



This is Affidavit #1 of Michael Bell in this proceeding and was made on September 11, 2019.

No. 51910194
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 #1 OF MICHAEL BELL

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

1. I am a Senior Vice President of Ernst & Young Inc. ("EY"). Details on my professional qualifications and expertise are set out in detail in paragraph 8 below.
2. On February 8, 2019, Energold engaged EY to act as its financial advisor, to assist Energold in a strategic review of its business and operations, and to make recommendations on how to restructure its business and overcome financial distress (the "**Strategic Review**").
3. In connection with the Strategic Review, on May 22 2019, Energold also engaged Ernst & Young Orenada Corporate Finance Inc. (an affiliate of EY, and referred to in this Affidavit as "**EYO**") to conduct a marketing and sales process in respect of its assets, including the assets and business of its subsidiaries. At Energold's request, the initial stages of the marketing and sale process focused on conducting a marketing and sale process (the "**BDC Sale Process**") for the assets and business of Bertram

Drilling Corp. (“**Bertram Drilling**”), a wholly owned subsidiary of Energold. Based on my experience in restructuring matters and sales processes, described further below, I believe that given the financial distress and circumstances of Energold and its subsidiaries, in particular Bertram Drilling, it was necessary to complete the BDC Sale Process in a relatively short timeframe.

4. Since EYO’s engagement, I have been involved in all aspects of the formulation and implementation of the BDC Sale Process, including discussions with potential purchasers and bidders. Accordingly, I have personal knowledge of the facts hereinafter deposed except where stated to be based on information and belief, in which case I verily believe them to be true.

5. In preparing this Affidavit, I have also consulted with other personnel at EY or EYO who worked on the BDC Sale Process, including Robert Withers, Partner and Senior Vice President at EYO, and Samuel Watson, Associate at EY (collectively, I, Mr. Withers and Mr. Watson are referred to herein as the “**Transaction Team**”). I note that the Transaction Team also consulted with certain other corporate finance or insolvency professionals who work at EY, EYO or one of their affiliates, regarding potential purchasers and certain isolated or discrete matters regarding the drilling business generally or specific assets of Bertram Drilling.

6. I swear this Affidavit in support of the Petitioners’ application for an order approving the sale transaction resulting from the BDC Sale Process (the “**Approval Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).

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 and 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.

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 for EYO since January 2018. Prior to that, Mr. Withers was a Vice President – Investments at Mosaic Capital partners 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. Samuel Watson is an Associate at EYO. Mr. Watson has worked at EY since 2014, and received his Chartered Professional Accountant of Canada designation in 2018.

Actions taken by EY and EYO during the BDC Sale Process

11. As noted above, on February 8, 2019 Energold engaged EY to assist with a review of its financial situation and its strategic restructuring options.

12. In connection with this engagement, EY prepared and presented to Energold's board of directors (the "**Board**") an initial report dated March 1, 2019 (the "**Board Report**") setting out EY's initial analysis on the prospects of Energold's business as a going concern and some strategies for restructuring the business and affairs of Energold and certain of its subsidiaries. Among other things, the Board Report sets out the Transaction Team's analysis on the benefits and feasibility of selling certain non-core assets or subsidiaries of Energold for the purposes of paying down corporate liabilities and raising necessary working capital.

13. Similarly, on May 22, 2019, Energold engaged EYO to conduct a marketing and sales process in respect of its assets, including the assets and business of its subsidiaries. Attached and marked as **Exhibit "A"** is a true and complete copy of EYO's engagement letter dated May 22, 2019. In connection with its engagement, EYO prepared a Confidential Information Memorandum ("**CIM**") to market for sale and elicit interest in Energold, its operating subsidiaries, or their assets. EYO's engagement resulted in, among other things, the BDC Sale Process. In this regard, EYO prepared a list of forty-nine (49) strategic and financial

potential purchasers with respect to a sale of either the Energold Group as a whole or specific business units within the Energold Group.

14. Despite the separate engagement letters, practically speaking, EY and EYO's engagements operated largely in tandem with substantial overlap in professional personnel and expertise. This was done for practical reasons – namely, to take full advantage of all possible efficiencies from using the same members of the Transaction Team on both engagements simultaneously (including with respect to the BDC Sale Process).

15. Throughout EY and EYO's engagement by Energold, two existing directors and officers of Bertram Drilling – Darrel Bertram and Brian Bertram (“**Bertram Management**”) – expressed an interest in carrying out a management buy-out of Bertram Drilling. Energold and the Transaction Team negotiated with Bertram Management over several months in an attempt to come to an agreement to sell Bertram Drilling to them, but were unable to come to an agreement on terms satisfactory to Energold's management and a special committee of the Board's directors.

16. I am informed by Robert Withers and believe to be true that, in early July 2019, he was instructed by members of Energold's management to broaden the pool of potential purchasers beyond Bertram Management. Of the forty-nine (49) previously identified potential purchasers, fifteen (15) were deemed to be specific to Bertram Drilling or its assets. I am informed by Robert Withers and believe to be true that, between July 16, 2019 and July 31, 2019, he or a colleague at EYO approached those fifteen (15) different prospective strategic buyers for Bertram Drilling or its assets (the “**Prospective Purchasers**”). EYO selected these Prospective Purchasers as strategic buyers because they were all companies active in the North American oil-and-gas or drilling industries, and were thus likely to be interested in acquiring Bertram Drilling or its assets. I am aware of the identities of all fifteen (15) of the Prospective Purchasers, and based on my experience, each of the Prospective Purchasers represented credible potential bidders for Bertram Drilling or its assets. I am further advised by Robert Withers, and believe to be true, that he also believed that the Prospective Purchasers each represented credible potential bidders. I confirm that the Prospective Purchasers consisted of business enterprises ranging from similar-in-size to Bertram Drilling

to large companies with multi-billion dollar market capitalizations, some of which are publicly-traded on the Toronto Stock Exchange.

17. Four (4) out of the fifteen (15) Prospective Purchasers expressed interest in conducting due diligence on Bertram Drilling and its assets (such Prospective Purchasers referred to herein as the “**Interested Parties**”) and ultimately entered into non-disclosure agreements (“**NDA**s”) with Energold. In this regard, I or other members of the Transaction Team received signed NDAs from Interested Parties between July 17, 2019 and July 31, 2019.

18. Shortly after receiving the NDAs, I or another member of the Transaction Team circulated to the Interested Parties certain financial information regarding Bertram Drilling. Given the quality of that financial information, one (1) of the Interested Parties declined to advance any further in the BDC Sale Process, while the remaining three (3) Interested Parties decided to continue their due diligence on Bertram Drilling, which included site visits, asset inspections and management interviews on August 8, 2019, which Robert Withers attended.

19. I am advised by Robert Withers and believe to be true that, on or about July 22, 2019, he was informed by one (1) of the Interested Parties that it had partnered with another Interested Party in participating in the BDC Sale Process.

20. In addition to the Interested Parties, Bertram Management also expressed a continued interest to participate in BDC Sale Process. However, given their continued involvement as part of the existing management team of Bertram Drilling, they did not enter into any NDA with EY or EYO as such an arrangement with Bertram Management was unnecessary.

21. None of the Interested Parties expressed any interest in acquiring Bertram Drilling as a going concern, and were only interested in acquiring all or substantially all of the assets of Bertram Drilling (the “**BDC Assets**”). As a result, beginning on July 22, 2019, I reached out to four (4) liquidators who I and other members of the Transaction Team viewed as the most active in the Western Canadian market for drilling equipment and related assets (collectively, the “**Liquidators**”) to inquire on whether they might be interested in submitting a bid to acquire the BDC Assets.

22. Between early-to-mid July 2019 and late August 2019, I and other members of the Transaction Team provided the Interested Parties, the Liquidators, and Bertram Management (as applicable, the “**Potential Bidders**”) with relevant information, documents and access to the BDC Assets to enable them to conduct due diligence on the BDC Assets. The Transaction Team’s various interactions with the Potential Bidders in this regard included, without limitation, the following:

- (a) Providing each of the Interested Parties and Liquidators with an asset list setting out all of the BDC Assets.
- (b) Providing each of the Interested Parties with a copy of an appraisal conducted on the BDC Assets on June 21, 2019.
- (c) Being available by phone or email, often on short notice, to answer questions relating to the BDC Sale Process and discuss related matters with Potential Bidders.
- (d) Organizing or facilitating site visits to permit certain Potential Bidders to inspect the BDC Assets. These site visits took place on August 8, 2019 with respect to potential strategic buyers and on August 12, 2019, August 14, 2019, and August 21, 2019 with respect to the Liquidators.

I confirm that:

- (i) all three (3) of the remaining Interested Parties (or their representatives) attended Bertram Drilling’s facility and inspected the BDC Assets;
- (ii) three (3) out of the four (4) Liquidators attended Bertram Drilling’s facility and inspected the BDC Assets; and
- (iii) each of the site visits lasted between approximately two to four hours in duration.

23. Overall, the Transaction Team gave each of the remaining Interested Parties a period of several weeks to perform due diligence on the BDC Assets. For the Liquidators, given their specialized expertise in equipment valuations, liquidations and insolvency matters, the Transaction Team gave them a truncated timeline of at least two (2) weeks to perform their due diligence on the BDC Assets. Based on my experience in sale processes, including those involving liquidators, these timeframes were reasonable in the circumstances and provided each of the Interested Parties and Liquidators enough time to adequately assess

the BDC Assets, determine their estimation of the fair market value of the BDC Assets, and put together a credible offer to acquire the BDC Assets.

24. The deadline set by the Transaction Team to receive from the Interested Parties and Liquidators all bids to acquire the BDC Assets was set for 5:00PM (Pacific Time) on Friday August 23, 2019 (the “**Initial Bid Deadline**”). Ultimately the Transaction Team received seven (7) different bids to acquire the BDC Assets on or before the Initial Bid Deadline, submitted by six (6) different bidders (collectively, the “**Bidders**”).

25. Shortly after the Initial Bid Deadline, I and other members of the Transaction Team analyzed each of the bids received, and prepared a summary outlining our assessment of the bids received for review by Energold’s management, legal counsel, and Energold’s primary secured creditors. I understand that a true and complete copy of that summary of the bids will be attached as a schedule to Affidavit #2 of Mark Berger (to be filed under seal).

26. On or around 1:00PM on Monday August 26, 2019, I and certain other members of the Transaction Team participated on a conference call with the CRO, representatives of Extract Advisors, LLC (Energold’s primary secured creditor), and Energold’s legal counsel, and discussed the Transaction Team’s analysis and the merits of each of the bids received. In the course of this conference call, the group decided that it was in the best interests of Energold to approach a sub-set of the Bidders who submitted the best and most credible offers, and ask them to reconsider those offers and submit their “final and best” bids by no later than 5:00PM (Pacific Time) on Wednesday August 28, 2019 (the “**Final Bid Deadline**”). I communicated the second round of bidding and the Final Bid Deadline to each of the Bidders verbally, by phone.

27. At the direction of the CRO and on my recommendation, two (2) of the Bidders were not asked to submit a “final and best” bid before the Final Bid Deadline. My recommendation was premised on the fact that, among other things, those two (2) bids were of substantially lower quality than the competing bids or were for only a portion of the BDC Assets. Based on my experience in the BDC Sales Process and sales processes in other matters, there is no credible chance that those bidders who were not invited by the

Transaction Team to submit a second bid would submit anything even remotely comparable to the bid that was ultimately successful.

28. I am advised by the CRO and believe to be true that Bertram Management contacted the CRO or about August 29, 2019 and requested a status update on the BDC Sale Process. Following that conversation between the CRO and Bertram Management, the CRO requested that I contact Bertram Management and inquire if any subsequent bid by them to acquire the BDC Assets would be forthcoming. Shortly after my receipt of this request from the CRO, I contacted Bertram Management by phone and confirmed to them that any bid to acquire the BDC Assets delivered by Bertram Management to the Transaction Team on or before a final decision being made would be presented to the CRO and a special committee of the Board for their consideration.

29. Ultimately, the Transaction Team received bids from three (3) of the Bidders on or before the Final Bid Deadline. I and other members of the Transaction Team proceeded to analyze each of the bids received, and prepared another summary outlining our assessment of the bids received for review by Energold's management and legal counsel.

30. On or about 10:00AM on Thursday August 29, 2019, I and certain other members of the Transaction Team participated on a conference call with Mark Berger (Chief Restructuring Officer of Energold), certain members of the Board, representatives of Extract Advisors, LLC (Energold's primary secured creditor), and Energold's legal counsel, and discussed the Transaction Team's analysis of the merits of each of the second round of bids received.

31. On that conference call, the members of the Board in attendance indicated a strong preference for the BDC Sale Process to yield a going concern sale transaction as opposed to an asset sale. As a result of that discussion, I and Robert Withers attended a conference call with Bertram Management (the only Bidder seeking to acquire Bertram Drilling as a going concern) and their legal counsel and asked whether Bertram Management would improve their offer. Bertram Management indicated to me that they would not and, as a result, Energold and the Transaction Team focused on assessing the liquidation/auction proposals received.

32. In that regard, I prepared a summary of the various liquidation/auction proposals received from the Bidders and provided it to the Board, Mark Berger (Energold's Chief Restructuring Officer, and referred to in such capacity as the "CRO"), and Energold's legal counsel on Friday August 30, 2019 for their consideration. I understand that a true and complete copy of that summary of the bids will be attached as a schedule to Affidavit #2 of Mark Berger (to be filed under seal).

33. Further, on Saturday, August 31, 2019, I attended a conference call with certain members of the Board, the CRO, and Energold's legal counsel, and discussed the auction/liquidation proposals received from the Bidders. Following a discussion, the Board voted to approve the bid from Century Services Corp. ("Century").

34. The characteristics of the bid submitted by Century (the "Century Bid") which made it the preferred option included:

- (a) the Century Bid provided for the highest value net minimum guarantee on purchase price;
- (b) the value generated by the Century Bid was competitive and commercially reasonable for the BDC Assets, and the consideration offered is expected to represent a greater recovery than that proposed in competing bids;
- (c) Century is headquartered in Calgary, Alberta, and is thus able to quickly mobilize to the BDC Assets, which are located approximately one (1) hour from Calgary;
- (d) the Century Bid contemplated assisting with securing the BDC Assets until they are ready for auction;
- (e) Century confirmed that it would be able to complete an auction of the BDC Assets prior to November 30, 2019, whereas the competing bids contemplated auctions on more prolonged timelines;
- (f) Century was prepared to make immediate liquidity available to Energold, if required; and
- (g) based on discussions with the Transaction Team, it seemed that Century had greater confidence in their ability to monetize the BDC Assets.

35. On September 1, 2019, I advised Century that they were the successful bidder by email, and informed them that Energold and its legal counsel would review and provide comments on the form of asset disposition proposal (the “**Disposition Agreement**”) provided by Century, such Disposition Agreement representing the agreement of purchase and sale between the parties. Attached as **Exhibit “B”** is a copy of that email correspondence to Bevan May, a representative of Century.

36. On September 9, 2019, Energold executed the Disposition Agreement. Attached as **Exhibit “C”** is a copy of the fully-executed Disposition Agreement.

BDC Sale Process and Century Bid are fair and reasonable in the circumstances

37. Based on my experience in restructuring matters and sales processes in similar circumstances, given the severe liquidity constraints facing Energold and Bertram Drilling, the process undertaken by the Transaction Team to market Bertram Drilling and the BDC Assets for sale was fair and reasonable in the circumstances. Further, based on my experience in restructuring matters and sales processes, the sale of the BDC Assets in accordance with the Century Bid will yield the greatest possible recovery and security of outcome in the circumstances to Energold, Bertram Drilling, and their stakeholders.

38. The Transaction Team implemented the BDC Sale Process with the overall efficacy and integrity of the sale process in mind. The Transaction Team canvassed a broad spectrum of potential buyers for Bertram Drilling and the BDC Assets, and the Potential Purchasers who were approached by me and other members of the Transaction Team represented the entities most likely to submit credible bids offering fair market prices for Bertram Drilling and the BDC Assets. All Prospective Purchasers and Potential Bidders were given equal access to information and attention by the Transaction Team with respect to BDC Assets and any due diligence requests at each applicable stage in the BDC Sale Process. Furthermore, based on my experience in restructuring matters and sales processes, the amount of time provided by the Transaction Team to enable Potential Bidders to inspect and assess the BDC Assets and conduct additional due diligence was reasonable in the circumstances.

39. Although not all creditors of Energold or Bertram Drilling were consulted in the course of the BDC Sale Process, Extract Advisors, LLC (the primary secured creditor of Energold and Bertram Drilling)


was consulted throughout, and had representatives attend at least two conference call where the bids for the BDC Assets were discussed.

40. Based on my experience in restructuring matters, I believe that given the prevailing market conditions for the assets and business of Bertram Drilling and the financial distress of Energold and Bertram Drilling, the consideration offered in the Century Bid is fair and reasonable, and going back to the market to conduct another sale process with respect to the assets and business of Bertram Drilling is unlikely to yield consideration that is superior to that offered in the Century Bid.

Outstanding professional fees payable to EY and EYO


41. As of September 11, 2019, Energold is indebted to:

- (a) EY in the aggregate amount of \$133,604 in connection with invoices issued for the months of February, March, April and August 2019 for services rendered; and
- (b) EYO in the aggregate amount of \$48,157 in connection with invoices issued for the months of June and August 2019 for services rendered.

SWORN BEFORE ME at Vancouver, British Columbia, on the 11th day of September, 2019.


 A commissioner for taking affidavits for British Columbia


 MICHAEL BELL



MONTANA C. YUEN
Barrister & Solicitor
BORDEN LADNER GERVAIS LLP
 1200 Waterfront Centre, 200 Burrard Street
 P.O. Box 48900, Vancouver, Canada V7X 1T2
 604-640-4174

A

This is Exhibit "A" referred to
in the Affidavit #1 of Michael Bell
made before me on September 11, 2019

A handwritten signature in black ink, appearing to read "Monty", written over a horizontal line.

A Commissioner for taking Affidavits
for British Columbia



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Attn: Mr. Frederick Davidson
Energold Drilling Corp.
543 Granville Street, Suite 1100
Vancouver, BC V6C 1X8

22 May 2019

Proposed divestiture of Energold Drilling Corp. assets

Dear Mr. Davidson:

Thank you for choosing Ernst & Young Orenda Corporate Finance Inc. ("we" or "EY") to perform certain professional services (the "Services") for Energold Drilling Corp ("Energold") and its shareholders (collectively, "you" or "Client"). We appreciate the opportunity to assist you and look forward to working with you.

The attached Statement of Work describes the scope of the Services, our fees for the Services, and any additional arrangements. The Services will be subject to the terms and conditions of this letter, together with its attachments, including the General and Supplemental terms and conditions attached to this letter (together, this "Agreement").

Please sign this letter in the space provided below to indicate your agreement with these arrangements and return it to Rob Withers at your earliest convenience. If you have any questions about any of these materials, please do not hesitate to contact Rob Withers so that we can address any issues you identify before we begin to provide any Services.

Yours very truly,

Ernst & Young Orenda Corporate Finance Inc.
Per:

*Ernst & Young Orenda
Corporate Finance Inc.*

Rob Withers
Senior Vice-President

Acknowledged and agreed:

Energold Drilling Corp.
Per:

Frederick Davidson
President, CEO and Director
I have the authority to bind Energold Drilling Corp. and its shareholders



Encl.:

- ▶ **Statement of work**
- ▶ **General terms and conditions**
- ▶ **Supplemental terms and conditions**



STATEMENT OF WORK

Scope of engagement

We are pleased to accept this engagement as your exclusive financial advisor. You have asked for our assistance in connection with the proposed direct or indirect sale ("Divestiture(s)") of certain assets and/or divisions of Energold Drilling Corp. (the "Business" or "Businesses"), including by way of sale of shares, sale of assets or merger.

EY's team, to be led by Rob Withers, will also consist of Shane Dunn, Jeff Swinoga, Chris Hibberd, Sam Watson and other members of the team as required. We expect to work closely with your divestiture team, comprised of your management team and legal advisors, to:

- ▶ review information related to the operations and financial performance of the Business;
- ▶ review relevant financial market and industry information and conduct other analyses as are appropriate in the circumstances;
- ▶ advise on structural, marketing and pricing strategies;
- ▶ assist you with the identification of qualified prospective purchasers (as we work through this engagement, you agree to promptly discuss with and refer to us any prospective purchasers of which you become aware);
- ▶ assist you with the preparation of appropriate marketing documents, including a Confidential Information Memorandum or similar document ("CIM"), designed to allow prospective purchasers to evaluate the investment opportunity;
- ▶ present the CIM on your behalf to those parties that have signed a Confidentiality Agreement and maintain contact with prospective purchasers to encourage multiple qualified buyer interest in the Business;
- ▶ discuss with you the merits and issues regarding the written expressions of interest received from prospective purchasers to assist in your evaluation and assessment of the offers and advise you regarding those purchasers qualified for further consideration based upon indicated bid price and other relevant bid factors;
- ▶ assist in the compilation of a data room to enable prospective purchasers to complete their due diligence in a controlled environment;
- ▶ assist you in the administration of the due diligence process, comprised of data room visits, meetings between management and prospective purchasers, and respond to due diligence inquiries from prospective purchasers and/or their financing sources;
- ▶ assist you in your negotiations with qualified prospective purchasers to formalize and execute a letter of intent for the Divestiture(s) on terms satisfactory to you; and



- ▶ assist you and your legal advisors in the negotiation and documentation of a definitive purchase and sale agreement.
- ▶ For greater certainty, our Statement of Work and related Compensation will not include the private placement or other fund raising activities associated with a treasury offering of Energold shares or the sale of Energold's shares of Impact Silver Corp.

Some of the steps in the foregoing process may be altered or omitted based upon various circumstances including market response.

EY's role is to assist you by providing advice and experience. You retain complete and final control of all transaction decisions including: (i) approving the transaction strategy; (ii) approving prospective purchasers before they are contacted; (iii) approving specific information being disclosed to prospective purchasers including the CIM; (iv) selecting the best proposal, after our analysis and comparison; (v) approving the commencement of each phase of the divestiture process; (vi) agreeing to an agreement in principle; and (vii) agreeing to the definitive purchase and sale agreement.

All marketing documents including the CIM will be provided to you in draft form for review and approval prior to being finalized or distributed. EY will rely upon the accuracy and completeness of all information supplied by you without assuming any responsibility for independent investigation or verification of the information. You will be required to sign a letter of representation regarding the content of marketing documents prior to distribution.

As is typical in any transaction, the structure and nature of the project may change as discussions with potential purchasers progress. You acknowledge that this engagement has been undertaken on the basis that various structures may need to be considered in order to successfully complete a transaction. The following issues/structures will likely need to be considered: i) the sale of assets or shares, ii) alternatives related to the timing and amount of payments including earn-outs and similar provisions, iii) receipt of other forms of non-cash consideration, and iv) cash consideration to be set aside to support representations, warranties and indemnity provisions.

Client contact

We understand that our main point of contact in this matter shall be Frederick Davidson. We shall take instruction from such person until advised otherwise.

Compensation

In consideration of the foregoing, upon completion of a Divestiture you shall pay to EY the following fees:

- a) Hourly Work Fees at a blended hourly rate of \$300 per hour for the actual hours incurred to a maximum of 825 hours unless otherwise agreed in writing; and
- b) Upon completion of any Divestitures a Completion Fee equal to 1.5% of the Transaction Value for any Business sold.



All fees are in Canadian dollars unless otherwise specified. Applicable taxes will be added to all fees and you are required to provide an irrevocable direction to your legal counsel to pay the Completion Fee to EY at the closing.

For the purposes of this Agreement:

“Transaction Value” shall be calculated based on the successful completion of any divestiture and shall include amounts received or receivable, directly or indirectly, from the sale of the Business, being the sum of the following components:

- (a) the amount of cash consideration received;
- (b) the fair market value of any Marketable Securities or other non-cash consideration received;
- (c) any interest bearing debt of the Business assumed by the purchaser;
- (d) the fair market value of any proceeds of sale received for assets sold to the purchaser by you, directly or indirectly, which relate to the Business;
- (e) the amount of any distribution by the Business to its shareholders, their affiliates and/or related parties, from the date hereof up to closing, other than dividends or distributions paid in the normal course and consistent with past practice; and
- (f) the present value of any contingent payments to be received by you or your shareholders in the future, such present value calculation to be mutually agreed between you and EY, each party acting reasonably.

“Marketable Securities” means securities that are listed on a stock exchange or are quoted on a securities quotation system.

In arriving at the proposed fee structure, we have relied upon the information provided by you regarding the Business' current and prospective market position and its financial and operating performance. In the event of an adverse change in the market position, financial or operating performance of the Business we would anticipate negotiating with you, in good faith, a revised fee arrangement.

Expenses

In addition to the professional fees set out above, you agree to reimburse EY for its expenses as follows. Out-of-pocket costs such as travel, meals, accommodation, and other significant expenses will be charged as incurred, subject to the pre-approval of individual out-of-pocket expenses over \$5,000. Other administrative expenses such as administrative support personnel, printing, telephone, delivery and other administrative support costs will be covered by a flat charge of \$3,000 at the completion of the engagement.

In addition, a transaction of this nature may benefit from the use of an electronic data room for the timely processing of due diligence. In the event you elect to use an electronic data room, those expenses will be paid directly by you.

Payment of EY's invoices is due upon receipt. Interest on overdue accounts accrues at 12% per annum starting 30 days following the date of our invoice. EY may suspend performance of the Services in the event you fail to pay our invoice.

Court Approval of Payment of Fees and Expenses

While unlikely, should Energold seek creditor protection, including protection sought under the Companies' Creditors Arrangement Act (the "CCAA"), Energold will seek a Court order approving its ability to pay any Fees and Expenses payable under this agreement, which amounts shall be included as part of a Court-ordered administrative charge ("Admin Charge") that shall rank ahead of all other existing charges approved by the Court, with Energold's obligation to pay any Fees and Expenses expressly subject to Court approval. Energold will notify the lending syndicate of this Admin Charge arrangement and seek its support thereof prior to execution of this Agreement.

Termination

EY's engagement hereunder may be terminated at any time with or without cause by either you or EY upon ten days written notice thereof to the other party, provided, however, that in the event of any termination, EY will continue to be entitled to payment of the full amount of the Transaction Fee and to retain any other rights arising from completion, if a transaction is consummated within twelve (12) months of termination. Any termination of EY's engagement hereunder shall not affect your obligation to pay fees earned and expenses incurred prior to such termination.

Publication

Appropriate reference shall be made to EY in any press releases and other media communications regarding the divestiture. Following completion of the divestiture, EY shall have the right to use your name and trade-mark and the Business name and trade-mark, as well as other public information on the divestiture, in promotional materials such as marketing tombstones.

GENERAL TERMS AND CONDITIONS

Our relationship with you

1. We will perform the Services in accordance with applicable professional standards.
2. We are a member of the global network of Ernst & Young firms ("**EY Firms**"), each of which is a separate legal entity.
3. We will provide the Services to you as an independent contractor and not as your employee, agent, partner or joint venturer. Neither you nor we have any right, power or authority to bind the other.
4. We may subcontract portions of the Services to other EY Firms, as well as to other service providers, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Reports (as defined in Section 11), the performance of the Services, and our other obligations under this Agreement.
5. We will not assume any of your management responsibilities in connection with the Services. We will not be responsible for the use or implementation of the output of the Services.

Your responsibilities

6. You shall assign a qualified person to oversee the Services. You are responsible for all management decisions relating to the Services, the use or implementation of the output of the Services and for determining whether the Services are appropriate for your purposes.
7. You shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services.
8. To the best of your knowledge, all information provided by you or on your behalf ("**Client Information**") will be accurate and complete in all material respects. The provision of Client Information to us will not infringe any copyright or other third-party rights.
9. We will rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.
10. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

Our reports

11. Any information, advice, recommendations or other content of any reports, presentations or other communications we provide under this Agreement ("**Reports**"), other than Client Information, are for your internal use only (consistent with the purpose of the particular Services).
12. You may not disclose a Report (or any portion or summary of a Report) externally (including to your affiliates) or refer to us or to any other EY Firm in connection with the Services, except:
 - (a) to your lawyers (subject to these disclosure restrictions), who may review it only to give you advice relating to the Services,
 - (b) to the extent, and for the purposes, required by law (and you will promptly notify us of any such requirement, to the extent you are permitted by law to do so),
 - (c) to other persons (including your affiliates) with our prior written consent, who have executed an access letter substantially in the form we prescribe, or
 - (d) to the extent it contains Tax Advice, as set forth in Section 13.

If you are permitted to disclose a Report (or a portion thereof) externally, you shall not alter, edit or modify it from the form we provided.

13. You may disclose to anyone a Report (or a portion thereof) solely to the extent that it relates to tax matters, including tax advice, tax opinions, tax returns, or the tax treatment or tax structure of any transaction to which the Services relate ("**Tax Advice**"). With the exception of tax authorities, you shall inform those to whom you disclose Tax Advice that they may not rely on it for any purpose without our prior written consent.
14. You may incorporate into documents that you intend to disclose externally EY summaries, calculations or tables based on Client Information contained in a Report, but not our recommendations, conclusions or findings. However, you must assume sole responsibility for the contents of those documents and not refer to us or any other EY Firm in connection with them. This provision does not affect your ability to circulate Reports internally.
15. You may not rely on any draft Report. We shall not be required to update any final Report for circumstances of which we become aware, or events occurring, after its delivery.

Notice re: Québec

16. From time to time, we may have individual partners and employees performing the Services who are members of the *Ordre des comptables professionnels agréés du Québec* (the "Québec Order"). Any individual member of the Québec Order practising the profession of chartered professional accountant assumes full personal civil liability arising therefrom, regardless of his or her status within our organization. He or she may not invoke the liability of our organization as a ground for excluding or limiting his or her own personal liability for the practice of the profession. The sections that follow below under the heading "Limitations" shall not apply to limit the personal civil liability of individual members of the Québec Order arising from their practice of the chartered professional accountant profession (and to such extent, shall be deemed to not be included in this Agreement).

Limitations

17. You (and any others for whom Services are provided) may not recover from us, in contract or tort (including negligence), under statute or otherwise, any consequential, incidental, indirect, punitive or special damages in connection with claims arising out of this Agreement or otherwise relating to the Services, including any amount for loss of profit, data or goodwill, whether or not the likelihood of such loss or damage was contemplated.
18. Our total aggregate liability to you (and any others for whom Services are provided) for any loss or damage arising out of or relating to this Agreement or the Services shall be limited to the amount of the fees you have paid us for the particular Services directly giving rise to such loss or damage. This limitation applies regardless of whether our liability arises under contract, tort (including negligence), statute or otherwise. This limitation will not limit liability for loss or damage caused by our fraud or willful misconduct and will not apply to the extent prohibited by applicable law or professional regulations.
19. If we are liable to you (or to any others for whom Services are provided) under this Agreement or otherwise in connection with the Services, for loss or damage to which any other persons have also contributed, our liability to you shall be several and not joint and several, solidary or *in solidum*, with such others, and shall be limited to our proportionate share of that total loss or damage, based on our contribution to the loss and damage relative to the others' contributions. No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.

20. You shall make any claim relating to the Services or otherwise under this Agreement no later than one year after you became aware (or ought reasonably to have become aware) of the facts giving rise to any alleged such claim and in any event, no later than two years after the completion of the particular Services (and the parties agree that the limitation periods established by the *Limitations Act, 2002* (Ontario) or any other applicable legislation shall be varied and/or excluded accordingly). This limitation will not apply to the extent prohibited by applicable law or professional regulations.
21. You may not make a claim or bring proceedings relating to the Services or otherwise under this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees ("EY Persons"). You shall make any claim or bring proceedings only against us. Sections 17 through 20 and this Section 21 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to rely on and enforce them.

Indemnity

22. To the fullest extent permitted by applicable law and professional regulations, you shall indemnify and hold harmless EY, the other EY Firms and the EY Persons from and against all claims by third parties (including your affiliates and lawyers) and resulting liabilities, losses, damages, costs and expenses (including reasonable external and internal legal costs) arising out of the disclosure of any Report (other than Tax Advice) or such third parties' use of or reliance on any Reports (including Tax Advice) disclosed to them by you or at your request.

Intellectual property rights

23. We may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how that we own or license ("Materials") in performing the Services. Notwithstanding the delivery of any Reports, we retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in connection with the Services (but not Client Information reflected in them).
24. Upon payment for the Services, you may use any Materials included in the Reports, as well as the Reports themselves, solely as permitted by this Agreement.

Confidentiality

25. Except as otherwise permitted by this Agreement, neither of us may disclose to third parties the contents of this Agreement or any information (other than Tax Advice) provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary. Either of us may, however, disclose such information to the extent that it:

- (a) is or becomes public other than through a breach of this Agreement,
 - (b) is subsequently received by the recipient from a third party who, to the recipient's knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information;
 - (c) was known to the recipient at the time of disclosure or is thereafter created independently,
 - (d) is disclosed as necessary to enforce the recipient's rights under this Agreement, or
 - (e) must be disclosed under applicable law, legal process or professional regulations.
26. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Agreement.
27. We may provide Client Information to other EY Firms (which are listed at www.ey.com), EY Persons, and service providers to EY and other EY Firms, all of whom may collect, use, transfer, store or otherwise process (collectively "**Process**") it in various jurisdictions in which we and they operate in order to facilitate performance of the Services, to comply with regulatory requirements, to check conflicts, to provide technology or administrative services, or for quality, risk management or financial accounting purposes. We shall be responsible to you for maintaining the confidentiality of Client Information, regardless of where or by whom such information is Processed on our behalf.
28. With respect to any Services, if U.S. Securities and Exchange Commission auditor independence requirements apply to the relationship between you or any of your associated entities and any EY Firm, you represent, to the best of your knowledge, as of the date of this Agreement and as of the date of each Statement of Work hereunder, that neither you nor any of your affiliates has agreed, either orally or in writing, with any other advisor to restrict your ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Services relate. An agreement of this kind could impair an EY Firm's independence as to your audit or that of any of your affiliates, or require specific tax disclosures as to those restrictions. Accordingly, you agree that the impact of any such agreement is your responsibility.

Data protection

29. EY, the other EY Firms and our respective service providers may Process Client Information that can be linked to specific individuals ("**Personal Data**") in various jurisdictions in which we and they operate, for the purposes described in section 27. All Personal Data will be Processed in accordance with applicable law and professional regulations. We will require any service provider that Processes Personal Data on our behalf to adhere to such requirements and we shall

be responsible to you for maintaining the confidentiality of Personal Data, regardless of where or by whom such Personal Data is Processed on our behalf. Our Canadian privacy policy is available at www.ey.com/ca.

30. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been Processed in accordance with applicable law.

Fees and expenses generally

31. You shall pay our professional fees and specific expenses in connection with the Services as detailed in the applicable Statement of Work. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally). Unless otherwise set forth in the applicable Statement of Work, payment is due within 30 days following receipt of each of our invoices.
32. We may charge additional professional fees if events beyond our control (including your acts or omissions) affect our ability to perform the Services as originally planned or if you ask us to perform additional tasks.
33. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external and internal legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation.

Force majeure

34. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

Term and termination

35. This Agreement applies to the Services whenever performed (including before the date of this Agreement).
36. This Agreement shall terminate upon the completion of the Services. Either of us may terminate it, or any particular Services, earlier upon 30 days' prior written notice to the other. In addition, we may terminate this Agreement, or any particular Services, immediately upon written notice to you if we reasonably determine that we can no longer provide the Services in accordance with applicable law or professional obligations.
37. You shall pay us for all work-in-progress, Services already performed, and expenses incurred by us up to and including the effective date of the termination

of this Agreement. Payment is due within 30 days following receipt of our invoice for these amounts.

38. The provisions of this Agreement, including Section 14 and otherwise with respect to Reports, that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement, except that our respective confidentiality obligations (other than those relating to Reports or under Section 14) shall continue thereafter for three years only.

Governing law and dispute resolution

39. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Services, shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein, without regard to principles of conflicts of law. Any dispute, claim or other matter arising out of or relating to this Agreement or the Services shall be subject to the exclusive jurisdiction of the British Columbia courts, to which each of us agrees to submit for these purposes.

Miscellaneous

40. This Agreement constitutes the entire agreement between us as to the Services and the other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto, including any confidentiality agreements previously delivered.
41. Both of us may execute this Agreement (including Statements of Work), as well as any modifications thereto, by electronic means and each of us may sign a different copy of the same document. Both of us must agree in writing to modify this Agreement or any Statement of Work hereunder.
42. Each of us represents to the other that each person signing this Agreement or any Statement of Work hereunder on its behalf is expressly authorized to execute it and to bind such party to its terms. You also represent that this Agreement has, if necessary, been considered and approved by your Audit Committee. You represent that any others for whom Services are provided shall be bound by the terms of this Agreement and the applicable Statement of Work.
43. You agree that we and the other EY Firms may, subject to professional obligations, act for other clients, including your competitors.
44. Neither of us may assign any of our rights, obligations or claims arising out of or related to this Agreement or any Services.
45. If any provision of this Agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.

46. If there is any inconsistency between provisions in different parts of this Agreement, those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Cover Letter, (b) the applicable Statement of Work and any attachments thereto, (c) these General Terms and Conditions, and (d) other attachments to this Agreement.

47. Neither of us may use or reference the other's name, logos or trademarks publicly without the other's prior written consent, although we may publicly identify you as a client in connection with specific Services or generally.

48. Without limiting any other terms of this Agreement, the provisions of Sections 22, 27, 29 and 43 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to rely on and enforce them.

49. For administrative reasons, you may from time to time ask that fees and expenses for Services performed for your international affiliates or at international locations be invoiced to you or your designate there, in local currency. You guarantee the timely payment of all those invoices by your affiliates. In addition, from time to time other EY Firms providing Services as our subcontractors may bill you directly for fees and expenses incurred for work performed outside of Canada (in local currency or otherwise).

50. Where you have engaged the Canadian firm of Ernst & Young LLP, please note the following. We are a registered limited liability partnership ("LLP") continued under the laws of the province of Ontario and we are registered as an extra-provincial LLP in Quebec and other Canadian provinces. Generally, an LLP partner is not personally liable for the debts, obligations or liabilities of the LLP arising from the negligence of persons not under his or her direct supervision (including other LLP partners) or most other debts or obligations of the LLP. As an LLP, we are required to maintain certain insurance. Our insurance exceeds the mandatory professional liability insurance requirements established by any provincial Institute of Chartered Accountants/Order of Chartered Professional Accountants.

SUPPLEMENTAL TERMS AND CONDITIONS

You will make all filings required by applicable securities or other regulatory authorities in connection with the Agreement, including without limitation applicable Regulation D filings related to the sale of securities to accredited US based investors, and will provide advance copies of any such filings to us.

Pursuant to Canadian and US securities regulations, EY and Ernst & Young Corporate Finance (Canada) Inc. have developed business continuity plans describing how we intend to respond to disasters or other significant business disruptions. Some of the goals of our business continuity plan are to protect human life and to ensure that we respond to a disaster or other serious business disruption in an organized, effective and professional manner with a goal of minimizing the effect of the disruption on our people, clients and business operations. Since disasters and significant business disruptions are inherently unpredictable, we need to be flexible in responding to actual events as they occur. Our plans provide for steps and communication procedures to be followed at each stage of crisis response, from the initial assessment stage to the response and recovery stage to the resumption stage. Our systems have also been designed to deliver high reliability without having to engage the business continuity plan. For example, where possible our systems have been designed with redundancy and automatic fail-over to secondary services.

Ernst & Young Corporate Finance (Canada) Inc. is a member of the U.S. Securities Investor Protection Corporation ("SIPC"). You may obtain information about SIPC, including the SIPC brochure describing its activities by contacting SIPC at: Securities Investor Protection Corporation, 805 15th Street, N.W. Suite 800, Washington, D.C. 20005-2215, Tel: (202)371-8300 or by visiting the website of the SIPC at <http://www.sipc.org>.

National Instrument 31-103 ("*Registration Requirements and Exemptions*") contains certain requirements that may be waived by a registrant's client in writing. According to section 13.3, a registrant must take reasonable steps to ensure that, before it makes a recommendation to or accepts an instruction from a client to buy or sell a security, or makes a purchase or sale of a security for a client's managed account, the purchase or sale is suitable for the client. According to section 14.2, a registered firm must deliver to a client all information that a reasonable investor would consider important about the client's relationship with the registrant (including various enumerated pieces of information). A copy of the full National Instrument is available publicly at www.osc.gov.on.ca. By signing this Agreement you hereby waive the requirements of these sections.

B

This is Exhibit "B" referred to
in the Affidavit #1 of Michael Bell
made before me on September 11, 2019

A handwritten signature in black ink, appearing to read "Monty", written over a solid horizontal line.

A Commissioner for taking Affidavits
for British Columbia

Lau, Randall

From: Mike Bell <mike.bell@ca.ey.com>
Sent: September 5, 2019 12:25 PM
To: Laity, Ryan
Subject: FW: Bertram Drilling - Proposal
Attachments: 20190822-E&Y- Bertram Drilling Proposal.docx

Ryan,

This is when I notified Century they had been selected.

Mike Bell | Senior Vice President | Transaction Advisory Services

EY Inc.
 Office: +1 604 899 3566 | Mike.Bell@ca.ey.com

From: Mike Bell
Sent: Sunday, September 1, 2019 12:36 PM
To: Bevan May <bmay@centuryservices.com>
Cc: Mark Berger <mberger@pppllc.com>; Hiebert, Lisa <LHiebert@blg.com>
Subject: RE: Bertram Drilling - Proposal

Bevan,

Per our call, timeline going forward is as follows:

1. Energold and its legal counsel will review and provide comments on the attached proposal by Tuesday morning, while making sure the recent proposed changes are incorporated:
 - a. NMG of \$4.8MM
 - b. Sharing 75% (BDC)/ 25% (Century) on Auction Proceeds in excess of \$5.7 million
 - c. The Proposal current reads as if EY is a party to the agreement with certain responsibilities. While EY has been the Company's financial advisor, it is not contemplated that the liquidation will occur under a receivership with EY in possession of the assets. BLG will make the necessary changes.
2. Pursuant to the terms of the Proposal, auction proceeds are payable within 3 weeks of the auction date; however, Century will advance funding into a CCAA (by way of a DIP, or some other agreed upon mechanism) within a reasonable amount of time following the execution of the Proposal and Court Approval. I understand discussions are ongoing between the Company and its current secured lender regarding the funding of the CCAA. If Century were to fund, terms would be as follows:
 - a. Per annum interest rate (15%)
 - b. You will confirm the standby fee on Tuesday for undrawn amounts if the advance is structured as a DIP and funded in draws (as funding is required by the Company)
3. Aim to execute the Proposal on Tuesday.
4. Following the execution of the Proposal, EY will introduce Century to Cross Border Drilling. Century will aim to cut a deal for the 3 drills active on the Syncrude project in Ft. Mac with Cross Border immediately. In the event Century is not funding the DIP or otherwise (i.e. funding is being provided by the current Secured Lender), 75% of the proceeds from the sale to Cross Border will be paid to immediately to BDC upon receipt of proceeds.
5. The CRO of Energold will be making arrangements with you in the next day or two regarding security arrangements at the facility in Carbon.

Copied on this email are Mark Berger, Energold's CRO, and Lisa Hiebert of BLG in Vancouver, who is representing Energold in these matters.

Thanks,
Mike

Mike Bell | Senior Vice President | Transaction Advisory Services

EY Inc.
Office: +1 604 899 3566 | Mike.Bell@ca.ey.com

From: Bevan May <bmay@centuryservices.com>
Sent: Thursday, August 22, 2019 7:25 AM
To: Mike Bell <mike.bell@ca.ey.com>
Subject: Fwd: Bertram Drilling - Proposal

Mike

Please see attached our proposal including 3 options: NMG, Outright buy, or Straight Commission.

Give me a call if we need to tweak anything.

Also, let me know if we could start a discussion with Cross Border.

Bevan May | Century Services Corp. | President
[2nd Floor, 734 - 42 Ave S.E. | Calgary, AB | T2G 5N9](#)
o: [403.303.2581](tel:403.303.2581) | c: [403.988.8882](tel:403.988.8882) | f: [403.294.9409](tel:403.294.9409) |

email: bmay@centuryservices.com
website: centuryservices.com

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C

This is Exhibit "C" referred to
in the Affidavit #1 of Michael Bell
made before me on September 11, 2019

A handwritten signature in black ink, appearing to read "Monty", written over a solid horizontal line.

A Commissioner for taking Affidavits
for British Columbia

ASSET DISPOSITION PROPOSAL

SUBMITTED: September 3, 2019
IN THE MATTER OF: Bertram Drilling Corp – ASSET DISPOSITION PROPOSAL
PRESENTED TO: ENERGOLD
Lisa Hiebert, BLG



CENTURY SERVICES CORP.
21314 TWP 554
FORT SASKATCHEWAN, ALBERTA T8L 4A4
PH. 780-944-9144

Anthony Alberda, Regional Manager | Northern Alberta
AAlberda@centuryservices.com
Ph. 780-935-2619

I. INTRODUCTION



September 3, 2019

Sent via Email: LHiebert@blg.com

ENERGOLD GROUP
c/o Borden Ladner Gervais LLP
1200 – 200 Burrard St
Vancouver BC V6B 1E6

Attention: Lisa Hiebert

RE: Bertram Drilling Corp– ASSET DISPOSITION PROPOSAL

Century Services Corp. (“Century”) has prepared this proposal to address the disposition requirements of **Energold Drilling Corp.** (“ENERGOLD”) as owner of **Bertram Drilling Corp** (“BD” or “Bertram Drilling”). Century’s 40 years of liquidation experience, our extensive experience in the heavy industrial marketplace and our global buyer network make us the ideal company to extract maximum value and minimize selling costs from the **BD** assets in this challenging economic environment.

Thank you for the opportunity to submit this proposal. I look forward to the opportunity to further dialog and assist you with your asset disposition needs.

Respectfully yours,
CENTURY SERVICES CORP.

Per:

Anthony Alberda, Regional Manager Northern Alberta





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II. SUBJECT ASSETS

This proposal relates to an offer to liquidate a total slate of assets provided by **ENERGOLD** and as summarized here in Schedule A. Century will further include in an auction process all sundry and misc items not enumerated in Schedule A as may be present on the site/sites of BD and as needed to ensure all such assets are also liquidated.

III. EXECUTIVE SUMMARY

Century Services Corp. ("Century") has reviewed the listing of fixed assets ("Assets") of Bertram Drilling, per the listing provided by ENERGOLD, and is offering Three alternate disposal proposals for consideration.

IV. ASSET DISPOSITION PROPOSALS

Subject to such Court approval as may be necessary, ENERGOLD shall have the right to choose any one of the Three proposals outlined below:

Proposals A, B & C :

PROPOSAL A - NET MINIMUM GUARANTEE "NMG": **\$ 4,800,000**
with Gross Auction Revenue exceeding **\$ 5,700,000** the "Sharing Threshold", to be split 75% to ENERGOLD and 25% to Century
- * [REDACTED] Adjustment; in the event [REDACTED] Purchases Units 722, 781 and 652 for no less than \$1,250,000, subject to Completion of the transaction through Century, the NMG shall increase to \$5,100,000 with a new sharing Threshold of \$6,000,000, to be split 75% to ENERGOLD and 25% to Century

PROPOSAL B - OUTRIGHT PURCHASE **\$ 5,100,000**
- * [REDACTED] Adjustment; in the event [REDACTED] Purchases Units 722, 781 and 652 for no less than \$1,250,000, subject to Completion of the transaction through Century, the OUTRIGHT PURCHASE shall increase to \$5,400,000

PROPOSAL C - STRAIGHT COMMISSION 0% Commission plus \$190,000 in expenses to be paid to Century

* Note - In the event of any other pre-sale of assets to a party other than [REDACTED] Century's base NMG and Outright Purchase offers shall apply.

V. APPRAISALS

If this proposal is accepted, Century will conduct appraisals of the assets of EGD Services, Cros-Man Direct Underground Ltd. and Bertram Drilling, Inc. (together, the "Appraisals"), at no cost to ENERGOLD.





GENERAL LIMITING CONDITIONS AND CRITICAL ASSUMPTIONS:

These Proposals are subject to the following General Limiting Conditions and Critical Assumptions:

1. ENERGOLD accepts responsibility to ensure the assets are physically secure, and not exposed to tampering, theft, and improper use throughout the period between Century's physical inspection and the time of release of all Assets to ultimate buyers at the auction. Century will assist ENERGOLD in securing the assets on a best-efforts basis.
2. This proposal assumes all Assets are in average operating condition and is based on information supplied by ENERGOLD. Century viewed the equipment present at the BD yard in Carbon the week of August 12 2019 but did not inspect the operating and mechanical condition of said assets. Century's offer includes all viewed and not viewed assets of **BD** on a wall to wall, floor to ceiling basis not limited to the site in Carbon Alberta. Any such assets not in Carbon Alberta, Century, on a best efforts basis, will work with **ENERGOLD** to transport or ascertain a secure facility to sell such assets on a mutually agreed upon case by case basis. In the event, any time up to and including pickup of the Assets by the ultimate buyer following an auction sale, Assets are not present, are not as physically inspected, or are not in reasonable working condition, Century shall have the right to adjust this offering in any manner acting reasonably.
3. In the event this proposal relates to a dispersal sale that is not a receivership or bankruptcy under the control of a receiver or bankruptcy trustee, or a sale approved in proceedings under the *Companies Creditors Arrangement Act* (Canada), this offer is based on seller supporting all necessary steps to facilitate transfer of assets free and clear. Seller must support pre-sale due diligence procedures including confirming "free and clear" status and where necessary seeking and obtaining "No Interest" letters or other documentation as may be required from all applicable creditors who either have charges against assets and/or charges against the seller entity generally (such as General Security Agreements). In the event, all such release documents are not received prior to 72 hours before the start of the close of the auction, it shall be at Century's sole discretion to remove any or all applicable assets from the NMG offering and conclude the auction based on selling any or all assets on the basis of the higher of the straight Commission rate outlined in this proposal or a straight Commission rate of 10%. Century shall not have the responsibility to communicate this to the seller prior to the sale as it is an obligation of the seller to receive and deliver all required release documentation from creditors to Century to support the sale process.
4. Century shall be either indemnified and held harmless by **ENERGOLD** against any claim or action arising as a result of dealing with said Assets in a disposal process, or in the case of a receivership or bankruptcy shall be granted clearance via a Court certification process whereby Assets shall be free and clear, whichever shall be the applicable case.
5. In the event any asset included in this proposal is not physically available to Century to support viewing, writing up, photos, detailing as may be the case to support the sale of such asset prior to 14 days before the start of the close of the auction, Century shall have the sole discretion to remove said asset from the NMG offering and shall sell the asset in the auction based on the straight Commission rate outlined in this proposal. It is the seller's obligation to manage the process of ensuring all assets are available to Century.
6. The nature of the assets and in some cases the combination of assets to be included in a disposal can have a significant bearing on the overall appeal of a sale to the marketplace. As such, any changes to the asset listing (as compared against the Schedule A listing) to be included in the disposal process



could change the marketability of the overall disposal sale. Therefore, any changes to the asset listing can result in Century adjusting these Proposals upto and including retracting our NMG offering, at its sole discretion.

7. Whereas Century has been engaged to and shall liquidate all assets of Bertram Drilling Corp not only the Assets specifically listed in Schedule A. This shall include all non-fixed, non-fixture, miscellaneous and sundry assets of every kind ("Sundry Assets") on a wall-to-wall, floor-to-ceiling basis that may ultimately carry any reasonable value through an auction process. The total of all such Sundry Assets shall be included in sale results and contribute to Century meeting the NMG and Sharing Threshold values and is not separate from the Assets for this purpose. **ENERGOLD** shall be responsible to ensure it reviews all such Sundry Items 7 days prior to the close of the Auction and confirm all are appropriate for sale and notify Century prior to that date to request removal in the event any Sundry Asset is not to be included in the sale for any reason.
8. Century will be permitted the use of "**Bertram Drilling Corp**" in advertising an Onsite Timed Online Auction sale related to the Assets. Century will be allowed to advertise the Onsite Timed Online Auction Sale as a Receivership Sale.
9. If any of these Proposals is accepted, the financial terms of all Proposals will be kept confidential by all parties until Century has completed disposition of the Assets. In the event that court approval is required for acceptance of any of these Proposals, an order will be obtained in conjunction with the court approval order sealing any court documents containing the financial terms of these Proposals until Century has completed disposition of the Assets.
10. Century will have unrestricted, free use of the premises throughout the period to prepare the assets for the auction. **ENERGOLD** will be responsible for all costs associated with this occupancy without limitation. Century shall set up and close the auction on a best efforts basis sometime on or before mutually agreed upon date, presently anticipated to be October 17, 2019. Century anticipates its use of the premises shall end on November 1, 2019 or a mutually agreed upon date. To support the above proposed schedule, Century would require final authorization to proceed with the auction no later than Sept 19, 2019.
11. Century will have an inspection period prior to the Onsite Timed Online Auction.
12. Century will set-up, detail and catalogue the Assets to be sold by Auction.
13. Century will advertise where applicable an Onsite Timed Online Auction Sale through relevant daily, weekly and trade papers; through exposure on the Internet (including social media); trade related companies; to Century contacts from previous like sales; and through direct telephone solicitation to relevant potential purchasers.
14. **Gross Auction Revenue** is the total of all proceeds of sale of all assets made available to Century for sale associated with this file regardless of whether assets were known to Century at the time of the proposal. Century reserves the right to sell any Assets prior to the auction sale. All such sales shall be included in calculating **Gross Auction Revenue**.
15. Century will operate a **Timed Online Auction Sale** on a mutually agreed upon date.
16. Century will be responsible for charging, collecting and remitting the GST which it shall do in all cases except where it has been confirmed that an asset or group of assets is GST exempt. In all cases in this proposal, on all amounts, GST where it is applicable, is extra.

17. Century shall continue to carry a \$5 million Comprehensive General Liability insurance policy covering personal injury and property damage that may occur during the Onsite Timed Online Auction Sale as described above. **ENERGOLD** shall satisfactorily insure the Assets Century is liquidating.
18. Century will be responsible for collection of monies for all sales and will guarantee payment once collected. All sale proceeds shall be deposited and held in a trust account. **ENERGOLD** will not hold Century responsible for funds associated with any auction buyers who fail to complete payment of auction/disposal invoices. Century will assist on a best-efforts basis to conclude alternative sales of assets under such circumstances.
19. **ENERGOLD** shall be responsible for merchant charges related to funds received from bank card or any other payments where extra charges are applied to the payee's account.
20. Century reserves the right to charge a Buyer's Premium which for this disposal auction shall be up to 15%. For Proposal A, any Buyer's Premium collected will be included in the **Gross Auction Revenue**. For Proposals B and C, any Buyer's Premium collected will be to the sole account of Century and will not be included in the Gross Auction Revenue.
21. Century shall have the right to add any other assets to the sale at their sole discretion. All monetary proceeds associated with the sale of such additions shall be to Century's account alone and shall not be included in any way in **Gross Auction Revenue** for the purposes of this Agreement.
22. In the case the NMG proposal is selected, during the sale process Century shall have the right in its sole discretion, to establish a price for any Asset as the minimum price at which such Asset may be sold in the Auction Sale. Any Asset which does not sell at or prior to the Auction Sale, shall, upon Century's election and without further evidence of conveyance, in consideration of the payment of the NMG, be conveyed to and vested in Century, Century shall also have the right to bid on and acquire any Asset in the Auction Sale (each such asset so conveyed or acquired, referred to as an "Acquired Asset"). All Acquired Assets shall be free and clear of any and all encumbrances and **ENERGOLD** shall have no interest or entitlement in respect of the proceeds of any subsequent sale of any Acquired Asset. In the event the assets are not moved to Century's site, Century may also abandon any Asset which it does not elect to acquire.
23. Century does not assume responsibility for disposal or proper treatment of any hazardous materials as defined by municipal, provincial or federal legislation.
24. Clean up and garbage disposal costs incurred shall be deducted from the Auction proceeds payable to **ENERGOLD**
25. Any costs to transport, detail or repair equipment for Auction shall be agreed upon between Century and **ENERGOLD** before work is completed and deducted from Auction proceeds payable to **ENERGOLD**.
26. Century reserves the right to abandon any unsold Assets.
27. Within 21 days of the Auction sale, Century shall provide a full report of all sales of the Assets together with sale proceeds in the form of a cheque.
28. Century reserves the right to amend these Proposals in the event that between the date of this letter and the date or proposed date of the auction or sale there occurs an event of *force majeure* which shall include, but not be limited to, acts of God, riots, civil disturbances, strikes, lock-outs, acts of war, terrorism, insurrection and the like.



In order to comply with the timetable as outlined, the above offers are open until 12:00 PM, September 6, 2019 unless extended by mutual agreement.

We trust the above is to your satisfaction. We are ready to proceed immediately.

PROPOSAL ACCEPTED: 9/5/19

Respectfully yours,
CENTURY SERVICES CORP.

ENERGOLD DRILLING CORP., in its capacity
as the sole shareholder of **BERTRAM
DRILLING CORP**

Per: 

Anthony Alberda

Per: 





V. SALES STRATEGY

Century will setup and operate a two component Asset Disposition Strategy consisting of a Pre-Sales opportunity concurrently with an Online Public Auction Sale. Potential Buyers will have the opportunity to view the Assets either onsite or online, and will be able to submit competing Bids before or during the Auction.

The Pre-Sales opportunity has been shown to attract serious potential Buyers willing to pay top dollars for an Asset, and meanwhile creating an increasingly competitive environment that will benefit the Liquidation and Auction Sale in maximizing overall returns.

VI. SALES MARKETING & ADVERTISING

Century may incorporate any of the following combination of techniques to facilitate an effective and efficient marketing campaign, to maximize exposure, market penetration and reach potential buyers, and to meet budgetary requirements.

- Trade & Industry Related Publications
- Newspapers – Local, Regional, National, and North American wide
- Social Media & Other Online Marketing Techniques & Paid Promotions
- Pay Per Click Keyword Searches on Internet Search Engines
- Email Marketing Campaigns
- Internet Marketing, Web Banners, E-Newsletters
- Website Marketing
- Upcoming Auction Postings & Teasers
- Buy & Sell Listings
- Brokers & Dealers
- Marketing Brochures, Flyers, Post Cards, Handouts, and other printed matter
- Trade Shows & Events
- Targeted Mail, Email, Fax, and Telemarketing
- Addressed and Unaddressed Admail Campaigns
- Press Release, Television and Radio Campaigns
- Past and Present Clients
- Other



VII. SALES PROCESS

The Sales Process will be comprised of the following order:

- 1) Proposal acceptance.
- 2) Planning Stage:
 - Project Management & Budgeting
 - Inspect Premises & Secure Assets
 - Deploy Staff & Resources
 - Preliminary Checks – Inspect Equipment, Equipment Listing, Photos, Documents
 - Clean, Prep, and Service Assets for maximum return
 - Organize The Premises and Organize the Assets
 - Create Marketing Plan & Design Ad Materials
- 3) Marketing Stage & Pre-Sales:
 - Identify Target Market
 - Implement Marketing and Advertising Campaign
 - Post Asset Descriptions For Online Viewing
 - Respond To Inquiries, and Schedule Viewing Appointments
 - Negotiate Pre-Sales
 - Register Bidders
- 4) Liquidation & Auction Setup
 - Continue to Prepare Venue for Liquidation & Auction
 - Obtain Cleaner Photos and Descriptions of Assets
 - Prelotting & Cataloging
- 5) Auction Previewing & Bidder Registrations
- 6) Auction Day
- 7) Auction Loadout
- 8) Final Accounting & Reporting
- 9) Distribution of Proceeds



VIII. SAMPLES OF BROCHURE & NEWSPAPER ADVERTISING

TIMED ONLINE AUCTION
An Auction by CPAC Inc. Court Auctions Partner to sell the assets and inventory of

LATE MODEL FRACKING & COIL TUBING EQUIPMENT

MILLENNIUM SIMULATION SERVICES

BIDDING NOW OPEN!

BIDDING CLOSURES:
TUESDAY, AUGUST 16 - 10:00 AM (CDT)

Preview: Mon - Fri, Aug 8-12
10am - 4pm (Dumont, AB)

2015 CHRYSLER 3500 DUTY 4X4 SERVICE TRUCK
2017 FMC PUMPER TRAILER

**** AS NEW AS 2013 - EXCEPTIONAL QUALITY & CONDITION ****

FOR MORE DETAILS, TICKETS, BROOKS, PLEASE CALL 780.956.1831 713.444.3062

CENTURY SERVICES CORP.
Ph. 780-944-9144 • www.CenturyServices.com

RECEIVERSHIP SALE
New! 850 HP DRILLING RIG & SUPPORT EQUIPMENT

FOR SALE BY OFFER

2012 & 2013 850 HP 6000 FT Drilling Rig, 8000 Items Quantity

Ph. 780-944-9144

CENTURY SERVICES INC.
Ph. 780-944-9144 • www.CenturyServices.com

RECEIVERSHIP AUCTION
An Auction by GMS Thompson U.L.P. Partner to sell the assets and inventory of

MJ'S WATER HAULING

THURSDAY, OCTOBER 20, 2015
AT 10:00 AM (MDT)

Preview: Wednesday, October 19, 2015
8:00 am to 5:00 pm

2014 HITACHI "ZACKO" EXCAVATOR

2014 3,110 HOURS

CENTURY SERVICES CORP.
403.870.1177 • 877.294.9488

UNRESERVED AUCTION
SHEPARD ROAD PLANT CLOSURE

TUESDAY NOVEMBER 28TH, 2017 AT 9:00 AM

IFOREMOST
Address: 8825 Shepard Road SE
Calgary Alberta

Preview: Monday, November 27, 2017 • 8 am - 5 pm or by Appointment

Sale & Trailer Mounted Natural Gas Screw Compressor, Pickup & Service Trucks, Natural Gas Engines, PAM 16 Ton Crane, Forklifts, Crown Road Lifter, Inground Road Light Tower, Qty of Stainless & Plate Steel & Structural Steel, Welders, CNC Lathe, Metalworking Equipment, Hyd-Mach Saw, Tank Rolls, New Compressor Parts, PLUS MUCH MORE!

CENTURY SERVICES CORP.
403.289.6600
800.786.0957

UPCOMING PLANT CLOSURE
3000 SQ FT MANUFACTURING & FABRICATION FACILITY

HYDUKE
THURSDAY, OCTOBER 13, 2016
AT 10:00 AM (MDT)

Preview: Wednesday, October 12, 2016
8:00 am to 5:00 pm

2015 - 21 STREET N.E., CALGARY, AB

LATHES • MILLS • CNC MACHINING CENTRES • ROLLING STOCK

CENTURY SERVICES INC.
403.870.1177 • 877.294.9488

UNRESERVED AUCTION
SELLING OVER 1000+ LOTS

PPEC
Auction: Thurs, Oct 15, 2015 - 9am MDT
Preview: Oct 13 & 14 - 8:30pm MDT

OILSANDS EXPEDITING LTD.

G.L.M. Industries L.P. and G.L.M. Industries Inc.
Auction: Wed, Oct 28, 2015 - 9am CDT
Preview: Oct 26 & 27 - 8:30pm CDT

BOE RECEIVERSHIP LIQUIDATION
Wellsite Deventering & Fluid Management Systems
Nisku, Alberta - Equipment For Sale by Offer

CENTURY SERVICES CORP.
1-877-294-9488

OILFIELD EQUIPMENT FOR SALE

X-TREME

BUY OR RENT HIGH PRESSURE TRUCKS • HIGH PRESSURE PUMPERS • PUMPS • HIGH PRESSURE WATER PUMPS • HIGH PRESSURE TRUCKS • HIGH PRESSURE PUMPS • HIGH PRESSURE TRUCKS • HIGH PRESSURE PUMPS • HIGH PRESSURE TRUCKS • HIGH PRESSURE PUMPS

CENTURY SERVICES INC.
Ph. 780-944-9144 • CenturyServices.com

UNRESERVED AUCTION
RECEIVERSHIP AS Authorized by MNP Ltd., Receiver & Manager

G.L.M. Industries L.P. and G.L.M. Industries Inc.
Auction: Wed, Oct 28, 2015 - 9am CDT
Preview: Oct 26 & 27 - 8:30pm CDT

SELLING OVER 1000+ LOTS

MD DOUGALL

CENTURY SERVICES INC.
Ph. 403.870.1177 • 780.566.1831

UNRESERVED AUCTION
HOTEL & CONFERENCE CENTRE CLOSURE

SAWRIDGE INNS
WEDNESDAY, JANUARY 18, 2017
AT 9:00 AM (MST)

Preview: Monday, January 17, 2017
8:00 am to 6:00 pm

630 Macleod Blvd. | Fort McMurray, AB

UNRESERVED REAL ESTATE AUCTION

CENTURY SERVICES CORP.
403.870.1177 • 877.294.9488



IX. PAST & PRESENT CLIENTS



X. ABOUT OUR CENTURY TEAM

Century Services was established in 1983 and has offices in Calgary, Edmonton, Grande Prairie, Toronto, Vancouver, and Montreal. We provide an array of business services ranging from appraisals, auctions, liquidations, asset dispersals, inventory valuation, leasing and financing solutions.

APPRAISALS

Appraisals comprise a significant portion of our business, and often become the backbone to decision-making in all business areas and corporate developments.

Our diverse industry experience in appraisals and other business services has allowed Century Services to become a reputable and reliable source for many private businesses, corporations, financial institutions, law firms, accounting firms, government institutions, and in mergers & acquisitions.

We rely heavily on product knowledge, historical data, experience, and reliable external industry sources, and apply these to various sectors, from industrial machinery, manufacturing, heavy equipment, agricultural, oil & gas, forestry, mining, real estate, automotive & trucking, food & hospitality, to consumer retail.

AUCTIONS

With over 30 years of cross industry experience and marketing knowledge, Century can effectively bring buyers and sellers together in a highly competitive bidding environment to maximize returns. From live auctions to online webcast auctions, we have the expertise.

LIQUIDATIONS

Century's team will provide a custom tailored liquidation recovery strategy which is best suited to maximize the asset-to-cash realization for clients in Retail, Wholesale, Commercial, and Industrial settings.

ASSET DISPERSAL OPTIONS

We can market less commonly traded assets by employing different sales strategies, which may include Tenders, Offers for Sale, and Direct Sales campaigns.

Century will sell assets on a straight commission or fixed fee basis. Alternately, we can provide a net minimum guaranteed return or outright purchase option.

FINANCING

Century provides a variety of asset based financing solutions to North American based companies who require short-term capital where conventional sources may be unavailable.

- Bridge Loans
- Cash Advance Program
- Debtor-in-Possession Financing
- Distressed Lending
- Inventory Factoring
- Sale & Leaseback
- Take Out Loans
- Terms Loans



XI. THE CENTURY GUARANTEE

Clients rely on Century's advisory services and appraisal valuations for their most important business decisions. We will guarantee our Forced Sale Value appraisals with a net minimum guaranteed return, or an outright purchase.

We maintain a group of Certified Appraisers and Consultants, and Equipment Specialists from a wide variety of industries. Our network of Auctioneers and Liquidators are pioneers in the field and continue to lead in their respective specialties.

Our Financing Team consists of former Bankers and Professional Accountants, and we maintain a strong network of legal advisors and corporate advisory services. We can custom tailor a financing package to your Company's needs.

We also have the capital to buy large groups of assets to expedite the liquidation and auction process, and we have the expertise in asset-to-cash recoveries in a broad range of retail, wholesale, business, and industrial sectors.

Please contact us for more information on any of these services.





XII. SCHEDULES



No. _____
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 #1 OF MICHAEL BELL

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