



This is Affidavit #3 of Matthew Freeman in this proceeding and was made on January 13, 2020.

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 ENERGO GOLD DRILLING CORP., CROS-MAN DIRECT
UNDERGROUND LTD., EGD SERVICES LTD., BERTRAM DRILLING CORP., AND
OMNITERRA INTERNATIONAL DRILLING INC.**

PETITIONERS

AFFIDAVIT #3 OF MATTHEW FREEMAN

I, Matthew Freeman, of 543 Granville Street, Suite 1100, Vancouver, British Columbia, V6C 1X8, HEREBY SWEAR THAT:

1. I am the Director of Finance of Energold Drilling Corp. ("Energold"), the parent company of each of the other Petitioners. I have over 20 years of experience in accounting and financial management.
2. I have worked for Energold and with the other Petitioners, in consultation with the CRO, since September 3, 2019 and, as such, have personal knowledge of the facts set out in this Affidavit except where stated to be based on information and belief, in which case I believe both the information and the resulting statements to be true.
3. I am authorized to make this Affidavit on behalf of the Petitioners.
4. I swear this Affidavit in support of the Petitioners' application for, among other things, an extension of the relief granted under the order made on September 13, 2019 (the "Initial Order") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

5. All capitalized terms used herein but not defined have the meaning set out in the Initial Order, unless specified otherwise.

BACKGROUND TO THESE PROCEEDINGS

6. On September 13, 2019, the Honourable Mr. Justice Milman made the following orders:

- (a) the Initial Order granting, among other things, a stay of proceedings until October 11, 2019; and
- (b) an order authorizing and directing the Petitioners to carry out a sale solicitation process (the “SSP”) to solicit offers to purchase all or any part of the property, assets and undertakings of the Petitioners (the “SSP Order”).

7. On October 10, 2019, the Honourable Mr. Justice Milman made an order that, among other things, extended the Stay Period (as defined in the Initial Order) to November 29, 2019.

8. On November 28, 2019, the Honourable Mr. Justice Milman granted an order further extending the Stay Period to January 31, 2020.

9. On December 19, 2018, the Honourable Mr. Justice Milman granted an order that, among other things: (i) accepted for filing a plan of arrangement or compromise pursuant to Part I of the CCAA (the “Plan”) as proposed by Extract Advisors LLC (“Extract”) for the purposes of completing the resulting sale of the Energold Units pursuant to the SSP Order, in addition to the sale of certain residual assets of Energold, in an expeditious manner; (ii) setting January 13, 2020 for a meeting of creditors to approve of the Plan (the “Creditors’ Meeting”) and confirming the procedures for such Creditors’ Meeting; (iii) confirming that, for the purposes of the Plan, there shall be one class of creditors; and (iv) tentatively setting January 17, 2020 as the date for a court application for an order to sanction the Plan.

UPDATE ON RESTRUCTURING ACTIVITIES TO DATE

10. Since November 28, 2019, the Petitioners have taken additional steps to further advance the restructuring under this CCAA proceeding. These steps include, among other things:

- (a) continuing to work with Extract and its legal counsel (in consultation with the Monitor) to formulate the proposed Plan, coordinate its implementation, and seek its approval at the Creditors' Meeting;
- (b) continuing to facilitate Bertram Drilling Corp.'s efforts to collect its remaining outstanding accounts receivable;
- (c) negotiating with Century Services Corp. receipt of the final proceeds of sale regarding the court-approved auction of substantially all of the assets and property of Bertram Drilling Corp.;
- (d) commencing the sale of certain publicly-listed shares in the capital of IMPACT Silver Corp. held by Energold;
- (e) continuing to communicate with various lenders, employees and other stakeholders regarding the status of these CCAA proceedings;
- (f) cooperating and working with the Monitor to facilitate its monitoring of the business and operations of the Petitioners;
- (g) working to continue the operations of the Petitioners' business in the ordinary course, including communicating with suppliers and service providers; and
- (h) seeking to reduce expenses where possible, including terminating and disclaiming redundant contracts.

UPDATED CASH FLOW STATEMENT

11. In consultation with the Monitor, the Petitioners have prepared an updated cash flow statement (the "**Cash Flow Statement**"), showing the Petitioners' ability to meet their financial obligations through to April 5, 2020. A true and complete copy of the Cash Flow Statement shall be appended to the Fourth Report of the Monitor (to be filed), and attached hereto as **Exhibit "A"** is a true and complete copy of the consolidated Cash Flow Statement.

EXTENSION OF TIME NEEDED

12. The Petitioners, with the assistance of the Monitor, have worked diligently to advance the restructuring in these proceedings, including continuing to work with Extract and its legal counsel (in consultation with the Monitor) to formulate the proposed Plan, coordinate its implementation, and seek its' approval at the Creditors' Meeting.

13. The Petitioners seek an extension of the stay of proceedings under the Initial Order to April 3, 2020 to provide sufficient time to, among other things: (a) collect on various remaining accounts receivable of Bertram Drilling Corp.; and (b) conclude the sale transactions resulting from the SSP, and the sale of certain residual assets of Energold, in each case in accordance with the proposed Plan.

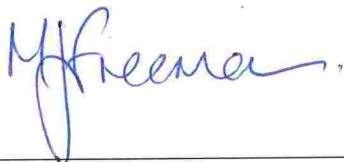
14. The Petitioners have been, and are, acting in good faith and with due diligence throughout these CCAA proceedings.

15. I am not aware of any creditor of the Petitioners intending to object to an extension of the stay of proceedings. Further, I believe that there will be no material prejudice to the Petitioners' creditors as a result of the extension.

SWORN BEFORE ME at Vancouver, British Columbia, on the 13th day of January, 2020.


_____)

A commissioner for taking affidavits for British Columbia


_____)

MATTHEW FREEMAN

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Energold Drilling Corp. et al.
 Combined Cash Flow Statement
 For the Thirty Weeks ending April 5, 2020
 Filing Entity (INC., One-Step, Energold and GCD Services)

	Revised Filing Budget																	Forecast Total
	Weeks 1 - 17 Budget	Weeks 1 - 17 Actuals	Variance	Week 18 12/01/2020	Week 19 19/01/2020	Week 20 26/01/2020	Week 21 02/02/2020	Week 22 09/02/2020	Week 23 16/02/2020	Week 24 23/02/2020	Week 25 01/03/2020	Week 26 08/03/2020	Week 27 15/03/2020	Week 28 22/03/2020	Week 29 29/03/2020	Week 30 05/04/2020	Forecast Total	
Collections	1,970,354	2,488,811	518,457	87,212	-	-	48,882	48,741	57,119	-	-	25,816	28,135	186,197	25,000	6,992	514,084	
Completed / In-Progress - Invoiced	655,200	194,212	(461,088)	-	-	-	80,000	-	-	-	-	8,300	37,000	-	-	-	460,300	
Other Collections	2,625,654	2,683,023	57,369	87,212	-	-	128,882	48,741	57,119	-	-	34,116	400,195	186,197	25,000	6,992	574,394	
Operating Disbursements	1,072,271	1,168,445	(96,174)	31,463	73,000	30,000	73,000	30,000	73,000	30,000	73,000	30,000	73,000	30,000	72,000	30,000	639,463	
Payroll	1,012,272	955,145	57,126	21,200	100,800	49,000	38,000	54,000	38,000	49,000	38,000	54,000	38,000	49,000	38,000	49,000	616,000	
Other Recurring Disbursements	685,869	580,242	105,627	17,072	30,000	30,000	35,000	30,000	35,000	30,000	35,000	30,000	35,000	30,000	30,000	35,000	402,072	
Operating Disbursements	2,770,112	2,794,832	(24,720)	59,735	203,800	109,000	146,000	114,000	146,000	109,000	146,000	119,000	146,000	109,000	141,000	114,000	1,657,535	
Net Operating Cash Flow	(144,657)	(21,899)	(122,649)	27,477	(203,800)	(109,000)	(17,118)	(65,259)	(88,881)	(109,000)	(84,884)	(254,185)	(77,197)	(116,000)	(107,008)	(883,141)		
Non-Operating Disbursements	43,148	43,148	(0)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DIP Funding exit fee	90,000	90,000	-	35,000	57,500	169,500	42,500	37,500	15,000	15,000	10,000	7,500	7,500	407,500	7,500	(35,500)	776,500	
Professional Fees	2,407,274	1,710,171	697,103	35,000	57,500	169,500	42,500	37,500	15,000	15,000	10,000	7,500	7,500	407,500	7,500	(35,500)	776,500	
Total Non-Operating Disbursements	2,550,422	1,843,319	697,103	35,000	57,500	169,500	42,500	37,500	15,000	15,000	10,000	7,500	7,500	407,500	7,500	(35,500)	776,500	
Asset Sales	(5,813,346)	(3,853,246)	(1,960,100)	-	-	(2,900,000)	-	-	-	-	-	-	-	-	-	-	(2,845,000)	
RDC Divestiture Costs / (Net Proceeds)	3,128,466	1,988,118	(1,140,348)	(7,223)	(281,300)	2,621,500	(59,618)	(102,739)	(103,881)	(124,000)	(92,884)	(246,635)	(330,303)	(407,500)	(123,500)	(106,508)	1,385,029	
Net Cash Flow	182,472	182,472	-	601,420	747,897	527,247	3,265,397	3,178,929	3,126,820	3,062,339	2,977,739	2,866,139	2,803,604	2,791,507	2,706,157	2,616,300	2,616,300	
Cash Balance	(757,160)	(577,501)	179,659	-	-	-	(80,000)	-	-	-	(8,300)	-	-	-	-	-	-	
Beginning Book Balance	3,128,466	1,988,118	(1,140,348)	-	-	-	(80,000)	-	-	-	(8,300)	-	-	-	-	-	-	
Royal Bank of Canada Repayment	(358,000)	(665,300)	(307,300)	50,000	(281,300)	2,621,500	(59,618)	(102,739)	(103,881)	(124,000)	(92,884)	(246,635)	(330,303)	(407,500)	(123,500)	(106,508)	1,385,029	
Net Cash Flow	(151,521)	(180,000)	(28,479)	-	-	-	53,120	50,650	39,400	39,400	38,150	38,150	238,150	38,150	16,650	-	818,550	
Intercompany to / from Energold de Mexico	(180,000)	(180,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intercompany to / from Bertram Drilling Inc.	(9,048)	(11,901)	(2,853)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intercompany to Energold (EMEA) Drilling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DIP Funding	-	-	-	104,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other / Adjustment	1,855,029	601,420	(1,253,609)	747,897	527,247	3,265,397	3,178,929	3,126,820	3,062,339	2,977,739	2,866,139	2,803,604	2,791,507	2,706,157	2,616,300	2,616,300		
Ending Cash Balance	1,855,029	601,420	(1,253,609)	747,897	527,247	3,265,397	3,178,929	3,126,820	3,062,339	2,977,739	2,866,139	2,803,604	2,791,507	2,706,157	2,616,300	2,616,300		

This is Exhibit " A " referred to in the affidavit of Matthew Freeman

made before me on Jan. 13 20 20

[Signature]
 A Commissioner for taking Affidavits for British Columbia

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PETITIONERS

AFFIDAVIT #3 OF MATTHEW FREEMAN

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