehensive and that each of the Prospective Purchasers was a credible potential buyer of the Energold Business and the Energold Property. Based on my experience in restructuring matters and sale processes, I believe that the Prospective Purchasers included the parties most likely to make a credible bid for the Energold Property.

15. The Transaction Team also worked with Energold's counsel to prepare a form of confidentiality agreement for Prospective Purchasers to sign if they wished to advance in the process and receive further information.

16. The further information made available to those that signed confidentiality agreements included a Confidential Information Memorandum (the "CIM") prepared by the Transaction Team and access to a virtual data room (the "Data Room").

17. The CIM provided a detailed summary of the Energold Business and Energold Property, a summary of the industry and opportunities within the market and financial information with respect to Energold, including analysis of historical results and future projections.

18. By the end of the Sale Process, the Data Room contained approximately 1,328 individual documents, and included various corporate, financial, tax and other business documents relevant to the Energold Property and would allow interested parties to assess the opportunity further. The Data Room

also included a template form of purchase agreement. The Transaction Team uploaded the template purchase agreement on September 23, 2019, and an updated form on October 3, 2019. The October 3, 2019 updates were to reflect revisions made to the form of agreement, including incorporating a working capital adjustment, which the Petitioners added in consultation with the Monitor.

19. After signing a confidentiality agreement, Prospective Purchasers would also have access to the Transaction Team and management within the Energold Group to answer any additional questions they may have, or to facilitate site visits and inspections.

Contacting Prospective Purchasers

20. Prior to 12:00pm PST on September 16, 2019, the Transaction Team prepared a summary of the acquisition opportunity (the “**Teaser**”) in accordance with the SSP, which included notification of the SSP and related timelines, and an invitation to Prospective Purchasers to execute a confidentiality agreement to obtain further information on the Energold Property and continue participating in the Sale Process. Between September 16, 2019 and September 18, 2019, I or another member of the Transaction Team emailed each Prospective Purchaser a copy of the Teaser (each such email referred to herein as a “**Sale Solicitation Email**”). The Transaction Team contacted all Prospective Purchasers by phone or email between September 16 and 18, 2019 and used best efforts to provide them with a copy of the Teaser. To the extent that email addresses were available for the Prospective Purchasers, they received the Teaser.

21. Attached hereto as **Exhibit “A”** to this Affidavit is a true and complete copy of the Teaser that was attached to each Sale Solicitation Email. Attached hereto as **Exhibit “B”** to this Affidavit is a true and complete copy of a Sale Solicitation Email, redacted to protect the identity of the Prospective Purchaser.

Due Diligence Period

22. Of the 96 Prospective Purchasers to which I or another member of the Transaction Team sent a Sale Solicitation Email, a 28 Prospective Purchasers delivered a signed Confidentiality Agreement to me or another member of the Transaction Team (each of these 28 Prospective Purchasers is referred to herein as a “**Potential Bidder**” and collectively as the “**Potential Bidders**”).

23. Of the 28 Potential Bidders, the Transaction Team sent the CIM and a link to the Data Room to 26 parties. The Transaction Team did not provide the CIM to the other two Potential Bidders because:

- (a) one delivered the confidentiality agreement on the Bid Deadline, and the Transaction Team did not think that the Potential Bidder had sufficient time to conduct due diligence and submit a credible bid; and
- (b) one advised that it was only interested in acquiring the corporate shell of one of the Latin American subsidiaries, which in the collective opinion of the SSP would not yield value in excess of the applicable Stalking Horse Bid.

24. At all times, I and other members of the SSP Team ensured that all Potential Bidders were given access to the same information and materials for the purposes of conducting proper due diligence. Out of the 26 Potential Bidders that were given access to the Data Room, I confirm that:

- (a) 22 recorded activity in the Data Room by accessing the Data Room and reviewing documents stored there; and
- (b) five (5) conducted additional due diligence, including conducting site visits, inspecting certain physical assets comprising the Energold Property, and interviewing certain management of Energold or its various subsidiaries.

25. Based on my experience and that of the Transaction Team, I believe that the four (4) Potential Bidders that did not access the data room decided, after reviewing the CIM, that they were not interested in pursuing the opportunity, and that this is common in sale processes.

26. In addition to the due diligence efforts by Potential Bidders as set out above, I or another member of the SSP Team received follow-up inquiries, questions, or requests for further due diligence information from five (5) of the Potential Bidders. The Transaction Team uploaded to the Data Room any documents and information provided in response to these due diligence inquiries so that the information and documents would be available to all Potential Bidders.

Receipt of Proposals

27. The SSP Bid Deadline was 5:00pm on October 11, 2019. Under the SSP, interested parties had until the Bid Deadline to deliver a Proposal indicating the key terms of their offer (along with a blackline to the template agreement) and pay a refundable deposit.

28. Six (6) of the 28 Potential Bidders delivered non-binding Proposals on or before the Bid Deadline. The Transaction Team also received four (4) Stalking Horse Bids submitted by Extract in accordance with the SSP.

29. On October 14, 2019, the Transaction Team prepared a report summarizing the offers received (the "**Bid Summary Report**"). The Proposals summarized in the Bid Summary Report were:

- (a) two (2) Proposals to purchase the shares comprising the BDI Unit;
- (b) one Proposal to purchase the shares comprising the EMEA Unit;
- (c) one Proposal to purchase the assets of the subsidiaries within the EMEA Unit;
- (d) one Proposal to acquire the assets of one of the foreign subsidiaries within the Latin America Unit;
- (e) one Proposal to acquire the shares of one of the subsidiaries within the Latin America Unit;
- and
- (f) Stalking Horse Bids for each of the Cros-Man Unit, Latin America Unit, BDI Unit, and EMEA Unit.

30. On October 15, 2019, the SSP Team, in consultation with the Monitor, considered each Proposal received. The SSP Team, in consultation with the Monitor, determined that, in addition to the Stalking Horse Bid:

- (a) there were two Qualified Bids for the BDI Unit, subject to one bidder delivering its Deposit (which was delayed due to a religious holiday) and the other bidder clarifying an aspect of its bid as described below; and
- (b) there was one Qualified Bid for the EMEA Unit, subject the bidder clarifying an aspect of its bid as described below.

31. The SSP Team, in consultation with the Monitor, determined that the proposals described at paragraph 29(c), (d) and (e) above did not meet the criteria for a Qualified Bid under the SSP and that it was not in the best interests of Energold or its stakeholders for those parties to participate further in the SSP.

32. I am advised by Rob Withers, and believe, that on October 15, 2019, he emailed one of the Qualified Bidders to notify them that their bid was qualified in accordance with the SSP, subject to payment of their deposit. I am advised by Mr. Withers, and believe, that this email included a reminder they had to complete due diligence on or before October 25, 2019 and deliver definitive documents on or before October 28, 2019. I am advised by Lisa Hiebert, counsel to Energold, and believe that BLG received this deposit. I am further advised by Mr. Withers, and believe, that on October 18, 2019, he confirmed for this Qualified Bidder that their deposit was received.

33. As noted above, the SSP Team required clarification of one of the bids submitted for the BDI Unit and one of the bids submitted for the EMEA Unit. The Transaction Team requested, and received, this clarification on or before October 18, 2019, and the SSP Team, in consultation with the Monitor, confirmed that each was a Qualified Bidder in light of the clarifications provided.

34. I am advised by Rob Withers, and believe, that on October 18, 2019 he emailed these two Qualified Bidders to notify them that their bids were qualified in accordance with the SSP, and that they were reminded that they had to complete due diligence on or before October 25, 2019 and deliver definitive documents on or before October 28, 2019.

35. Since the Stalking Horse Bids are deemed Qualified Bids, the Transaction Team did not provide a similar notification to Extract with respect to its Stalking Horse Bids.

36. Following the Bid Deadline, I provided all Qualified Bidders, including Extract, with the working capital calculation for the relevant business units.

37. Following the Bid Deadline, one of the Qualified Bidders made further due diligence requests. The SSP Team responded to these requests to the best of its ability given the Petitioners' extremely limited personnel resources and issues related to time zones. In particular, the Qualified Bidder is overseas, and

has made due diligence inquiries that require responses from employees of the Petitioners' subsidiaries that are in Europe. This has caused inevitable delay in receiving and responding to requests. Further, some of the requests are difficult to obtain in the time available. In particular, one of the requests was for clearance certificates from taxing authorities in various jurisdictions that cannot be obtained from the relevant taxing authority in the time available from the bidder making the request and the Auction.

38. On October 23, 2019, one of the Qualified Bidders requested that the SSP Team extend the time to submit definitive documents to Tuesday, October 29, 2019.

39. On October 23, 2019, the SSP Team, in consultation with the Monitor, determined that this short extension was appropriate on the basis that Qualified Bidders provide definitive documents by 10am PST on Tuesday October 29, 2019. I communicated this request to the Qualified Bidder that requested the extension the evening of October 23, 2019 and to the other Qualified Bidders on October 24, 2019.

The Auction

Decision to hold Auction

40. The only Qualified Bids received for the Latin American Unit and Cros-Man Unit were the Stalking Horse Bids submitted by Extract. As such, an Auction was not appropriate or required for these particular units.

41. With respect to the BDI Unit and the EMEA Unit, the SSP Team determined that proceeding with the Sale Process was in the best interests of the Energold Group and its stakeholders and that it was appropriate to proceed to an Auction for those units in accordance with the SSP.

42. On October 23 and 24, 2019, I reminded each Qualified Bidder that pursuant to the SSP, the Auction was scheduled for October 31, 2019 at 9:30am PST at EY's offices in Vancouver, British Columbia, and asked that by October 28, 2019 they confirm whether they intend to participate in the Auction.

43. Under the SSP, Extract is deemed to be an Auction Bidder in respect of their Stalking Horse Bids. On October 28, 2019, I emailed Extract and confirmed that they would participate in the Auction as an Auction Bidder.

44. Each of the Qualified Bidders advised me that they intended to participate in the Auction as an Auction Bidder.

45. In accordance with the SSP, on October 29, 2019 the SSP Team (in consultation with the Monitor) held a conference call and selected the Starting Bids for the Auction.

Extract submits revised Stalking Horse Bid for Latin American Unit

46. On October 29, 2019, I received by email from Extract's legal counsel a revised Stalking Horse Bid with respect to the Latin American Unit. The revisions were limited to removing the shares in the capital of Energold Drilling Peru, S.A.C. from the list of Extract was offering to purchase.

Inquiry by Qualified Bidder Prior to Auction

47. One of the Qualified Bidders for the BDI Unit submitted an offer that was conditional on financing. I am advised by Lisa Hiebert, counsel to the Petitioners, and believe that at approximately 8:20am PST on October 31, 2019, legal counsel to that Qualified Bidder advised that they were unable to waive the financing condition and any agreement which they would enter into would need to allow for the return of their Deposit should they fail to close.

48. In consultation with the Monitor, the SSP Team determined that conditional bids were not viable and that the Petitioners could not waive the provision which forfeited the Deposit if the Successful Bidder from the Auction failed to close. Ms. Hiebert advised the Qualified Bidder's lawyer of this by email at approximately 9:02am PST on October 31, 2019.

49. On October 31, 2019, prior to commencement of the Auction, the Qualified Bidder's lawyer advised Ms. Hiebert and the SSP Team that the Qualified Bidder would no longer be participating in the Auction and would not be attending.

Commencement of Auction

50. In accordance with the SSP, the Auction was held on October 31, 2019 at EY's offices in Vancouver, British Columbia. As representatives for each of the Auction Bidders were present remotely by way of teleconference, the Transaction Team opened the teleconference dial-in at 9:10am PST.

51. In accordance with the SSP, prior to the Auction each of the Auction Bidders confirmed to me that it had not engaged in any collusion with any other Auction Bidder to detrimentally affect the price of the sale. Based on my experience in restructuring matters and sales processes, I have no reason to believe that any collusion took place in the course of the Auction.

52. At 9:30am PST, a representative of one of the Qualified Bidders advised the SSP Team that the individual with authority to bind that Qualified Bidder would be delayed in joining the Auction by teleconference. In consultation with the Monitor, I and the other members of the SSP Team determined that it was in the best interests of the Petitioners and their stakeholders to adjourn the Auction until that representative was present at the Auction by teleconference. That representative called into the teleconference at 9:55am PST, and I promptly resumed the Auction and called the meeting to order.

53. I presided over the Auction as meeting chair, and provided a brief overview of the Auction rules and process under the SSP to the representatives of the Auction Bidders, including confirmation that the amount of the Minimum Incremental Overbid was CAD\$100,000. As chair of the Auction, I proposed that each Auction Bidder have a period of ten (10) minutes after each successive bid to determine whether to make a Subsequent Bid. A representative of one of the Auction Bidders requested that we truncate this time allotment, such that each Auction Bidder could make a Subsequent Bid immediately after each bid or at its option take the ten (10) minute period to consider further whether it wishes to submit a Subsequent Bid. None of the Auction Bidders opposed this request, and so the SSP Team, in consultation with the Monitor, permitted Subsequent Bids to be submitted immediately after each bid.

EMEA Unit Auction

54. The Auction for the EMEA Unit (the “**EMEA Auction**”) commenced at approximately 10:15am PST, with a Starting Bid of \$2,000,000.

55. After several rounds of bidding, one Auction Bidder requested that the Minimum Incremental Overbid be lowered from CAD\$100,000 to CAD\$25,000. I and the other members of the SSP considered this request and, in consultation with the Monitor, determined that it was in the best interests of the

Petitioners and their stakeholders to permit such decrease to the amount of the Minimum Incremental Overbid.

56. After several rounds of bidding, Extract submitted a bid in the amount of \$3,050,000. The other Auction Bidder determined that it would not submit a Subsequent Bid and declined to submit a definitive purchase agreement prior to or at the Auction.

57. As a result, Extract was the Successful Bidder of the EMEA Auction, and Energold and Extract, in its capacity as administrative agent, entered into a share purchase agreement dated October 31, 2019 (the “**EMEA Sale Agreement**”), with a purchase price of \$3,050,000.

BDI Unit Auction

58. Prior to the commencement of the Auction for the BDI Unit (the “**BDI Unit Auction**”), the Auction Bidder other than Extract decided not to participate in the Auction and left the teleconference.

59. I and the other members of the SSP Team discussed, in consultation with the Monitor, the decision by this Auction Bidder to withdraw from the Auction and determined that it was in the best interests of the Petitioners and their stakeholders to contact the representative of this Auction Bidder to confirm whether they would rejoin the Auction. I contacted the representative of this particular Auction Bidder by phone, who confirmed to me that the decision was final and that the Auction Bidder would not participate in the BDI Auction.

60. As a result, Extract’s offer in respect of the BDI Unit was the best offer received.

61. The Auction concluded at approximately 11:15am PST on October 31, 2019.

Sale Transactions Resulting from the SSP

62. The SSP Team implemented the SSP with respect to the Cros-Man Unit, Latin American Unit, BDI Unit, and EMEA Unit (collectively, the “**Energold Units**”) with the overall efficacy and integrity of the Sale Process in mind. The SSP Team collectively canvassed a broad spectrum of potential buyers of the Energold Units, and the Potential Purchasers approached by me and other members of the SSP Team represented the entities most likely to submit a credible bid offering fair market prices for the Energold

Units. All Potential Bidders had equal access to information and attention by the SSP Team with respect to the Energold Units and any due diligence requests at each applicable stage of the Sale Process.

63. Energold's secured creditors were consulted in the development of the SSP. In implementing the SSP, the confidentiality of bidders and offers were maintained in order to protect the integrity of the sale process. However, the Transaction Team believes that creditors have been adequately and appropriately consulted in the SSP, particularly since certain creditors participated in the sale process as bidders, including certain Noteholders submitting independent bids and Extract, as administrative agent, submitting the Stalking Horse Bids.

A. Cros-Man Sale Transaction, Latin American Sale Transaction and BDI Sale Transaction (collectively, the "Non-Auctioned Units")

64. Despite commercially reasonable efforts by the SSP Team to find a buyer to acquire the Non-Auctioned Units, the only Qualified Bids received for the Cros-Man Unit and the Latin America Unit were the Stalking Horse Bids submitted by Extract. With respect to the BDI Unit, although there were two Qualified Bids for that unit, those bidders withdrew prior to the Auction. As a result, the Stalking Horse Bids were the best offers received for the Non-Auctioned Units.

65. Based on my experience in restructuring matters and sale processes in similar circumstances:

- (a) the process undertaken by the SSP Team was conducted in accordance with the SSP approved by the Court, and that the process to market the Non-Auctioned Units was fair and reasonable in the circumstances, including following the Court-approved SSP and the Petitioners' financial circumstances;
- (b) the amount of time provided by the SSP Team to enable Potential Bidders to inspect and assess the assets or shares comprising each Non-Auctioned Unit, and conduct additional due diligence in accordance with the terms and conditions of the SSP, was in each case fair and reasonable in the circumstances;
- (c) the sale of each Non-Auctioned Unit to Extract will yield the greatest possible recovery and security of outcome in the circumstances to Energold and its stakeholders; and

- (d) going back to the market to conduct another sale process with respect to each Non-Auctioned Unit is unlikely to yield consideration that is superior to that offered by Extract's for each Non-Auctioned Unit.

B. EMEA Sale Transaction

66. With respect to the EMEA Unit, an Auction was held in accordance with the terms and conditions set out in the SSP, resulting in Extract submitting the Successful Bid for the EMEA Unit.

67. Based on my experience in restructuring matters and sale processes in similar circumstances:

- (a) the process undertaken by the SSP Team (including the Auction) was conducted in accordance with the SSP approved by the Court, and that the process to market the EMEA Unit was fair and reasonable in the circumstances, including following the Court-approved SSP and the Petitioners' financial circumstances;
- (b) the amount of time provided by the SSP Team to enable Potential Bidders to inspect the assets comprising the EMEA Unit, and conduct additional due diligence in accordance with the terms and conditions of the SSP, was fair and reasonable in the circumstances;
- (c) the sale of the EMEA Unit to Extract in accordance with the EMEA Sale Agreement will yield the greatest possible recovery and security of outcome in the circumstances to Energold and its stakeholders; and
- (d) going back to the market to conduct another sale process with respect to the EMEA Unit is unlikely to yield consideration that is superior to that offered by Extract in the EMEA Sale Agreement.

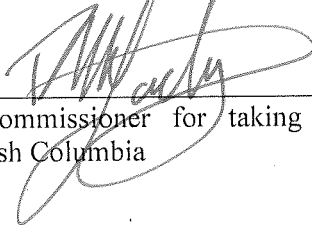
Sealed Affidavit


68. To supplement the evidence set out in this Affidavit, I have sworn a separate affidavit to be filed under seal containing copies of the following commercially-sensitive materials:

- (a) a list of all 96 Prospective Purchasers;
- (b) the Bid Summary Report; and
- (c) the CIM.

69. Based on my experience in restructuring matters and sales processes, the public disclosure of these commercially-sensitive materials and information could potentially be detrimental to the Petitioners' commercial interests, prejudicial to any supplemental or additional sale process that may be undertaken with respect to the Energold Property, and ultimately harmful to the Petitioners' and their stakeholders. Furthermore, with respect to the CIM, all persons that received a copy from the Financial Advisor were required to first enter into and be bound by a confidentiality agreement.

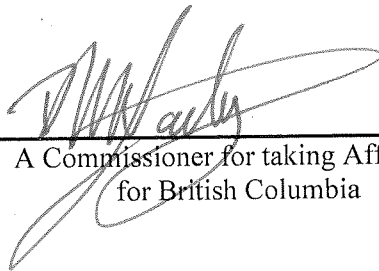
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SWORN BEFORE ME at Vancouver, British Columbia, on the 15th day of November, 2019.


A commissioner for taking affidavits for British Columbia


MICHAEL BELL

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This is **Exhibit "A"** referred to in Affidavit #2 of Michael Bell
made before me on November 5th, 2019



A Commissioner for taking Affidavits
for British Columbia

STRICTLY CONFIDENTIAL Acquisition Opportunity



September 2019

Energold Drilling Corp.

Energold Drilling Corp. ("Energold") provides full service drilling services to a number of sectors including mineral drilling, sustainable geothermal drilling and horizontal directional drilling. These services are provided globally across more than 20 countries with more than 150 drill rigs available.

On September 13, 2019, Energold and a number of its Canadian subsidiaries filed for and obtained protection from their creditors under the Companies' Creditors Arrangement Act (Canada) ("CCAA").

Concurrent with the CCAA filing, Energold obtained Court approval to appoint Ernst & Young Orenda Corporate Finance Inc. and Ernst & Young Corporate Finance (Canada) Inc. (collectively "EY") as Financial Advisor to carry out a sale solicitation process (the "Sale Process") with respect to certain of its business units as follows:

Mineral Drilling: Mexico and Latin America ("LATAM")

Servicing mining and mineral exploration companies, this segment operates in 10 countries and has a fleet of more than 90 drilling rigs consisting primarily of highly portable diamond drilling rigs, underground drilling rigs, reverse-circulation rigs and rotary-air-blast rigs that are constructed of a fully modular component design allowing for rigs to be mobilized to any location.

Mineral Drilling: Europe, Middle East and Africa ("EMEA")

This segment operates in 15 countries throughout EMEA and has seen significant growth in revenue through expansion into these markets and has secured several large, recurring contracts since 2016. Operating a fleet of more than 40 rigs constructed with a fully modular component design, the portability and small footprint capabilities have proven to be a key differentiator with major mining companies.

Horizontal Directional Drilling ("HDD")

This segment uses highly specialized equipment to operate a trenchless method of installing underground gathering systems, cables, fibre optics and water systems. This segment has a fleet of Hydro Vac Trucks and Directional Drills to allow it to take advantage of the anticipated increase in fibre optic infrastructure upgrades.

Geothermal Drilling ("GD")

This segment has the experience and specialized drilling equipment to work on complex geothermal projects. Primarily providing services to government & school boards that have mandates to use geothermal drills, this segment is in a strong position to participate in multi-year programs that are resistant to the cyclicity experienced by other divisions.

Key Financial Results:

Financial Summary (\$CAD - Thousands)	2018					2017
	LATAM	EMEA	HDD	GD	Combined Total	Combined Total
Revenue	24,954	14,876	4,328	12,082	56,240	54,216
Direct Costs	21,182	12,105	2,695	10,426	46,409	47,190
Gross Margin (\$)	3,771	2,772	1,633	1,656	9,831	7,026
Gross Margin (%)	15%	19%	38%	14%	17%	13%
Operating Expenses (excl. amortization)	2,436	2,164	594	1,045	6,239	5,649
EBITDA	1,336	608	1,038	610	3,592	1,377

Energold and in particular its mineral division has experienced a multi-year downturn due to reduced exploration drilling as a result of weakness in metal prices. However, the Company has maintained its deep customer relationships, strong market share in key geographic locations and preserved the value of its core business units and equipment. The outlook for both mineral exploration and specialized drilling expansion indicates the demand for drilling services is poised for improvement.

Rationale and Proposed Transaction

Pursuant to the CCAA proceedings, and as a part of its efforts to improve its balance sheet and align its focus on improving business segment conditions, Energold is seeking offers for the four business segments, either individually or en-bloc.

Management and its primary secured lenders who consist of a number of "Noteholders" strongly believe that the established market position in its key markets, existing contracts and future work opportunities within its geographical footprint will ensure the continued success of these business segments.

To that end, Extract Advisors LLC ("Extract"), the administrative agent for the Noteholders, has submitted credit bids ("Stalking Horse Bids") to acquire each of the operating segments at amounts that are materially less than the outstanding indebtedness to the Noteholders to encourage interested parties to present their best offers.

Contact

Interested parties are requested to contact one of the persons below. An Information Memorandum will be made available to selected parties following signing of a confidentiality agreement. The deadline to submit non-binding offers is October 11, 2019.

<p>Rob Withers Senior Vice President +1 604 899 3550 robert.withers@ca.ey.com</p>	<p>Mike Bell Senior Vice President +1 604 899 3566 mike.bell@ca.ey.com</p>	<p>Michael Campbell¹ Vice President +1 306 649 8305 michael.campbell@ca.ey.com</p>	<p>Jason Eckford Associate +1 604 648 3671 jason.eckford@ca.ey.com</p>
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Ernst & Young Orenda Corporate Finance Inc.
Ernst & Young Corporate Finance (Canada) Inc.

Assurance | Tax | Transactions | Advisory

About Ernst & Young Orenda Corporate Finance Inc.
We are one of Canada's largest mid-market focused corporate finance advisory firms. We provide sector specific advice on mergers, acquisitions and divestitures; debt and equity capital markets; real estate and infrastructure transactions; and advise on corporate strategy. We bring deep industry knowledge to each transaction to support our clients' corporate finance strategies and priorities.

We are part of the EY global network, which provides us with client insights and access to entrepreneurs, companies, private equity firms, capital providers and public sector entities operating around the world.

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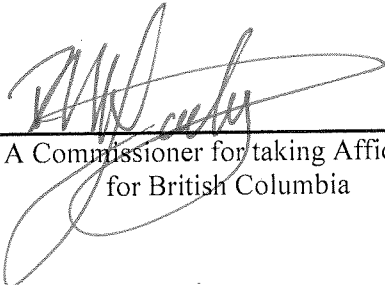
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(1) Ernst & Young Corporate Finance (Canada) Inc. is a U.S. registered broker-dealer. Any inquiries by U.S. persons should be directed to Ernst & Young Corporate Finance (Canada) Inc. through Mike Campbell.



This is **Exhibit "B"** referred to in Affidavit #2 of Michael Bell
made before me on November 5th, 2019



A Commissioner for taking Affidavits
for British Columbia

Lau, Randall

From: Jason Eckford <Jason.Eckford@ca.ey.com>
Sent: September 26, 2019 4:15 PM
To: [REDACTED]
Subject: RE: Acquisition Opportunity: Energold Drilling Corp
Attachments: Opportunity Summary - Energold Drilling.pdf

Hi [REDACTED],

I wanted to follow up with the email below I had sent regarding the Energold opportunity.

Please let me know whether or not this is of interest to [REDACTED].

Regards,
Jason

Jason Eckford, CPA | Senior | Transaction Advisory Services



Ernst & Young Inc.
Pacific Centre, 700 West Georgia Street, P.O. Box 10101, Vancouver, BC, V7Y 1C7 Canada
Office: +1 604 648 3671 | Fax: +1 604 899 3530 | Jason.Eckford@ca.ey.com
Thank you for considering the environmental impact of printing this email.

From: Jason Eckford
Sent: Wednesday, September 18, 2019 12:14 PM
To: [REDACTED]
Subject: Acquisition Opportunity: Energold Drilling Corp

Hi [REDACTED],

I am reaching out with an opportunity to acquire one or more segments of Energold Drilling Corp.

On September 13, 2019, Energold Drilling Corp. and a number of its Canadian subsidiaries filed for and obtained protection from their creditors under the Companies' Creditors Arrangement Act (Canada) ("CCAA") and appointed Ernst & Young Orenda Corporate Finance Inc. and Ernst & Young Corporate Finance (Canada) Inc. (collectively "EY") as Financial Advisor to carry out a sale solicitation process with respect to certain of its business units. As part of its efforts to improve its balance sheet and align its focus on improving business segment conditions, Energold is seeking offers for the following four business segments, either individually or en-bloc.

- **Mineral Drilling: Mexico and Latin America ("LATAM")** - Based in Mexico City and operating in 10 countries, this segment has a fleet of more than 90 drilling rigs within LATAM consisting primarily of highly portable diamond drilling rigs, underground drilling rigs, RC's and RABs that are constructed of a fully modular component design allowing for rigs to be mobilized to any location.
- **Mineral Drilling : Europe, Middle East and Africa ("EMEA")** - Based in the UK and operating in 15 countries through EMEA, this segment has seen significant growth in revenue through expansion into these markets and has secured several large, recurring contracts since 2016.

- **Horizontal Directional Drilling (“HDD”)** - Based in Reston, Manitoba. The Company has a fleet of Hydro Vac Trucks and Directional Drills to allow it to take advantage of the anticipated increase in fibre optic infrastructure upgrades.
- **Geothermal Drilling (“GD”)** - Based in Billings, Montana. provides services to government & school boards that have mandates to use geothermal drills, BDI is in a strong position to participate in multi-year programs that are resistant to the cyclicity experienced by other divisions.

Management and its primary secured lenders who consist of a number of Noteholders strongly believe that the established market position in its key markets, existing contracts and future work opportunities within its geographical footprint will ensure the continued success of these business segments. To that end, Extract Advisors LLC, the administrative agent for the Noteholders, has submitted **Stalking Horse Bids** to acquire each of the operating segments at amounts that are materially less than the outstanding indebtedness to the Noteholders to encourage interested parties to present their best offers.

The deadline to submit non-binding offers is **October 11th** as more fully described in the Confidential Information Memorandum which is available upon execution of the attached Confidentiality Agreement.

Regards,
Jason

Jason Eckford, CPA | Transaction Advisory Services



Ernst & Young Inc.
Pacific Centre, 700 West Georgia Street, P.O. Box 10101, Vancouver, BC; V7Y 1C7 Canada
Office: +1 604 648 3671 | Fax: +1 604 899 3530 | Jason.Eckford@ca.ey.com
Thank you for considering the environmental impact of printing this email.

No. S1910194
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c.57

AND

IN THE MATTER OF ENERGOLD DRILLING CORP., CROS-MAN DIRECT
UNDERGROUND LTD., EGD SERVICES LTD., BERTRAM DRILLING
CORP., AND OMNITERRA INTERNATIONAL DRILLING INC.

PETITIONERS

AFFIDAVIT #2 OF MICHAEL BELL

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1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, BC V7X 1T2
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Attn: Lisa Hiebert
Email: lhiebert@blg.com
File: 035456/000004