

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

ORDER MADE AFTER APPLICATION

(SALE SOLICITATION PROCESS)

BEFORE THE HONOURABLE MR)
)
JUSTICE MILMAN) September 13, 2019

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 13th day of September, 2019; AND ON HEARING Lisa Hiebert, counsel for the Petitioners and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed AND PURSUANT TO the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "CCAA"), the British Columbia Supreme Court Rules and the inherent jurisdiction of this Honourable Court;

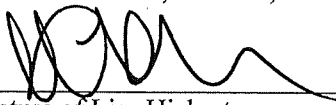
THIS COURT ORDERS AND DECLARES THAT:

1. The time for service of the notice of application for this Order is hereby abridged and deemed good and sufficient such that this application is properly returnable today.
2. Capitalized terms used in this Order and not otherwise defined have the meaning set out in the Initial Order made September 13, 2019.
3. The sale solicitation process in substantially the form attached as **Schedule "B"** (the "SSP"), is hereby approved and the Petitioners, the CRO, the Financial Advisor and the Monitor are

authorized and directed to carry out the SSP in accordance with its terms and this Order and are hereby authorized and directed to take such steps as they consider necessary or desirable in carrying out each of their obligations thereunder.

4. The Petitioners, the CRO, the Financial Advisor, and the Monitor may, from time to time, apply to this Court for advice and directions in the discharge of their powers and duties under the SSP.
5. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body, wherever located, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners, the CRO and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Petitioners, the CRO or the Monitor and its agents in carrying out the terms of this Order.
6. The Petitioners, the CRO and the Monitor are each at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order.
7. Endorsement of this Order by counsel appearing on this application, except for counsel to the Petitioners, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Lisa Hiebert

Party Lawyer for the Petitioners

BY THE COURT

Milner, J.
FORM
CHECKED
NH

REGISTRAR

Schedule "A"

LIST OF COUNSEL

Name of Counsel	Party Represented
Lisa Hiebert Ryan Laity	The Petitioners, Energold Drilling Corp. et al
Mary Buttery, Q.C.	The proposed Monitor, FTI Consulting Canada Inc.
Chris Ramsay	Extract Advisors, LLC, as agent to the Noteholders Local agent to Stikeman Elliott LLP, counsel to the DIP Lender
Jonathan Ross	Export Development Canada

Schedule "B"

SALE SOLICITATION PROCESS

Please see attached.

SALE SOLICITATION PROCEDURE

Pursuant to a petition filed in the Supreme Court of British Columbia (the “**Court**”) on September 12, 2019 (the “**Petition**”), the Court made an order (the “**Initial Order**”) granting Energold Drilling Corp. (“**Energold**”), Cros-Man Direct Underground Ltd., EGD Services, Bertram Drilling Corp. and Omniterra International Drilling Inc. (collectively, the “**Petitioners**”) protection from their creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985 c.C-36, as amended (the “**CCAA**”). Within this Sale Solicitation Procedure (“**SSP**”), Energold and its direct and indirect wholly owned subsidiaries, including, but not limited to, the other Petitioners, are referred to collectively as the “**Energold Group**”.

Pursuant to the Initial Order, FTI Consulting Canada Inc. (“**FTI**”) was appointed as monitor of the Petitioners (in such capacity, the “**Monitor**”) and Ernst & Young Orenda Corporate Finance and Ernst & Young Corporate Finance (Canada) Inc. (together, “**EY**”) was appointed as financial advisor (in such capacity, the “**Financial Advisor**”).

Pursuant to a Sale Process Order, the Petitioners through its CRO (defined below), with the assistance of the Monitor, are authorized and directed to carry out a process for the solicitation of offers to purchase all, or any part, of the Energold Property (as defined herein) (the “**Solicitation Process**”).

The Sale Process Order, as it applies to the Solicitation Process and this SSP, shall exclusively govern the process for soliciting and selecting bids for the sale of all or any part of the Energold Property.

This Solicitation Process has been prepared with input from the Financial Advisor, Monitor and Extract (as defined below).

The purpose of this Solicitation Process is to govern the process for soliciting and selecting bids for the acquisition of some or all of the assets and business of the Petitioners that will benefit Energold and its stakeholders, and to facilitate negotiations that will result in one or more definitive agreements concerning a restructuring transaction with respect to the sale or liquidation of some or all of the Energold Property or Energold Business (as defined herein) for the benefit of the Petitioners and their stakeholders.

The completion of any transaction(s) will be conditional upon Court approval.

Unless otherwise indicated, all amounts set out in this SSP are in Canadian dollars and any event occurring on a day that is not a Business Day shall be deemed to occur on the next Business Day.

Defined Terms

“Approval Hearing” has the meaning set out in paragraph 37 herein

“Auction” has the meaning set out in paragraph 30 herein

“Auction Bidders” has the meaning set out in paragraph 30 herein

“Backup Bid” has the meaning set out in paragraph 33 herein

“Backup Bid Expiration Date” has the meaning set out in paragraph 35 herein

“BDI Unit” means the right, title and interest Bertram Drilling Corp. holds in Bertram Drilling Inc.

“Bid Deadline” means 12:00pm (Vancouver time) on October 11, 2019

“Backup Bidder” has the meaning set out in paragraph 33 herein

“Business Day” means any day other than (a) a Saturday or Sunday; or (b) a day that is a statutory holiday in Vancouver, British Columbia

“CCAA” has the meaning set out above

“Claims and Interests” has the meaning set out in paragraph 5 herein

“Confidential Information Memorandum” has the meaning set out in paragraph 8 herein

“Confidentiality Agreement” means the form of non-disclosure and confidentiality agreement to be provided to potential bidders by the Financial Advisor, and which must be executed for parties to become Potential Bidders under this SSP

“Court” has the meaning set out above

“CRO” means Portage Point Partners LLC in its capacity as Chief Restructuring Officer of the Energold Group

“Cros-Man Unit” means the right, title and interest Energold holds in Cros-Man Direct Underground Ltd. or the right title and interest of Cros-Man Direct Underground Ltd. in assets as further particularized in information from the Financial Advisor

“Data Room” means the data room to be created by the Financial Advisor which will include a detailed listing of the Energold Property, a form of Purchase Agreement and such other materials that the SSP Team deems necessary to allow Potential Bidders to conduct such due diligence as those parties may require

“Deposit” has the meaning set out in paragraph 17 herein

“DIP Lender” means Energold DIP Lender LLC

“EMEA Unit” means the right, title and interest of Energold in E-Global Drilling Corp. and its subsidiaries including Energold Drilling (EMEA) Limited

“Energold Group” has the meaning set out above

“Energold Group Insiders” means an individual that is currently a director, officer or in an executive management position of Energold or any of its direct or indirect subsidiaries, or an individual that held such a position at any time after September 1, 2018

“Energold Business” means the business carried out by the Petitioners

“Energold Property” means the property, assets and undertakings of the Petitioners or any part thereof, including without limitation the shares of any subsidiaries of Energold

“Extract” means Extract Advisors LLC, in its capacity as the administrative agent for noteholders pursuant to certain convertible secured notes issued pursuant to the note purchase agreement dated as of June 15, 2017 among Energold as issuer, certain other Energold subsidiaries as guarantors and certain noteholders

“Financial Advisor” has the meaning set out above

“Latin America Unit” means Energold’s right title and interest in the shares of Energold Mexico S.A. de C.V., Energold Argentina S.A., OroEnergy S.A., Energold de Colombia S.A.S., Energold Drilling Dominicana S.R.L., and E Drilling Nicaragua and Omniterra International Drilling Inc.’s right title and interest in Energold Drilling Peru and Energold Perfuracoos

“Leading Bid” has the meaning set out in paragraph 30 herein

“Minimal Incremental Overbid” means \$100,000

“Monitor” has the meaning set out above

“Noteholders” means the noteholders pursuant to certain convertible secured notes issued pursuant to the note purchase agreement dated June 15, 2017 as amended and restated from time to time among Energold, as issuer, certain other subsidiaries as guarantors and certain noteholders

“Notice Parties” has the meaning set out in paragraph 42 herein

“Petition” has the meaning set out above

“Potential Bidder” has the meaning set out in paragraph 10 herein

“Proposal” means a proposal to purchase or liquidate some or all of the assets or business of the Petitioners, including binding term sheets and draft agreements and ancillary agreements, with a blackline to the template form of purchase agreement to be provided by the Financial Advisor

“Purchase Agreement” means a draft purchase and sale agreement in respect of the Energold Property

“Qualified Bidder” has the meaning set out in paragraph 21 herein and includes Extract

“Qualified Bid” has the meaning set out in paragraph 21 herein and, subject to a satisfactory security review by the Monitor, includes the Stalking Horse Bids

“Sale Process Order” means an order of the Court in respect of this SSP

“Sale Proposal” means an indication of interest or proposal to purchase all or substantially all, or one or more of the Energold Business or the Energold Property

“Solicitation Process” has the meaning set out in the preamble above

“SSP” means this Sale Solicitation Procedure

“SSP Team” has the meaning set out in paragraph 3 herein

“Stalking Horse Bids” means the credit bids to be submitted by Extract in connection with this SSP and which, subject to a satisfactory security review by the Monitor’s legal counsel, shall be deemed to be Qualified Bids pursuant to paragraph 21 of this SSP

“Starting Bid” has the meaning set out in paragraph 30 herein

“Subsequent Bid” has the meaning set out in paragraph 30 herein

“Successful Bid” has the meaning set out in paragraph 33 herein

“Successful Bidder” has the meaning set out in paragraph 33 herein

“Teaser” has the meaning set out in paragraph 7 herein

Timeline for Solicitation Process

1. The timeline and activities for the Solicitation process are as follows:
 - a. September 13, 2019: Completion of the list of potential bidders and draft marketing materials, including Purchase Agreement and Confidentiality Agreement to be provided to the Potential Bidders;
 - b. September 16, 2019: Commencement of post-CCAA marketing activities;
 - c. September 16, 2019 to October 11, 2019; Formal due diligence by Potential Bidders (after each has delivered an executed Confidentiality Agreement);
 - d. By 5 p.m. (PST) October 11, 2019: Bid Deadline for submission of non-binding offers. A blackline of the offer to the Purchase Agreement to be provided to the Financial Advisor by Potential Bidders. Potential Bidders must submit a non-binding offer and Deposit by the Bid Deadline;
 - e. October 14, 2019: Financial Advisor to provide to the SSP Team a summary of submissions and copies of offers received;
 - f. Noon (PST) on October 16, 2019: SSP Team to determine which bids to qualify as Qualified Bids (or Monitor to make the determination if the SSP Team cannot agree);
 - g. By noon (PST) on October 16, 2019: Financial Advisor to notify Qualified Bidders that they may proceed with their due diligence and inform those Potential Bidders who have not been approved as Qualified Bidders that their deposit will be returned;
 - h. October 21, 2019: SSP Team to assess Qualified Bids for which Deposits are received;
 - i. October 16, to 25, 2019: additional due diligence by Qualified Bidders and negotiation of definitive agreements;

- j. October 28, 2019: conclusion and delivery of definitive documents by Qualified Bidders;
 - k. 9am (PST) on October 29, 2019: Financial Advisor to provide SSP Team with a summary of the material terms and conditions of the Qualified Bids which the SSP Team believes is (individually or in aggregate) the highest or otherwise best Qualified Bid(s);
 - l. October 31, 2019: Auction, if appropriate;
 - m. On or before November 7, 2019: court application for court approval of transaction(s); and
 - n. November 30, 2019: closing of transaction(s).
2. The SSP Team will make all reasonable efforts to carry out the Solicitation Process in accordance with the timeline set out above. However, the SSP Team may extend this timeline with the approval of the Monitor, provided the Bid Deadline may not be extended beyond October 18, 2019 and a potential Auction shall not be extended beyond November 5, 2019, without the prior written consent of Extract and the DIP Lender.

Solicitation Process

3. The CRO and with the assistance of the Financial Advisor (collectively, the “**SSP Team**”), and with the oversight of the Monitor, shall conduct the Solicitation Process as outlined in this SSP. The degree of oversight of the Monitor shall be as determined by the Monitor in its reasonable discretion.

“As Is, Where Is”

4. The sale of the Energold Property or the Energold Business will be on an “as is, where is” basis without surviving representations, warranties, covenants or indemnities of any kind, nature or description by the Monitor, the Financial Advisor, the Energold Group or any of their agents, estates, advisors, professionals or otherwise, except to the extent expressly set forth in the relevant sale agreement.

“Free of any and all Claims and Interests”

5. In the event of a sale, all of the rights, titles and interests of the Petitioners in and to the Energold Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, interests thereon and there against (collectively, the “**Claims and Interests**”) pursuant to approval and vesting orders made by the Court. Contemporaneously with such approval and vesting orders being made, all such Claims and Interests, to the extent valid and enforceable, shall attach to the net proceeds of the sale of such property (without prejudice to any claims or causes of action regarding priority, validity or enforceability thereof), except to the extent otherwise set forth in the relevant sale agreement. Extract has confirmed that, should this SSP result in a sale of any of the Energold Property to a third party, it will discharge the Noteholders security from the underlying subsidiaries and assets.

Solicitation of Interest

6. The SSP Team is preparing, and will finalize by September 13, 2019, a list of potential bidders for the Energold Business and the Energold Property. Such list will include both strategic and financial parties who, in the SSP Team's reasonable business judgment, may be interested in acquiring the Energold Business and the Energold Property.
7. By noon PST on September 16, 2019, the Financial Advisor will prepare a solicitation letter summarizing the acquisition opportunity, notifying potential bidders of the existence of the Solicitation Process and inviting them to enter into a confidentiality agreement with the Petitioners and to express their interest in making an offer to acquire all or substantially all of the Energold Business or the Energold Property, in whole or in part (the "Teaser"). The Financial Advisor will distribute the Teaser to the potential bidders.

Participation Requirements

8. By noon PST on September 16, 2019, the Financial Advisor and the Petitioners will have prepared a confidential information memorandum (the "**Confidential Information Memorandum**") providing a detailed description of the Energold Business and the Energold Property, a summary of the industry and opportunities within the market and financial information including analysis of historical results and future projections.
9. Unless otherwise ordered by the Court, in order to receive the Confidential Information Memorandum, conduct its due diligence and participate in the Solicitation Process, an interested party must deliver an executed Confidentiality Agreement which shall inure to the benefit of any purchaser of the Energold Property or the Energold Business.
10. Interested parties will be deemed a "**Potential Bidder**" after having delivered the executed confidentiality agreement.

Due Diligence

11. By noon PST on September 16, 2019, the Financial Advisor will provide a Confidential Information Memorandum to each Potential Bidder describing the opportunity to acquire all or any part of the Energold Property.
12. Each Potential Bidder shall have such due diligence access to materials and information relating to the Energold Property and the Energold Business as the SSP Team, in its collective reasonable business judgment deems appropriate.
13. At the discretion of the Monitor and the SSP Team, due diligence access may include management presentations (the Petitioners agrees to participate in such presentations as is reasonably practicable), access to physical and online data-rooms, on-site inspections and such other matters as a Potential Bidder may reasonably request and as to which the Monitor and the SSP Team, in their reasonable exercise of discretion, may agree. The Financial Advisor may also, with the

consent of the Potential Bidder and Extract, facilitate discussions between a Potential Bidder and Extract in respect of financing for the Potential Bidder's offer.

14. The SSP Team (and their respective officers, directors, employees, agents, counsel and professionals) are not responsible for, and will have no liability with respect to, any information obtained by any Potential Bidder or Qualified Bidder in connection with the Energold Business or the Energold Property. The SSP Team (and their respective officers, directors, employees, agents, counsel and professionals) do not make any representations or warranties whatsoever as to the information or the material provided, except in the case of the Energold Group, to the extent expressly provided under any definitive sale agreement executed and delivered by a Successful Bidder and the applicable Petitioner entity (or entities).

Bidding Process

15. On or about September 13, 2019, the Financial Advisor shall provide the Potential Bidders with the draft Purchase Agreement, which will also be made available in the Data Room.
16. The SSP Team will ensure that all Potential Bidders have access to the same information. If the SSP Team determines that it is not appropriate to provide certain information to all Potential Bidders, the SSP Team will consult with the Monitor in respect of (a) the information to be withheld; (b) the Potential Bidders that will not receive the information; and (c) the SSP Team's reasons that the information should not be provided. If the Monitor does not approve the information being provided to only some Potential Bidders, the SSP Team must either provide the information to all Potential Bidders or none of the Potential Bidders.
17. On or before October 11, 2019, the Bid Deadline, any Potential Bidders who intend to continue in the Solicitation Process must deliver (i) a Proposal to the Financial Advisor, which may be conditional or non-binding, indicating the key terms of their offer, including a blackline comparison of their Proposal to the Purchase Agreement, (ii) deliver a refundable deposit (the "**Deposit**") to the Petitioners' counsel in the form of a wire transfer (to a trust account specified by the Petitioners' counsel) in an amount equal to the lesser of 10% of the purchase price or CAD\$500,000.
18. The SSP Team shall direct the Financial Advisor to review each Proposal that is submitted before the Bid Deadline and may do any of the following:
 - a. Request additional information from a Potential Bidder with respect to their Proposal;
 - b. Engage in discussions with the Potential Bidder in respect of their Proposal with the intention of better understanding the possible definitive agreement and offer that such Potential Bidder may make; and
 - c. Provide additional information in the Data Room in response to any issues raised by any Proposal.

19. If after review of a Proposal, the SSP Team determines that the Proposal is unlikely to result in a transaction, the SSP Team on October 16, 2019, shall advise the Potential Bidder of that determination and may terminate the Potential Bidder's access to due diligence information and involvement in the Solicitation Process and will instruct petitioner counsel to return the deposit.
20. The SSP Team will prepare a report of the Potential Bidders that submit Proposals and the results of its preliminary evaluation of the Proposals received and provide the report to the Monitor, the DIP Lender, and Extract.

Qualified Bids

21. In order to qualify as a "**Qualified Bidder**" a Potential Bidder must deliver a Proposal by 5 p.m. (PST) October 11, 2019 on the Bid Deadline. A proposal will be considered a "**Qualified Bid**" if the following is satisfied:
 - (1)
 - a. the proposal is in the form of the Purchase Agreement, along with a blackline comparison showing the Potential Bidder's changes;
 - b. for parcels subject to Stalking Horse Bids, the proposal contemplates consideration of at least the Stalking Horse Bid amount plus the Minimum Incremental Overbid;
 - c. the proposal contemplates concluding a transaction within the timelines set out in this SSP;
 - d. the proposal fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Proposal, including:
 - i. for Potential Bidders which are affiliated with or controlled by one or more Energold Group Insiders or one or more Noteholders, identifying the Potential Bidder's direct and indirect owners;
 - ii. for all other Potential Bidders, identifying the Potential Bidder's direct and indirect owners holding more than 25% ownership in the Potential Bidder;
 - e. the proposal identifies whether the Proposal is subject to debt or equity financing, and if so, the expected source and amount of that funding, the status of any discussions with funding sources, the steps and timing necessary to obtain firm commitments;
 - f. if the Qualified Bidder is an entity newly formed for the purpose of the transaction, the proposal shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the SSP Team that names the Petitioners as third party beneficiaries of any such commitment letter with recourse against such parent entity or sponsor or alternatively a guarantee from the parent entity or sponsor of such Qualified Bidders;

- g. the proposal includes contact information for the Potential Bidder's financial advisor and legal counsel, if applicable; and
 - h. the proposal contains other information reasonably requested by the SSP Team.
- (2) The Financial Advisor has notified in writing the Potential Bidder's proposal is a Qualified Bid.
- (3) Petitioner Counsel has received the Deposit from the Potential Bidder by 5 p.m. (PST) on October 11, 2019.
22. Notwithstanding paragraph 21, the SSP Team, in consultation with the Monitor, may waive compliance with any one or more of the Qualified Bid requirements specified above, and deem such non-compliant bids to be a Qualified Bid.
23. Subject to a satisfactory review by the Monitor, Extract shall be deemed to be a Qualified Bidder and submits the following credit bids:
- a. \$1,500,000 in respect of the BDI Unit;
 - b. \$3,000,000 in respect of the Cros-Man Unit;
 - c. \$2,000,000 in respect of EMEA Unit; and
 - d. \$6,800,000 in respect of the Latin America Unit
- (collectively, the "Stalking Horse Bids" and each a "Stalking Horse Bid").
24. Other than the report described at paragraph 20 above, Extract shall only be entitled to receive such information as all other Qualified Bidders may receive. In submitting the Stalking Horse Bid, Extract may credit bid to the extent of the amounts outstanding to Extract, subject to a satisfactory security review by the Monitor and provided the Stalking Horse Bids contain a sufficient cash component to satisfy any priority encumbrances, including the Court-ordered charges and amounts due to the Financial Advisor.
25. The Financial Advisor will notify all Qualified Bidders that their Proposal was found to be a Qualified Bid within the meaning of this SSP.
26. The Financial Advisor may facilitate negotiations between the Petitioners and Qualified Bidders in order to negotiate binding offers in respect of the Qualified Bidder's Proposal and definitive documents in respect of the Proposal.

Assessment of Qualified Bids

27. The SSP Team will assess the Qualified Bids received, if any, and will determine whether it is likely that the transactions contemplated by such Qualified Bids are likely to be consummated and whether proceeding with this SSP is in the best interests of the Energold Group and its stakeholders

including the DIP Lender and Extract. Such assessments will be made as promptly as practicable but no later than noon (PST) on October 16, 2019.

28. If the SSP Team, in accordance with paragraph 27 above determines that (a) no Qualified Bids were received other than Extract's; (b) at least one Qualified Bid was received but it is not likely that the transactions contemplated in any such Qualified Bids will be consummated; (c) proceeding with this SSP is not in the best interests the Energold Group and its stakeholders, including Extract, the SSP Team shall forthwith: (i) terminate this SSP; (ii) notify each Qualified Bidder that this SSP has been terminated; and (iv) subject to a satisfactory security review by the Monitor's legal counsel, consult with Extract regarding next steps, including concluding the Stalking Horse Bids.
29. If the SSP Team, in accordance with paragraph 27 above, determines that (a) one or more Qualified Bids were received, (b) it is likely that the transactions contemplated by one or more of such Qualified Bids will be consummated, and (c) proceeding with this SSP is in the best interests of the Energold Group and its stakeholders including Extract, the SSP Team will: (i) proceed to negotiate with one or more of the Qualified Bidders in an attempt to conclude definitive documents, or (ii) proceed to an Auction, in which case, the Financial Advisor will promptly notify all Qualified Bidders that they are entitled to participate in the Auction.

Auction

30. If, in accordance with paragraph 29 above, the Auction is to be held, the Financial Advisor will conduct an auction (the "Auction") at 9:30am (local time) on October 31, 2019, at the offices of Ernst & Young Inc., located at Pacific Centre, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1C7, or such other location as shall be communicated on a timely basis to all entities entitled to attend at the Auction. The Auction shall run in accordance with the following procedures, which may be modified by SSP Team in its discretion, after consultation with the Monitor:
 - a. At least three (3) Business Days prior to the Auction, each Qualified Bidder must inform the SSP Team whether it intends to participate in the Auction (the parties who so inform the SSP Team, the "Auction Bidders");
 - b. Extract shall be deemed to be an Auction Bidder in respect of its Stalking Horse Bids, and will be entitled to bid at the Auction, on the same terms as the other Auction Bidders;
 - c. At least two (2) Business Days prior to the Auction, the Financial Advisor will provide the material terms and conditions of the Qualified Bid(s) which the SSP Team believes is (individually or in the aggregate) the highest or otherwise best Qualified Bid(s) for each Company or group of assets (the "Starting Bid") to all Auction Bidders;
 - d. Only representatives of the Auction Bidders, the Energold Group, the Financial Advisor, the Monitor, the CRO, the DIP Lender and Extract and such other persons permitted by the SSP Team and the Monitor (and the advisors to each of the forgoing) are entitled to attend the Auction. All Auction participants must attend in person, unless the Financial Advisor,

in consultation with the Monitor, provides written consent for such participant to attend by phone or other electronic means;

- e. At the commencement of the Auction, each Auction Bidder shall be required to confirm that it has not engaged in any collusion with any other Auction Bidder to detrimentally affect the price for any sale;
- f. Only the Auction Bidders will be entitled to make any subsequent bids at the Auction;
- g. All Subsequent Bids presented during the Auction shall be made and received in one room on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders at the Auction and that all material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction;
- h. All Auction Bidders must have at least one individual representative with authority to bind such Auction Bidder present in person at the Auction;
- i. The SSP Team, after consultation with the Monitor, may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances, (e.g. the amount of time allotted to make Subsequent Bids, requirement to bid in each round, and the ability of multiple Auction Bidders to combine to present a single bid) for conducting the Auction, provided that such rules are (i) not inconsistent with any applicable law, and (ii) disclosed to each Auction Bidder at the Auction;
- j. Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder (a "**Subsequent Bid**") that the SSP Team determines, after consultation with the Monitor, is (A) for the first round, a higher or otherwise better offer than the Starting Bid, and (B) for subsequent rounds, a higher or otherwise better offer than the Leading Bid; in each case by at least the Minimum Incremental Overbid. Each bid at the Auction shall provide net value to the Energold Group of at least the Minimum Incremental Overbid over the Starting Bid or the Leading Bid, as the case may be; provided however that the SSP Team, after consultation with the Monitor, shall retain the right to modify the incremental requirements at the Auction and provided further that the SSP Team, in determining the net value of an incremental bid, shall not be limited to evaluating the incremental dollar value of such bid and may consider other factors as identified in paragraph 32 of this SSP. After each Subsequent Bid, the SSP Team shall, after consultation with the Monitor, announce whether such bid (including the value and material terms thereof) is higher or otherwise better than the prior bid (the "**Leading Bid**"). A round of bidding will conclude after each Auction Bidder has the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid;

- k. If, in any round of bidding, no new Subsequent Bid is made that becomes a Leading Bid, the Auction shall be closed;
- l. The Auction shall be closed by Midnight on the day of the Auction unless extended for a further 24 hour period by the SSP Team with the approval of the Monitor; and,
- m. No bids (from Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.

Selection Criteria

- 31. In selecting the Starting Bid, each Leading Bid, the Successful Bid and the Backup Bid, the SSP Team will review each Qualified Bid.
- 32. Evaluation criteria with respect to Proposals may include, but are not limited to, items such as
 - a. the purchase price and the net value, including assumed liabilities or other obligations to be performed or assumed by the bidder, provided by such bid;
 - b. the claims likely to be created by such bid in relation to the other bids;
 - c. the counterparties to the transaction;
 - d. the proposed revisions to the form of agreement provided by the SSP Team and the terms of the transaction documents;
 - e. other factors affecting the speed, certainty and value of the transaction, including any regulatory approvals required to close the transaction;
 - f. the assets included or excluded from the bid and the transaction costs and risks associated with closing multiple transactions versus a single transaction for all or substantially all of the Energold Property;
 - g. the estimated number of employees of the Energold Group that will be offered post-closing employment by the bidder and any proposed measures associated with their continued employment;
 - h. the transition services required from the Energold Group post-closing and any related restructuring costs; and
 - i. the likelihood and timing of consummating the transaction.

with the weight of each factor set out above, or other factors, being determined by the SSP Team in its discretion.

33. Upon the conclusion of the bidding, the Auction shall be closed and the SSP Team will identify the highest or otherwise best Qualified Bid received (such offer, the “**Successful Bid**”) and the next highest or otherwise best Qualified Bid received (such offer, the “**Backup Bid**”). The Qualified Bidder(s) who made the Successful Bid is the “**Successful Bidder**” and the Qualified Bidder(s) who made the Backup Bid is the “**Backup Bidder**”. At the conclusion of the Auction, the Financial Advisor will notify the Qualified Bidders of the identities of the Successful Bidder and the Backup Bidder.
34. The SSP Team shall finalize a definitive agreement in respect of the Successful Bid and the Backup Bid, if any, conditional upon the approval of the Court.
35. The Backup Bid shall remain open until the consummation of the transaction contemplated by the Successful Bid (the “**Backup Bid Expiration Date**”).
36. All Qualified Bids (other than the Successful Bid and the Backup Bid) shall be deemed rejected on the earlier of: (i) the date of closing of the Successful Bid or the Backup Bid, and (ii) November 30, 2019.

Approval Hearing

37. The Petitioners shall seek a hearing before the Court to be heard no later than November 7, 2019 to authorize the Petitioners to enter into an agreement to conclude the Successful Bid or the Backup Bid (the “**Approval Hearing**”). The Approval Hearing may be adjourned or rescheduled with the approval of the Monitor, without further notice, by notice to the service list in the CCAA proceedings.
38. If following the approval of the Successful Bid by the Court, the Successful Bidder fails to consummate the transaction for any reason, then the Backup Bid, if there is one, will be deemed to be the Successful Bid hereunder and the SSP Team shall effect a transaction with the Backup Bidder subject to the terms of the Backup Bid, without further order of the Court.

Deposits

39. All Deposits shall be retained by the Petitioners’ counsel and invested in an interest bearing trust account in a Schedule I Bank in Canada. If there is a Successful Bid or a definitive agreement with a Qualified Bidder, the Deposit (plus accrued interest) paid pursuant to the Approval Hearing shall be released and applied to the purchase price to be paid by the Successful Bidder or the Qualified Bidder upon closing. The Deposit (plus accrued interest) paid by the Backup Bidder shall be retained by the Petitioners’ counsel until the Backup Bid Expiration Date or, if the Backup Bid becomes the Successful Bid, shall be released and applied to the purchase price to be paid by the Backup Bidder upon closing of the Backup Bid. The Deposits (plus applicable interest) of all Qualified Bidders not selected as the Successful Bidder or Backup Bidder shall be returned to such bidders within five (5) Business Days of the earlier of (i) the date of closing of the Successful Bid or the Backup Bid; and (ii) November 30, 2019. If this SSP is terminated in accordance with the

terms in this document, all Deposits shall be returned to the bidders within five (5) Business Days of the date upon which it is determined that this SSP is terminated.

40. If an entity selected as the Successful Bidder or Backup Bidder breaches its obligations to close, it shall forfeit its Deposit, provided however that the forfeit of such Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Energold Group has against such breaching entity.

Approvals

41. For greater certainty, the approvals required pursuant to the terms of this SSP are in addition to and not in substitution for any other approvals required by the CCAA or any other statute or are otherwise required at law.

Notice Parties

42. As used herein, the “**Notice Parties**” are, collectively, the Petitioners, the CRO, the Financial Advisor and the Monitor. The addresses to be used for delivering documents to the Notice Parties are as follows:

The Petitioners and the CRO:

1100 – 543 Granville Street
Vancouver BC V6C 1X8

Attention: Mark Berger, Chief Restructuring Officer

Email: mberger@pppllc.com

with a copy to:

Borden Ladner Gervais LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, BC V7X 1T2

Attention: Lisa Hiebert and Ryan Laity

Email: lhiebert@blg.com and rlaity@blg.com

The Financial Advisor:

Ernst & Young Orenda Corporate Finance and Ernst & Young Corporate Finance
(Canada) Inc.
Pacific Centre, 700 West Georgia Street
PO Box 10101
Vancouver BC V7Y 1C7

Attention: Mike Bell
Email: mike.bell@ca.ey.com

The Monitor:

FTI Consulting Canada Inc.
555 Burrard Street, 15th Floor
Vancouver BC V7X 1M8

Attention: Toni Vanderlaan and Tom Powell
Email: toni.vanderlaan@fticonsulting.com and tom.powell@fticonsulting.com

with a copy to:

Cassels Brock LLP
2200 HSBC Building
885 West Georgia Street
Vancouver BC V6C 3E8

Attention: Mary Buttery, Q.C. and Lance Williams
Email: mbuttery@casselsbrock.com and lwilliams@casselsbrock.com

43. Proposals shall be delivered to all Notice Parties at the same time by electronic mail, personal delivery or courier.
44. Interested bidders requesting information about the qualification process, including the form of Purchase Agreement, and information in connection with their due diligence should contact the Financial Advisor.

Reservation of Rights

45. The Monitor, after consultation with the SSP Team, may reject, at any time any bid that is (i) inadequate or insufficient; (ii) not in conformity with the requirement of the CCAA, this SSP or any orders of the Court applicable to the Energold Group; (iii) contrary to the interests of the Energold Group, its estate and stakeholders (including the DIP Lender and Extract) as determined by the SSP Team.
46. At or before the Approval Hearing, the SSP Team or the Monitor may impose such other terms and conditions as the Monitor determines to be in the best interest of the Energold Group's estates and stakeholders, provided that such terms and conditions are not inconsistent with this SSP.
47. This SSP does not, and shall not be interpreted to create any contractual or other legal relationship between the Energold Gold Group and any other party, other than as specifically set forth in definitive agreements that may be executed by the Energold Group.

Further Orders

48. At any time during this SSP, the Monitor or the Petitioners may, following consultation with the Monitor, apply to the Court for advice and directions with respect to the discharge of its powers and duties hereunder.