



This is Affidavit #1 of Frederick W. Davidson in this proceeding and was made on August 22, 2019.

S1910194

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 FREDERICK W. DAVIDSON

I, Frederick W. Davidson, of 543 Granville Street, Suite 1100, Vancouver, British Columbia, V6C 1X8,

HEREBY SWEAR THAT:

1. I am the President and Chief Executive Officer of one of the Petitioners, Energold Drilling Corp. ("**Energold**"). I am a director of the Petitioners Cros-Man Direct Underground Ltd., EGD Services Ltd. and Omniterra International Drilling Inc., and until early August 2019 I was a director of Bertram Drilling Inc. I have been a senior executive in the mining industry for over 35 years, and have been with Energold since 2001. Accordingly, I have personal knowledge of the facts deposed to in this Affidavit except where stated to be based on information and belief, in which case I verily believe them to be true. In preparing this Affidavit, I have also consulted with other members of the Senior Management (as defined below) of Energold and the other Petitioners.

2. This Affidavit is sworn in support of the Petitioners' application for an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

OVERVIEW

3. The Energold Group provides drilling contracting services in respect of minerals, energy and infrastructure.

4. Energold has operated in Canada for over 40 years, and has built the Energold Group (defined below) into a diversified group of companies operating in over 24 countries across North America, Central America, South America, Africa and Europe. Attached and marked as **Exhibit "A"** is a true copy of the Energold Group's map of operations, showing its offices/regional facilities, as well as its recent drilling operations.

5. The Energold Group's revenues have been adversely impacted by a global downturn in mineral exploration. The mining sector, as a whole, has experienced significantly reduced expenditure for the last several years. Based on my experience in the mining industry, and with Energold in particular, these downturns in expenditures are cyclical, and spending rebounds as mineral prices improve and companies begin to access additional credit to fund exploration.

6. Drilling activity is – in the short term – a discretionary expense. However, in the long-term, drilling activity is critical to any mining company's operations and, accordingly, I expect the activity and spending will rebound. Based on my experience with Energold, and a report by S&P Global Market Intelligence, it appears that global financing activity for the mineral industry is gaining momentum. Based on this improvement in the market, and my experience in the mining industry and with Energold in particular, I am optimistic for the future of the Energold Group and believe that it is well positioned to capitalize on the increase in activity. In particular, the Energold Group expects that the next year will see an increase in early stage exploration, and the Energold Group is well-positioned to service that market.

7. As described further below, the Energold Group's business and revenues are impacted by seasonality, both in operations and in receipt of funds relative to the Energold Group's expenditures for

those contracts. In particular, certain contracts require set-up and mobility costs at the outset, and other customer receivables have a significant lag behind project expenses (60-90 days or more).

8. A fundamental issue facing the Energold Group is that it has inadequate capitalization and liquidity to address these working capital issues. This has decreased its ability to meet the demand for its services, as it is not always in a position to fulfill contracts.

9. During the three months ended March 31, 2019, the Energold Group incurred a net loss of \$2.4 million. It is expected that the Energold Group will similarly report a net loss for the three months ended June 30, 2019, once those quarterly financial statements are complete. Nonetheless, the Energold Group believes that with protection from its creditors pursuant to the CCAA, and a sale and investment solicitation process to be conducted in these proceedings, it will be in a position to restructure its affairs for the benefit of its creditors, preserve enterprise value and capitalize on opportunities going forward.

10. In particular, the Energold Group is committed to cutting costs where possible and focusing on prudent spending to maintain value while it completes its restructuring. The Energold Group is evaluating all of its expenditures and investments to ensure the best use of working capital. The Energold Group also intends to pursue a sales and investment solicitation process in the course of these proceedings. To the extent that a sale of certain assets or divisions is concluded, this will allow the Energold Group to focus its operations and efforts on the divisions and units which have the strongest growth potential and bring the Energold Group into a cash-positive position as soon as possible. I believe that this will allow Energold to raise necessary liquidity and eventually recapitalize so that it can better meet the demand for its services and grow.

THE PETITIONERS

Origins

11. Energold was incorporated on April 3, 1973 under the *Companies Act* (British Columbia) (now *Business Corporations Act* (British Columbia)) with the original corporate name “Windflower Mining Ltd.”. On August 16, 1996, Energold changed its corporate name to “Energold Mining Ltd.”, and on September 30, 2005 it further changed its corporate name to “Energold Drilling Corp.”.

12. Energold’s head office is located at Suite 1100 - 543 Granville Street Vancouver, BC (the “**Head Office**”).

13. Energold is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario, and its common shares are publicly listed on the Canadian Venture Exchanges (“**CVE**”) under the trading symbol “EGD” and on the Frankfurt Stock Exchange (“**FSE**”) under trading symbol “X9X”.

14. As of August 21, 2019, the share capital structure of Energold consists of approximately 54,679,939 issued and outstanding common shares that are trading on the CVE and FSE for the market price of approximately CAD\$0.065 per common share (with respect to the CVE) and €0.032 (with respect to the FSE), for a total market capitalization of approximately CAD\$3,554,196.

15. Energold was initially founded as a mineral exploration company with a focus on conducting mineral exploration in geographically remote or heavily forested regions. Energold has since diversified its business such that Energold is now a global drilling solutions enterprise that services the mining, energy, water, infrastructure, and geotechnical industries. Through its various subsidiaries, Energold operates 274 drilling rigs in approximately 24 countries, making Energold a versatile and well-positioned player in the global drilling industry.

Corporate Organization and Structure

16. Energold owns, directly or indirectly, 34 wholly-owned subsidiaries (only some of which are Petitioners). The subsidiaries of Energold that are Petitioners (collectively, the “**Petitioner Subsidiaries**”) are:

Name of Petitioner Subsidiary	Description of Petitioner Subsidiary
Cros-Man Direct Underground Ltd. (“ Cros-Man ”)	A corporation existing under the laws of the Province of Manitoba that manufactures drilling rigs and provides drilling rig services throughout Canada
EGD Services Ltd. (“ EGD ”)	A corporation existing under the laws of the Province of British Columbia that provides drilling rig services throughout Canada
Bertram Drilling Corp. (“ Bertram Drilling ”)	A corporation existing under the laws of the Province of Alberta that provides drilling rig services to the energy sector throughout Canada

Omniterra International Drilling Inc. (“ Omniterra ”)	A corporation existing under the laws of the Province of Alberta that provides drilling rig services to the mining sector throughout Canada
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17. The Petitioners also seek to have the stay of proceedings in the Initial Order apply to the following wholly-owned subsidiaries of Energold (the “**Affected Subsidiaries**”), which, as will be described further below, are also obligors under the Petitioners’ primary secured debt:

Name of Petitioner Subsidiary	Description of Petitioner Subsidiary
Energold de Mexico, S.A. de C.V. (“ Energold Mexico ”)	A <i>Sociedad Anónima de Capital Variable</i> existing under the laws of Mexico that provides drilling rig services to the mining sector throughout Mexico and Central America
Bertram Drilling, Inc. (“ Bertram USA ”)	A corporation existing under the laws of the State of Montana that provides drilling rig services to the energy sector throughout the United States
E Global Drilling Corp. (“ E Global ”)	A corporation existing under the laws of Barbados whose sole function is to hold shares in various holding company and operating company subsidiaries
Energold Drilling (EMEA) Limited (“ Energold EMEA ”)	A corporation existing under the laws of the United Kingdom that owns various drilling rigs and holds shares in certain subsidiaries operating in Western Africa
Dando Drilling International Limited (“ Dando Drilling ”)	A corporation existing under the laws of the United Kingdom that manufactures drilling rigs and provides drilling rig services throughout Europe

18. Energold also has a number of wholly-owned direct or indirect subsidiaries of Energold that are not Petitioners or Affected Subsidiaries in these proceedings (collectively, the “**Non-Petitioner Subsidiaries**”), and collectively with the Petitioner Subsidiaries and the Affected Subsidiaries, the “**Wholly-Owned Subsidiaries**”) are the following:

Name of Non-Petitioner Subsidiary	Description of Non-Petitioner Subsidiary
Energold Drilling Peru S.A.C. (“ Energold Peru ”)	A <i>Sociedad Anónima Cerra</i> existing under the laws of the Republic of Peru
Energold Perfurações Ltda. (“ Energold Brazil ”)	A corporation existing under the laws of Brazil
Silver Servicios de Personal, S de R.L. de C.V. (“ Silver Servicios ”)	A <i>Sociedad De Responsabilidad Limitada</i> existing under the laws of Mexico

Energold de Panama, S.A. ("Energold Panama")	A <i>Sociedad Anonima</i> existing under the laws of the Republic of Panama
Industrial Processes Chihuahua S.A. de C.V. ("Industrial Processes")	A <i>Sociedad Anónima de Capital Variable</i> existing under the laws of Mexico
Energold Argentina S.A. ("Energold Argentina")	A <i>Sociedad Anonima</i> existing under the laws of Argentina
Bertram Drilling Ltd. ("Bertram Alaska")	A corporation existing under the laws of the State of Alaska
OneEnergy Chile S.A. ("OneEnergy")	A <i>Sociedad Anonima</i> existing under the laws of the Republic of Chile
Energold de Colombia S.A.S. ("Energold Colombia")	A <i>Sociedad Anonima Simplificada</i> existing under the laws of the Republic of Colombia
Energold Drilling Dominicana S.R.L. ("Energold Dominican")	A <i>Sociedad De Responsabilidad Limitada</i> existing under the laws of the Dominican Republic
E. Drilling de Nicaragua S.A. ("Energold Nicaragua")	A <i>Sociedad Anonima</i> existing under the laws of Nicaragua
Afriwest Services UK Ltd. ("Afriwest")	A corporation existing under the laws of the United Kingdom
E-Drilling Ghana Limited ("E-Drilling Ghana")	A corporation existing under the laws of the Republic of Ghana
Energold Senegal SUARL ("Energold Senegal")	A <i>société à responsabilité limitée</i> existing under the laws of Senegal
Energold SL Limited ("Energold Sierra Leone")	A company existing under the laws of the Republic of Sierra Leone
CNF Enterprises Limited ("CNF")	A company existing under the laws of the Republic of Kosovo
Afriwest DRC SaRL ("Afriwest Congo")	A <i>société à responsabilité limitée</i> existing under the laws of the Democratic Republic of the Congo
Norex Services Madagascar ("Norex")	A corporation existing under the laws of Madagascar
Energold Cote D'Ivoire SaRL ("Energold Cote D'Ivoire")	A <i>société à responsabilité limitée</i> existing under the laws of the Cote D'Ivoire
Energold Liberia Limited ("Energold Liberia")	A corporation existing under the laws of the Republic of Liberia
Energold Djibouti ("Energold Djibouti")	A corporation existing under the laws of Djibouti

19. Each of the Wholly Owned Subsidiaries is responsible for local operations in its respective jurisdiction although, as described below, each is reliant on Energold for strategic direction and oversight. The Non-Petitioner Subsidiaries have relatively few assets. To the extent possible, the Non-Petitioner Subsidiaries import inventory, personnel and equipment on an as-needed basis. Certain Non-Petitioner Subsidiaries, for whom imports are more challenging, carry higher levels of inventory and equipment.

20. Each of the Wholly Owned Subsidiaries send their positive cash flow to Energold, which covers general and administrative expenses for the Energold Group (as defined below), along with debt servicing. Certain Wholly Owned Subsidiaries meet their own operating expenses out of revenues earned from their operations. To the extent that any Wholly Owned Subsidiaries are unable to meet their obligations out of revenue, the Energold Group has sought, and continues to seek, ways to reduce expenses to eliminate such shortfalls. Energold has also, on occasion, advanced various amounts of stop-gap funding to certain of its Wholly-Owned Subsidiaries – for example, Energold advanced approximately \$140,000 to Cros-Man between June 10, 2019 and July 15, 2019. At this time though, Energold is no longer in a position to fully cover the Wholly Owned Subsidiaries shortfalls, and is seeking to limit those intercompany advances.

21. The Petitioners are presently operating at a loss and the Petitioners are unable to meet their obligations as they come due. In particular, the Petitioners and Affected Subsidiaries are unable to repay debt to the Energold Group’s primary secured creditor, which is presently in default.

22. Energold also owned approximately 5,980,001 common shares (the “**IMPACT Shares**”) in the capital of IMPACT Silver Corp. (“**IMPACT**”), a reporting issuer that is listed on the Canadian Venture Exchange under the trading symbol “IPT”. The IMPACT Shares represented approximately 6.50% of the issued and outstanding shares in the capital of IMPACT. Energold has concluded a sale of approximately 1,000,000 shares in IMPACT over the past several months, and is in the process of arranging a sale of the remaining IMPACT Shares.

23. I am the chief executive officer and a director of IMPACT, and have disclosed my roles with IMPACT to Energold’s Board of Directors as may be required under the *Business Corporations Act* (BC).

24. Energold also has an indirect interest in Bertram-Begahzu Drilling Ltd. (“**BBD**” and, together with Energold and the Wholly-Owned Subsidiaries, the “**Energold Group**”), an Alberta company that is 36.25% owned by Bertram Drilling.

25. Attached hereto as **Exhibit “B”** to this Affidavit is a corporate organizational chart of the Energold Group. I have reviewed this document and believe the information set out therein is true and complete in all respects.

26. The Petitioners and Affected Subsidiaries, along with the rest of the Energold Group, operate on a consolidated basis.

Senior Management

27. The senior management team of the Petitioners (collectively, the “**Senior Management**”) as of the date of this Affidavit consists of the following personnel:

Name	Office/Title	Entity	Location
Frederick W. Davidson	President and Chief Executive Officer	Energold	Vancouver, BC
Jerry C. Huang	Chief Financial Officer	Energold	Vancouver, BC
Mark Berger	Chief Restructuring Officer	Energold	Vancouver, BC
Marco Garrido	Director of Sales and Business Development	Energold	Vancouver, BC
Linda Woody	Director of Finance	Energold	Vancouver, BC
Brian Bertram	President	Bertram Drilling	Carbon, Alberta
Darrell Bertram	Vice President of Operations	Bertram Drilling	Carbon, Alberta

28. Each member of Senior Management is based in Vancouver, British Columbia, with the exceptions of Brian Bertram and Darrel Bertram. All decisions by Senior Management located outside of the Head Office require consultation with Senior Management based in Vancouver, British Columbia, and are subject to the overall strategic direction set by Energold from its Head Office. The Chief Restructuring Officer, Mark Berger, is a resident of Chicago, Illinois, but is primarily based in Energold’s head office in Vancouver, BC for work related to Energold.

Operating Divisions

29. The Energold Group’s business is divided roughly into three main operational divisions: (1) mining; (2) energy and infrastructure; and (3) manufacturing. Details of each of these business divisions are set out below.

A. Mining Division

30. The Energold Group's mining division provides drilling services to senior, junior and venture mining companies, primarily in North America, Central America, the Caribbean, South America, Africa and Europe. The mining division consists of a fleet of 137 specialized drilling rigs comprised primarily of diamond drilling rigs, underground drilling rigs, reverse-circulation drilling rigs, and reverse-air-blast drilling rigs, and involves all Petitioners other than Bertram Drilling and Cros-Man. The Energold Group's fleet of mineral drilling rigs is constructed with a fully-modular design, allowing the rigs to be mobilized to any location around the round very quickly.

31. The Energold Group is a world leader in socially and environmentally responsible drilling for mining and mineral exploration industries throughout North America, Central America, the Caribbean, South American, Africa, and Europe. The Energold Group's portable drilling rigs can operate in the most remote and rough terrain, with minimal impact on the surrounding land or vegetation compared to competitors. Further, all additives used in our drilling processes are non-toxic, and contaminants from petroleum based products are always contained with a dual retention system to prevent environmental degradation.

32. Demand for drilling services in the mining sector is highly seasonal. In Africa, there is typically a reduction in drilling activity for most of Energold's operations during June/July through to September/October of each year, due to excessive rain. In South America, a seasonal downturn takes place at the end of each calendar year, to coincide with the holiday season. In general, the Energold Group experiences the highest level of drilling activity in the mining sector during the second and third quarters of each calendar year, whereas the first and especially the last quarter of each calendar year are typically Energold's slowest periods. This seasonality creates unavoidable cash flow constraints for the Energold Group's Mining Division that, while somewhat predictable, can nonetheless impose financial hardship on the Energold Group as a whole.

33. Global mineral exploration has also experienced a general slow-down over the past few years, with overall exploration spending falling from a record high of approximately \$21.5 billion in 2012 to

approximately \$6.9 billion in 2016. This has led to an overall decrease in the demand for drilling services. This has been compounded over the last several years by the Ebola epidemic in West Africa, which is the Energold Group's second-largest mineral drilling market.

34. Further, the Energold Group specializes in early-stage exploration drilling work, where there is typically less competition and higher margins (commonly referred to in the mining industry as "green-field" work). The drawback to green-field work is that it is often considered an elective expense by mid and major tier mineral exploration companies (which comprise the majority of Energold's client base), and green-field exploration projects are among the first to be cancelled in times of financial hardship. While corporate spending on mineral exploration in general has recovered marginally, the majority of this recovery has been with later-stage mining development projects, and not in early stage green-field work. As such, both the general slow down in mineral exploration and (in particular) protracted inactivity in green-field space have contributed significantly to Energold's ongoing financial distress.

35. The Energold Group's largest market for mineral drilling services is Mexico. Drilling activity in that region has been adversely impacted by, among other things, concerns that the new President of Mexico may restrict mining activity in Mexico and depressed spot and future prices of commodity silver. These economic and political conditions chilled the desire of mining companies to invest in mineral exploration drilling projects in Mexico. Demand for drilling services in Mexico is beginning to recover.

36. The Energold Group's second largest mineral market is West Africa. Demand for drilling services in this region was adversely affected by the Ebola epidemic between 2015 and 2017, which caused panic in the region and many companies halted exploration and drilling operations. The West African drilling market is also regularly affected by social, bureaucratic or political instability, as many countries in the region lack much of the institutional safeguards and supports that are present in other, more developed, regions. Despite this, mineral exploration activity in West Africa has rebounded in recent months, and the Energold Group is beginning to see an increase in business activity in that region.

37. There are signs of improvement for the market for mining services and, as noted above, with proper capitalization, the Energold Group will be in a position to generate revenue and grow.

B. Energy and Infrastructure Division

38. This division is split into two subdivisions: one focused on energy project drilling, and the other focused on drilling for construction and infrastructure projects.

39. In general, Bertram Drilling and its subsidiaries provide drilling services to energy sector clients, while Cros-Man and Bertram USA provide drilling services to construction and infrastructure projects. However, this division of drilling services by industry is not rigid, and there is overlap among the drilling services provided by Bertram Drilling, Cros-Man and Bertram USA.

Energy Subdivision

40. The Energold Group's energy subdivision consists primarily of the operations of Bertram Drilling and its subsidiaries. These entities provide drilling services to energy companies (particularly those specializing in oil and gas exploration and extraction) throughout North America and South America.

41. Bertram Drilling began operating in Alaska in 1962, and has since become a diversified company active in oil sand coring and shot-hole seismic drilling, key components in oil and gas exploration and extraction processes. Much of Bertram Drilling's business previously came from its expertise in drilling in difficult or inhospitable terrain, such as the Canadian foothills, the Rocky Mountains, and the Arctic. Bertram's business is focused on the oil and gas extraction sector in North America, primarily in the Canadian oil sands.

42. Demand for drilling services in the energy sector (particularly oil and gas) is highly seasonal. In particular, the ability to move heavy equipment into the remote Canadian oil and gas fields is dependent primarily on weather conditions. Many oil and gas exploration and production sites in northern Canada are only accessible during the winter months when the ground is frozen and is strong enough to support heavy equipment. As warm weather returns each spring, the winter frost thaws from the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they are thoroughly dried. The result of this is that most oil and gas drilling occurs in the first quarter of each calendar year, with the "spring break-up" months of April and May typically being the slowest time for business. The duration of this seasonal thaw has a direct impact of Bertram Drilling's ability to service customers and therefore its

ability to generate revenue. As such, seasonality in the energy sector contributes significantly to cash flow timing constraints for the Energold Group as a whole.

43. The Energold Group's drilling services to the energy industry have also been adversely impacted by the downturn in the Alberta energy market generally, resulting in a significant number of its rigs located in Canada presently being inactive. In particular, the Energold Group was active in seismic drilling for gas and oil sands drilling, both of which were adversely affected by the decline in energy prices since late 2015. Activity has improved marginally, particularly in the oil sands drilling space, but there remain a number of inactive wells and limited demand for drilling services. In the 2018/2019 winter drilling season, weather and aggressive pricing demands from the industry have had a negative effect on the Energold Group's margins. Seismic drilling remains inactive due to shut-in gas well capacity and a lack of pipelines. The Energold Group is optimistic that this will improve over the next few years, but at this time, there is very limited demand for seismic drilling services and Bertram Drilling is not profitable.

44. The Energold Group has sought to address these issues, in part, by having Cros-Man provide services outside the energy industry, as described further below.

Infrastructure Subdivision

45. The Energold Group's infrastructure subdivision consists primarily of the operations of Bertram USA and Cros-Man. These entities provide drilling services to customers in North America.

46. Bertram USA is a wholly-owned subsidiary of Bertram Drilling, which focuses on geotechnical and geothermal drilling. Geotechnical drilling is performed by geotechnical, civil or geological engineers to retrieve information on the physical properties of soil and rock formations. This type of drilling is typically performed in the preparation stages of building engineering projects, foundation construction, and also cases of testing and repairing existing buildings and other structures. Geothermal drilling involves drilling a borehole for the purposes of installing geothermal energy or heating/cooling systems. Last year, Bertram USA experienced growth in revenue and had positive EBITDA.

47. Cros-Man operates primarily in Central Canada, and specializes in horizontal directional drilling ("HDD"). This drilling method is used primarily to install underground pipes, conduits, or cables

in a shallow arc along a prescribed bore path using a surface-launched drilling rig, and is beneficial as it results in minimal impact on the surrounding soil or area. As such, HDD is used where trenching or excavating to install pipes, conduits, or cables is not practical or cost-effective, which is often the case with road, landscape or bridge projects. Cros-Man also provides “hydro vac” technology services, which is a non-destructive method of digging that uses a pressurized vacuum and water system to quickly and safely expose underground infrastructure, such as existing telecommunications, gas, water and other lines. Cros-Man provides these services in the context of installation of, among other things, fibre optics. Cros-Man is not profitable from an accounting perspective, though generates positive EBITDA.

C. Manufacturing Division

48. The Energold Group’s manufacturing division consists primarily of the operations of Dando Drilling, which specializes in the design, manufacture, and sale of mobile drilling rigs and associated equipment for water wells, mineral exploration, geotechnical investigation, and environmental monitoring. Currently, Dando Drilling is actively participating in multiple tendering processes with various potential customers worldwide. Dando is not profitable from an accounting perspective.

49. Drilling is a highly seasonal business, which can create seasonality in manufacturing demand. The first quarter of each calendar year is typically reserved for participating in annual tendering processes with non-government and government organizations worldwide, with contracts typically awarded through these tendering processes in the second and third quarters of each calendar year. Further, it generally takes between 6-8 months to engineer, design, assemble and test a drilling rig before it is ready for sale, so delivery of the completed drill rigs typically occurs in the last two quarters of each calendar year (or later). This prolonged, seasonal life-cycle of the tendering processes and project completion means that Energold’s manufacturing division has a relatively long cash conversion cycle, which unavoidably subjects Dando Drilling to systemic timing constraints on cash flow.

50. In general, the profitability of Energold’s manufacturing division has been adversely affected by global declines in the mining and energy sectors, including a down-turn in minerals since 2012. This has resulted in significant under-utilization of drilling rigs. To counter these effects, the Energold Group

has focused on water drilling equipment, and recently introduced new geo-technical rigs following significant research and development. Equipment orders in this space tend to be for custom rigs, which have higher margins and thus can be very lucrative to the Energold Group.

51. While demand in the manufacturing space has been relatively strong, it also requires a significant investment of working capital and time to complete. Unfortunately, Dando does not have operating reserves or cash on-hand. Accordingly, it is reliant on Energold to provide financing for Dando's operations. In light of Energold's liquidity issues, it has been unable to do so.

52. Accordingly, since early 2018, the Energold Group has been seeking a potential purchaser or investor for Dando.

53. Following an exploration of the market for potential purchasers or investors, Dando and Energold entered into a Binding Heads of Agreement (the "**HoA**") with a private UK based company (the "**Dando Purchaser**") for the acquisition of Energold's shares in Dando (the "**Dando Sale**"). The Petitioners will seek a sealing order in respect of this affidavit to maintain the confidentiality of the HoA in accordance with its terms. Attached and marked as **Exhibit "C"** is a true copy of the press release in respect of the Dando Sale and the HoA.

54. Pursuant to the tentative deal terms initially set out in the HoA:

- (a) the Dando Purchaser would be responsible for funding Dando's future operations;
- (b) the Dando Purchaser would acquire a beneficial interest in 51% of Dando's shares;
- (c) the Dando Purchaser advanced £500,000 to Dando to fund its operations;
- (d) following execution of the purchase agreement, the Dando Purchaser would advance an additional £1,000,000 to Dando for its operations;
- (e) beginning one year after closing, the Dando Purchaser would pay an Energold an aggregate amount of £3.1 million (approx. CAD\$5,355,000) in equal quarterly installments (£77,500 or approx. CAD\$133,875) per quarter over a ten-year period (the "**Installment Payments**"); and

- (f) Energold would transfer the remaining shares in Dando to the Dando Purchaser in proportion to the Installment Payments, as the Installment Payments are made.

To the best of my knowledge, the Dando Sale has not completed as of the date of this Affidavit. If the Dando Sale does not close prior to the Petitioners commencing these proceedings, the Petitioners may seek Court approval of the Dando Sale in the course of these proceedings.

Location of Revenue-Generating Assets

A. Drilling Rigs

55. The primary revenue-generating assets of the Energold Group consists of the approximately 263 drilling rigs that it owns and operates. These drill rigs vary in terms of type and industry focus (as set out in further details above), and are located in over 24 different countries (often in locations that are remote or otherwise not easily accessible).

56. A summary of the location of drilling rigs owned by Energold or the Wholly Owned Subsidiaries is set out in the table below:

Location	Number of Drilling Rigs
Canada	98 energy rigs, most of which service the oil and gas sector
United States	31 rigs, focused primarily on geotechnical, geothermal and water services drilling
Mexico, Central America and the Caribbean	55 rigs, most of which service the mining sector
South America	35 rigs, most of which service the mining sector
United Kingdom and Europe	13 rigs, most of which service the mining sector
Africa, Middle East and Asia	31 rigs, most of which are situated in West Africa and serve junior or exploration stage mining companies

57. For the Petitioners, Bertram Drilling owns 91 rigs and Cros-Man owns 6 rigs.

58. Overall, the Energold Group’s drilling rigs Canada and the United States are used primarily by its energy and infrastructure division (particularly the oil and gas sector), while the drilling rigs in the rest of the world are used primarily by its mining division. With respect to the drilling rigs used to service

mining industries, for 2018, 49% of the metres drilled were in Mexico, Central America and the Caribbean, 39% were in Africa and the Middle East, 3% in the UK and Europe and 10% in South America.

59. From time to time, certain of Energold's subsidiaries may enter into joint venture agreements with other Energold subsidiaries or third parties to complete a drilling project, or may lease a drill rig for its own use from another Energold subsidiary or third party, or conversely lease a drill rig to another Energold subsidiary or third party to complete a project.

B. Facilities and Field Offices

60. The Energold Group maintains leased premises for 10 field offices (the "**Field Offices**") situated in the following cities: (a) Carbon, Alberta; (b) Billings, Montana; (c) Chihuahua, Mexico; (d) Mexico City, Mexico; (e) Lima, Peru; (f) Belem, Brazil; (g) Belo Horizonte, Brazil; (h) Buenos Aires, Argentina; (i) Monrovia, Liberia and (j) Yamoussoukro, Cote D'Ivoire.

61. The field offices provide local support to the Energold Group operations in the nearby regions. As noted above, each of the field offices and the respective operating companies takes direction from the Energold Head Office in Vancouver, British Columbia. A listing of the Field Offices leased by the Petitioners is set out below:

Field Office	Petitioner Tenant
Carbon, Alberta	Bertram Drilling
Reston, Manitoba	Cros-Man

62. The Energold Group also maintains storage sites, warehouses and shops in various locations containing inventory, mechanics and service equipment (the "**Logistical Facilities**"). The Operational Facilities in North American are located in: Carbon, Alberta; Richmond, British Columbia; Billings, Montana; and Chihuahua, Mexico. In Central America and South America, significant Logistical Facilities are located in: Managua, Nicaragua; Panama City, Panama and Bogota, Columbia; Lima, Peru; Bello Horizonte, Brazil and Buenos Aires, Argentina. Other significant Logistical Facilities are located in Midlands, United Kingdom and Yamoussoukro, Cote D'Ivoire.



63. Each of these operational facilities is leased and is critical to the Energold Group's continued operations. A listing of the Logistical Facilities leased by the Petitioners is set out below:

Logistical Facility	Petitioner Tenant
Carbon, Alberta	Bertram Drilling
Reston, Manitoba	Cros-Man

64. The Field Offices and Logistical Facilities for Carbon and Reston are located at the same premises and subject to the same lease.

Intellectual Property

65. The Energold Group collectively holds intellectual property assets, including without limitation, the intellectual property evidenced by the following registrations:

Owner	Trademark	Image	App. Date / App. No.	Goods and Services	Reg. No./ Reg. Date
ENERGOLD DRILLING CORP.	ENERGOLD GROUP & Design		App 02-SEP-2015 App 1744412	(1) Geotechnical drilling services; Manufacturing of equipment for use in the energy industry	Reg TMA950532 Reg 27-SEP-2016
Energold Drilling Corp.	Energold Group & Design		App 08-JUL-2015 App 1736296	(1) Mining services; drilling services, namely, drilling for mineral, water and energy sources; exploration services for the mining industry; manufacturing of equipment for use in the mining and water extraction industry, namely, drills and related support equipment	Reg TMA949046 Reg 12-SEP-2016

Energold Drilling Corp.	ENERGOLD GROUP	N/A	App 04-DEC-2012 App 1605123	(1) Mining services (2) Drilling Services, namely, drilling for mineral, water and energy sources (3) Exploration services for the mining industry (4) Manufacturing of equipment for use in the mining and water extraction industry, namely, drills and related support equipment	Reg TMA885735 Reg 12-SEP-2014
Energold Drilling Corp.	ENERGOLD	N/A	App 29-JUL-2010 App 1490526	(1) Mining services. (2) Drilling services, namely drilling for mineral and energy sources. (3) Exploration services for the mining industry.	Reg TMA799711 Reg 10-JUN-2011

66. Dando Drilling also owns intellectual property consisting of proprietary drill rig designs.

Key Customers

67. Energold's clients are almost entirely in the energy or mining industries, and range from junior explorers to some of the worlds largest and most diversified natural resource and energy companies.

68. Key customers in the mining industry include: Barrick Gold Corporation, Goldcorp Inc., RioTinto, BHP Billiton, Newmont Mining Corporation, Endeavour Mining Corporation, Grupo México, and Agnico Eagle Mines Limited.

69. Key customers in the energy industry include: Encana Corporation, Royal Dutch Shell plc, Syncrude Canada Ltd., Imperial Oil Limited, Chandos Construction Ltd., and John Wood Group plc.

FUNDRAISING AND USE OF PROCEEDS

Historical Financing Efforts - Equity

70. Energold has raised significant funds through Canada and Europe's capital markets (collectively, the "**Equity Financings**"). The most recent Equity Financings of Energold consist of:

- (a) approximately \$5,800,000 raised on July 6, 2016 by way of a public offering of 5,750,000 units at the price of \$1.00 per unit, with each unit consisting of one common share and one common share purchase warrant exercisable at the price of \$1.75 per common share; and
- (b) approximately \$700,000 raised on July 22, 2016 by way of a non-brokered private placement of 716,192 units at a price of \$1.00 per unit, with each unit consisting of one common share and one common share purchase warrant exercisable at the price of \$1.75 per common share.

Historical Financing Efforts - Debt

71. Beyond the Equity Financings, the Petitioners have also sought and obtained working capital through the debt market (including public markets for securitized debt) (the "**Debt Financings**"). The most recent Debt Financings consist of:

- (a) approximately \$20,000,000 raised on June 15, 2017 by way of an issuance of: (i) convertible secured notes to Extract Investors LLC ("**Extract**") and certain other noteholders that are convertible into common shares at the conversion price of \$0.85 per share; and (ii) common share purchase warrants equal to 25% of each noteholder's principal amount of convertible secured notes purchased, exercisable at the price of \$1.50 per common share for a period of 60 months after the closing of the financing; and
- (b) approximately \$2,000,000 raised on March 1, 2018 by way of an unsecured working capital facility granted by Extract Capital Master Fund Ltd. and Sprott Hedge LP 1 and Sprott Hedge LP 2, together with the issuance of 1,200,000 common share purchase warrants exercisable at the price of \$0.54 per common share.

Use of Funds

72. The Energold Group used the proceeds of the above financings to repay and retire its earlier secured debt and other debt, with the balance used to fund its working capital needs and operations.

SECURED LOANS

73. While I have been Chief Executive Officer of Energold, certain Petitioners were granted credit facilities or loans by various secured lenders. A summary of these secured credit facilities is set out below:

A. Royal Bank of Canada – Bertram Drilling Facility

74. Bertram Drilling (as borrower) and Energold (as guarantor) have an agreement with Royal Bank of Canada (“RBC”) for a revolving facility in the maximum principal amount of \$3,500,000 pursuant to the terms and conditions of a loan agreement dated December 5, 2018 (as amended from time to time, the “RBC/Bertram Loan Agreement”). Pursuant to the RBC/Bertram Loan Agreement, RBC also agreed to make facilities available for letters of guarantee and a corporate Visa.

75. The available funds under the revolving facility made pursuant to the RBC/Bertram Loan Agreement are calculated based on accounts receivable. In particular, the borrowings under that facility cannot exceed 75% of “Good Accounts Receivable”. The definition of Good Accounts Receivable excludes, among other things, amounts which are outstanding for more than 90 days, holdbacks or amounts subject to security interests.

76. Bertram Drilling has drawn two letters of credit on the guarantee facilities in the amount of \$630,000 and \$2.8 million. These letters of credit are guaranteed by Export Development Canada, but have not been drawn, and as of August 16, 2019, no amounts are owing to RBC on those facilities. The project in respect of the \$2.8 million letter of credit is substantially complete, though the counterparty has not confirmed such completion to Bertram Drilling.

77. The payment and performance by Bertram Drilling and Energold of their obligations under the RBC/Bertram Credit Agreement are secured by, among other things, a security interest over all present and after-acquired personal property of Bertram Drilling pursuant to the terms and conditions of a general security agreement dated as of May 14, 2013 (the “RBC/Bertram Security”).

B. Royal Bank of Canada – Cros-Man Facility

78. Cros-Man (as borrower) and Energold (as guarantor) are indebted to RBC for up to the maximum aggregate principal amount of \$575,000 in connection with a \$500,000 revolving demand credit facility and a \$75,000 credit card facility pursuant to the terms and conditions of a credit agreement dated as of July 3, 2018 (the “**RBC/Cros-Man Credit Agreement**”).

79. The payment and performance by Cros-Man and Energold of their obligations under the RBC/Cros-Man Credit Agreement are secured by a security interest over all present and after-acquired personal property of Cros-Man pursuant to the terms and conditions of a general security agreement dated as of July 3, 2018 (the “**RBC/Cros-Man Security**”).

C. Extract Convertible Debenture

80. Though subordinate to RBC with respect to certain collateral, the primary secured creditor of the Petitioners is Extract. Each of Energold, as issuer, and the remaining Petitioners and the Affected Subsidiaries guarantors, are indebted to Extract and other noteholders pursuant to certain convertible secured notes (collectively, the “**Note**”) subject to the terms and conditions of a note purchase agreement dated as of June 15, 2017 (the “**Note Purchase Agreement**”) among Energold, as issuer, the Petitioner Subsidiaries and Affected Subsidiaries, as guarantors, certain noteholders party thereto (the “**Noteholders**”), and Extract, as administrative agent on behalf of and for the benefit of the Noteholders. Attached as **Exhibit “D”** to this Affidavit is a true and complete copy of the Note Purchase Agreement.

81. The payment and performance by Energold of its obligations under the Notes pursuant to the Note Purchase Agreement was guaranteed by each of the Cros-Man, EGD, Bertram Drilling and the Affected Subsidiaries pursuant to the terms and conditions of an omnibus guarantee dated June 15, 2017 (the “**Guarantee**”). The Guarantee is governed by the laws of British Columbia.

82. The payment and performance by each of the Petitioners of its obligations under the Notes, the Note Purchase Agreement and the Guarantee is secured by way of:

- (i) a security interest over all present and after-acquired personal property of Energold pursuant to the terms and conditions of a general security agreement dated as of June 15, 2017 (the “**Energold Security**”) governed by the laws of British Columbia;
- (ii) a security interest over all present and after-acquired personal property of each of Cros-Man, EGD, Bertram Drilling and Omniterra pursuant to the terms and conditions of a general security agreement dated as of June 15, 2017 governed by the laws of British Columbia;
- (iii) a security interest over all present and after-acquired personal property of Energold EMEA pursuant to the terms and conditions of a debenture dated as of June 15, 2017 governed by the laws of the United Kingdom;
- (iv) a security interest over all present and after-acquired personal property of Dando Drilling pursuant to the terms of a debenture dated as of June 15, 2017 governed by the laws of the United Kingdom;
- (v) a security interest over all present and after-acquired personal property of Bertram USA pursuant to the terms and conditions of a security agreement dated June 15, 2017 governed by the laws of the State of New York;
- (vi) a security interest over all present and after-acquired personal property of E Global pursuant to the terms and conditions of a debenture/mortgage dated effective as of June 15, 2017 governed by the laws of Barbados,

(collectively, the “**Extract Security**”).

83. Each of Energold, the Petitioner Subsidiaries and Energold Mexico failed to pay interest when due to the Noteholders for the months of January 2019 and February 2019 (the “**Pre-Forbearance Defaults**”).

84. As a result of the Pre-Forbearance Defaults, Energold and Extract had various discussions regarding the terms on which Extract and the other noteholders would agree to waive the Pre-Forbearance Defaults and forbear from exercising their rights under the Extract Security.

85. These discussions resulted in the Petitioners and Energold Mexico, Extract and the other Noteholders entering into a forbearance agreement dated April 24, 2019 (the “**Forbearance Agreement**”) which provided for, among other things: (i) a deferral of interest payments owed as of April 24, 2019 to July 31, 2019; (ii) payment of interest during the forbearance period in cash or by transferring IMPACT shares in proportion to the amount of interest owed (with the IMPACT share price calculated as 50% of the 10 day volume weighted average price on the TSX-V); and (iii) a forbearance period, subject to certain terms and conditions, ending on September 30, 2019 (the “**Forbearance Period**”). Attached to the Affidavit as **Exhibit “E”** is a true and complete copy of the Forbearance Agreement.

86. The conditions to forbearance set out in the Forbearance Agreement include, among other things, Energold completing by no later than May 24, 2019 a private placement on terms set out in the Forbearance Agreement (the “**Forbearance Private Placement**”).

87. Despite our best efforts, and despite interest from prospective purchasers, Energold was unable to secure the full amount required by the Forbearance Private Placement within the timelines set out in the Forbearance Agreement. Accordingly, since May 24, 2019, the Petitioners and Energold Mexico have been in default under the Forbearance Agreement. Furthermore, as Energold could not accept subscriptions for common shares with a pending default, Energold was unable raise working capital through the public capital markets.

88. On June 19, 2019, Extract sent a letter to Energold setting out various defaults under the Forbearance Agreement, in addition to the failure to conclude the Forbearance Private Placement. In this letter, Extract advised that the Noteholders intention was to continue to forbear on a day-to-day basis. Attached and marked as **Exhibit “F”** is a true copy of the June 19, 2019 letter (the “**June 19 Letter**”).

89. Energold responded to the June 19 Letter by way of a letter dated June 21, 2019 (the “**June 21 Letter**”), in which Energold (among other things): (i) contested certain of the defaults alleged by Extract, (ii) agreed to consider appointing a chief restructuring officer to assist Senior Management with the management and affairs of the Energold Group, and (iii) indicated to Extract the possibility of making an

application for creditor protection under the CCAA. Attached and marked as **Exhibit “G”** is a true copy of the June 21 Letter (together with the June 19 Letter, the “**June Correspondence**”).

90. During the months following the June Correspondence, Energold and Extract have attempted to implement an out-of-court restructuring of the business and affairs of the Energold Group. However, in light of certain defaults set out in the June 19 Letter, Extract and the Noteholders are in a position to terminate the Forbearance Agreement and make demand at any time.

D. Export Development Canada

91. Energold is indebted to Export Development Canada (“**EDC**”) up to the maximum aggregate principal amount of USD\$2,000,000 pursuant to the terms and conditions of an amended and restated loan agreement dated June 14, 2017 (the “**EDC Loan Agreement**”).

92. The payment and performance by Energold of its obligations to EDC under the EDC Loan Agreement is secured by, among other things:

- (i) a security interest over all present and after-acquired personal property of Energold pursuant to the terms of a general security agreement dated as of July 30, 2015;
- (ii) guarantees from Bertram Drilling and Energold Mexico; and
- (iii) a security interest over all present and after-acquired personal property of Bertram Drilling pursuant to the terms of a general security agreement dated as of June 14, 2017, (collectively, the “**EDC Security**”).

93. The loans under the EDC Loan Agreement became due and payable on July 10, 2019, and Energold does not have cash available to repay its obligations to EDC under this agreement. As such, Energold and Bertram Drilling are each in default under the EDC Loan Agreement and the EDC Security (the “**EDC Defaults**”).

UNSECURED FINANCING ARRANGEMENTS

Promissory Notes

94. Pursuant to Promissory Notes dated March 1, 2018, Extract Capital Market Fund Ltd. (“**Extract CMF**”) and Sprott Hedge Fund and Sprott Hedge II Fund (together, “**Sprott**”) each agreed to advance up to \$1 million to Energold to assist with working capital requirements (the “**Promissory Notes**”). Energold entered into extension agreements with each of Extract CMF and Sprott pursuant to which the maturity date of the Promissory Notes was extended to April 20, 2019.

95. Under the Promissory Notes, each of Extract CMF and Sprott made an initial advance of \$250,000. Further advances are payable at the discretion of Extract CMF and Sprott, as applicable, following written request by Energold, including evidence of contractual commitments to provide services, with advances to be calculated on the basis of 12.5% of the value of those contracts.

96. Neither Extract CMF nor Sprott holds security in respect of the amounts borrowed under the Extract Promissory Note.

97. As of August 16 2019, Energold is indebted to each of Extract CMF and Sprott in the amount of \$133,438 pursuant to the Promissory Notes.

Bertram Trust

98. As of August 16, 2019:

- (i) Energold is indebted to The Brian and Darrell Bertram Trust (the “**Bertram Trust**”) in the amount of approximately \$694,817; and
- (ii) Bertram Drilling is indebted to the Bertram Trust in the amount of approximately \$124,819.

99. The Bertram Trust does not hold any security in respect of these amounts.

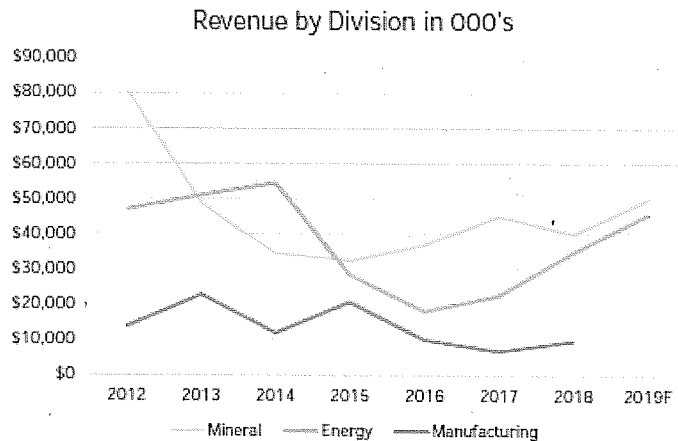
Ken Hamel

100. As of August 16, 2019, Cros-Man is indebted to Ken Hamel in the amount of approximately \$334,000 with respect to certain unsecured earn-out obligations. Mr. Hamel does not hold any security in respect of these amounts.

INSOLVENCY OF THE PETITIONERS

101. Energold's financial performance is intrinsically linked to the demand for industrial-scale drilling services, which is primarily driven by exploration or extraction activity in the mining and energy sectors.

102. The Energold Group began experiencing unfavourable financial results due to a global and concerted deterioration of the markets that it serves – in particular, the general downturn in mining that commenced in or around 2012, and the subsequent general downturn in oil and gas that commenced in or around 2014. While conditions in the mining sector have shown some signs of improving in recent years, neither the mining nor energy sectors have recovered to their previously robust levels of activity. This has put sustained strain on Energold's ability to generate revenue and cash flow. Below is a chart depicting the trend of the Energold Group's gross revenue by division between 2012 to present:



103. Beginning in or around 2012, the market price of most base and precious metal commodities began to plummet. This collapse in market prices led to a corresponding steep contraction in demand for mineral exploration ventures by both senior and junior mining companies, which together account for a majority of gross revenue derived from Energold's Mining Division. As such, Energold faced a steep decrease in gross revenue from its Mining Division.

104. Similarly, in or around 2014, the international spot and future prices for crude oil benchmarks (including Western Canadian Select, West Texas Intermediate, and Sweet Brent Crude) experienced a

precipitous and concerted collapse. This corresponded with a similar plummet in the market price for natural gas. As a result, larger companies operating in the Canadian oil fields (where much of Energold's revenue from oil and gas customers originates) have significantly reduced exploration and development budgets in accordance with the lower profit forecasts over the near to medium term. This caused Energold's revenue from oil and gas customers to decline.

105. Energold's revenue from oil and gas and mining drilling began to recover in late 2017, as major energy and mining companies began to increase exploration and development spending (as compared to the troughs of previous years). Energold has seen positive EBITDA for four of the past five fiscal quarters on a consolidated basis. Nonetheless, this recovery has not returned revenue to pre-2012 levels. Obstacles to any sustained recovery include, among other things: (i) an increasingly burdensome regulatory climate for mineral and energy exploration projects; and (ii) in Canada, insufficient pipeline and other logistical capacity resulting in domestic prices for oil and gas being discounted when compared to benchmark prices in the United States and abroad.

106. The Energold Group has limited cash and liquid assets available for sale to raise working capital. Though the remaining IMPACT Shares are freely tradable on the Canadian Venture Exchange, in my opinion, conditions in the mining capital markets have only recently improved and the IMPACT Shares must be sold over time to avoid adversely impacting the price for those shares.

RESTRUCTURING

Preliminary Restructuring Plan

Reduction of Head Office overhead costs

107. As an initial step in its efforts to address the insolvency of the Energold Group and restructure its business and affairs, Senior Management took steps to reduce employee headcount in the Head Office, and reduced the physical size of its Head Office through a lease amendment. These reductions in Head Office overhead costs have resulted in estimated annual savings of approximately \$570,000 - \$590,000.


Engagement of Chief Restructuring Officer


108. Energold and Extract have also attempted to implement an out-of-court restructuring of Energold’s business and affairs over the past several months. This has culminated in Energold engaging, with Extract’s support and recommendation, Mark Berger of Portage Point Partners, LLC as the Chief Restructuring Officer of Energold (in such capacity, the “CRO”) pursuant to the terms and conditions of an engagement letter agreed to by Energold on June 28, 2019 (the “CRO Engagement Letter”). Attached as Exhibit “H” is a true and complete copy of the CRO Engagement Letter.

Restructuring Plan

109. The Petitioners, with the assistance of the CRO, have formulated a preliminary restructuring plan that the Petitioners seek to implement under the supervision of the Court in these CCAA proceedings. Further details of this preliminary restructuring plan will be set out in another affidavit to be sworn by Mark Berger (the CRO) on a later date in conjunction with the Petitioners seeking an initial order in these CCAA proceedings.

SWORN BEFORE ME at Vancouver, British Columbia, on the 22nd day of August, 2019.


A commissioner for taking affidavits for British Columbia

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)

FREDERICK W. DAVIDSON

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Barrister & Solicitor
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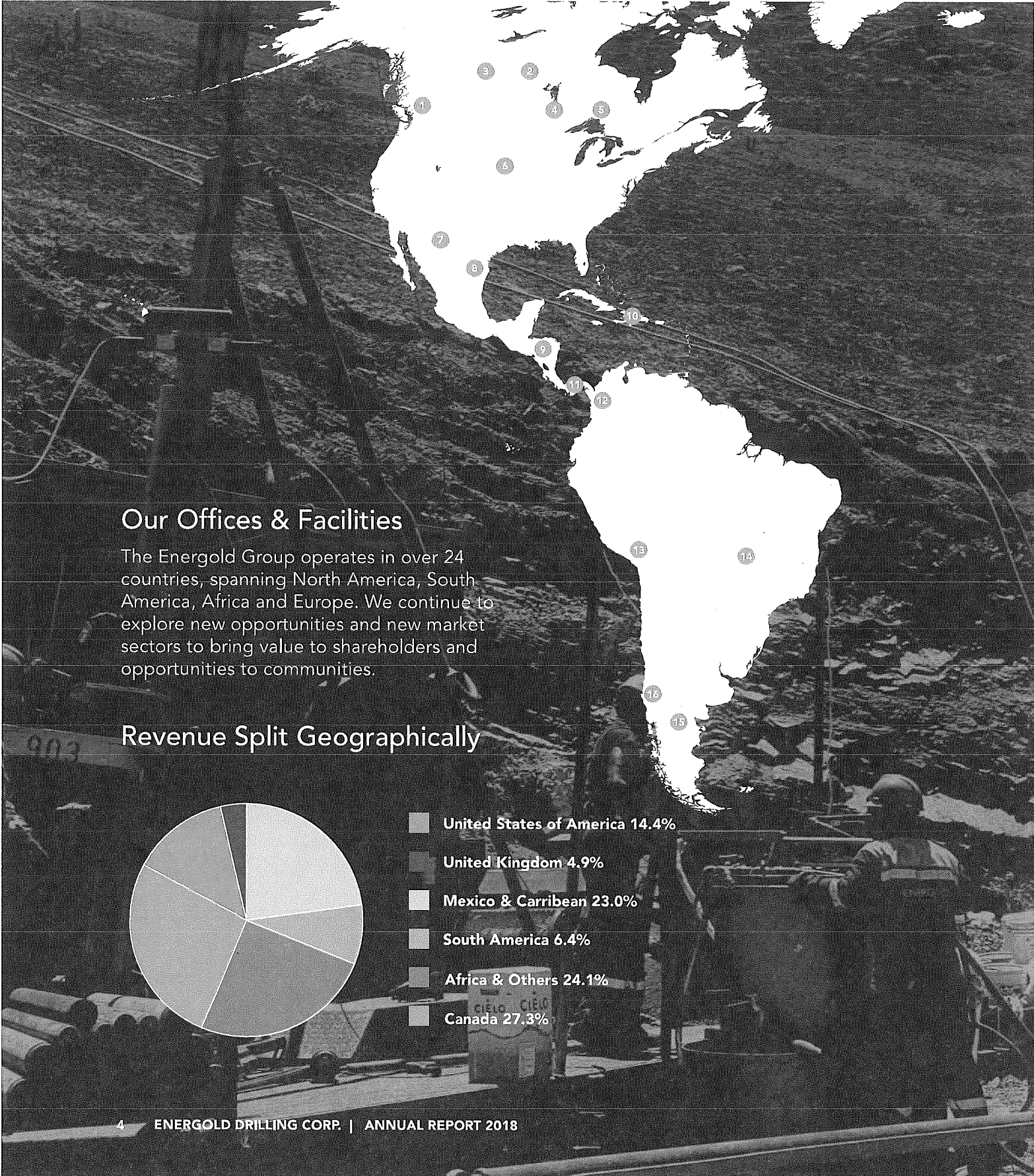
A

This is Exhibit "A" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 22nd, 2019



A Commissioner for taking Affidavits
for British Columbia

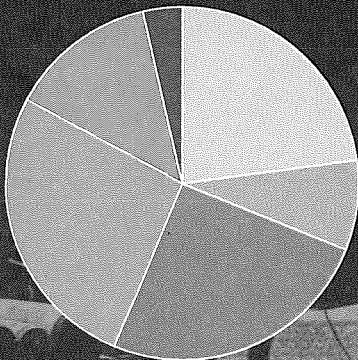
MAP OF OPERATIONS



Our Offices & Facilities

The Energold Group operates in over 24 countries, spanning North America, South America, Africa and Europe. We continue to explore new opportunities and new market sectors to bring value to shareholders and opportunities to communities.

Revenue Split Geographically



- United States of America 14.4%
- United Kingdom 4.9%
- Mexico & Carribean 23.0%
- South America 6.4%
- Africa & Others 24.1%
- Canada 27.3%



Map Legend

+ Offices/Regional Facilities
 + Recent Drilling Operations

- 1 British Columbia, Canada + Head Office +
- 2 Saskatchewan, Canada +
- 3 Alberta, Canada ++
- 4 Manitoba, Canada ++
- 5 Ontario, Canada ++
- 6 United States of America ++
- 7 Chihuahua, Mexico ++
- 8 Mexico, DF ++
- 9 Nicaragua +
- 10 Dominican Republic ++
- 11 Panama ++
- 12 Colombia +
- 13 Peru ++
- 14 Belo Horizonte, Brazil ++
- 15 Argentina ++
- 16 Chile +
- 17 Warwickshire, United Kingdom ++
- 18 Littlehampton, United Kingdom ++
- 19 Kosovo +
- 20 Germany +
- 21 Portugal +
- 22 Belgium +
- 23 Austria +
- 24 Senegal +
- 25 Guinea +
- 26 Ivory Coast ++
- 27 Djibouti +
- 28 Rwanda +
- 29 Egypt +
- 30 Japan +

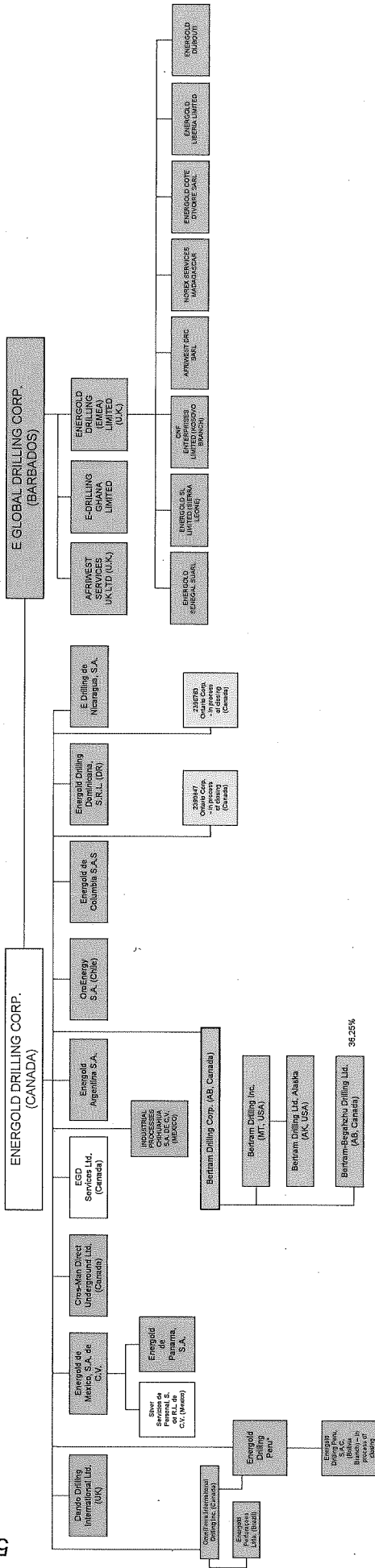
B

This is Exhibit "B" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 27th, 2019



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for British Columbia

CORPORATE STRUCTURE



- Mineral Exploration
- Energy
- Manufacturing, Water, Natural Gas/Power/Drilling
- Service Companies
- Holding Companies

*Energold Drilling Peru is owned 50% by Energold Drilling Corp. and 50% by Ominera International Drilling Inc.

C

This is Exhibit "C" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 22nd, 2019



A Commissioner for taking Affidavits
for British Columbia

Energold Announces the Proposed Disposition of Dando Drilling for GBP 3.1 Million

Trading Symbols: "EGD:TSX.V | EGDF:US"

VANCOUVER, March 7, 2019 /CNW/ - Energold Drilling Group ("Energold") is pleased to announce that it has entered into a Binding Heads of Agreement ("HoA") with a private UK based company for the acquisition of Dando Drilling International Ltd. ("Dando").

Under the HoA the Purchaser has arranged for an immediate GBP 500,000 (\$863,000 CAD approximately) banking facility for Dando and upon closing of a formal Sales and Purchase Agreement will fund Dando up to an additional GBP 1,000,000 (\$1,727,000 CAD approximately). The Purchaser will hold 51% of the shares in Dando and will purchase the balance of the shares (49%) and shareholders loans from Energold for GBP 3.1 million (\$5,355,000 CAD approximately) in equal quarterly installments over a ten-year period, commencing one year after closing.

The transaction is part of a strategic reorganization resulting from a preliminary strategic review by the Company as it addresses its five-year plan for the future. Growth in demand for non-traditional drilling has been significant over the last two years and Energold intends to focus additional resources in supporting that growth while restructuring its field activities focusing on its stronger mineral markets and improving its operating margins on its core drilling businesses. Recognizing the highly competitive market for drilling services, it has also commenced an aggressive program to reduce overhead costs within the group.

With a history of building drill rigs of over 150 years, Dando was originally acquired in 2011 to support the development of new rigs for Energold and to generate revenues from sales to third parties. Since acquiring Dando, Energold has strategically aligned the business unit to be a nimble business division capable of designing, manufacturing, and marketing rigs worldwide. Revenues grew from a low of \$7 million CAD in 2011 to over \$22.9 million in 2013. Energold looks forward to working jointly with the private UK investor group to transition Dando into the global manufacturing business for the next century.

Established in 1867, Dando is a renowned UK manufacturer of drilling rigs and equipment for the water well, mineral exploration, geotechnical, and geothermal sectors. With a broad and diverse customer base which includes UN departments, NGOs, charities, government departments, military organisations, private contractors and mine sites, Dando supplies machines worldwide and currently has rigs in operation on every continent. Dando is headquartered in the south coast of England, UK.

More information can be viewed at www.dando.co.uk.

About the Global Drilling Equipment Industry

The global mining equipment and drilling services segment reached over \$100 billion worldwide, with the North America (US) wholesale sector growing at 3.1% Compounded Annual Growth Rate (CAGR).¹

The sector is comprised of larger established players such as Caterpillar, Sandvik, Atlas Copco and many other competitors. With demand from residential construction, infrastructure, mineral demand, and the recovering oil/gas sector, the industry is expecting higher than average returns over the next 10 years.

About Energold Drilling Corp.

infrastructure, geothermal, infrastructure, water and manufacturing sectors in 25 countries. Specializing in a socially and environmentally sensitive approach to drilling, Energold provides a comprehensive range of drilling services from early stage exploration to onsite operations as well as manufacturing.

References:
1 IBIS World 2018 Forecast Data – US Construction & Mining Equipment Wholesale

On behalf of the Directors of Energold Drilling Corp.,

"Frederick W. Davidson"

Frederick W. Davidson
President, CEO

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements: Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements with respect to proposed activities, work programs and future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others, the effects of general economic conditions, a reduction in the demand for the Company's drilling services, the price of commodities, changing foreign exchange rates, actions by government authorities, the failure to find economically viable acquisition targets, title matters, environmental matters, reliance on key personnel, the ability for operational and other reasons to complete proposed activities and work programs, the need for additional financing and the timing and amount of expenditures. Energold Drilling Corp. does not assume the obligation to update any forward-looking statement.

SOURCE Energold Drilling Group

View original content: <http://www.newswire.ca/en/releases/archive/March2019/07/c1872.html>

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For further information: Jerry Huang - Chief Financial Officer - (604) 681-9501 or via email at jhuang@energold.com, 1100 - 543 Granville St., Vancouver, BC V6C 1X8, www.energold.com, Telephone: 604-681-9501, Facsimile: 604-681-6813, info@energold.com

CO: Energold Drilling Group

CNW 17:47e 07-MAR-19

D

This is Exhibit "D" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 22nd, 2019

A handwritten signature in cursive script, appearing to read "D. Bell", written over a horizontal line.

A Commissioner for taking Affidavits
for British Columbia

EXTRACT ADVISORS LLC
as "Administrative Agent"

and

THE NOTEHOLDERS PARTY HERETO
as the "Noteholders"

and
ENERGOLD DRILLING CORP.
as the "Company"

and

THE GUARANTORS FROM TIME TO TIME PARTY HERETO
as the "Guarantors"

NOTE PURCHASE AGREEMENT

**U.S. \$10,314,342 CONVERTIBLE SENIOR SECURED NOTES, SERIES A DUE JUNE 14,
2022**

**CDN \$6,350,000 CONVERTIBLE SENIOR SECURED NOTES, SERIES B DUE JUNE 14,
2022**

June 15, 2017

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NOTE PURCHASE AGREEMENT

U.S. \$10,314,342 CONVERTIBLE SENIOR SECURED NOTES, SERIES A DUE
JUNE 14, 2022

CDN \$6,350,000 CONVERTIBLE SENIOR SECURED NOTES, SERIES B DUE
JUNE 14, 2022

This Note Purchase Agreement (as the same may be amended, modified, extended, renewed, restated, replaced or supplemented from time to time, this "Agreement") is dated as of June 15, 2017 by and among **ENERGOLD DRILLING CORP.** (together with its successors and permitted assigns, the "Company"), **THE GUARANTORS FROM TIME TO TIME PARTY HERETO, EXTRACT ADVISORS LLC**, as agent for the Noteholders (together with its successors in such capacity, and their respective successors and assigns, the "Administrative Agent"), and **THE NOTEHOLDERS FROM TIME TO TIME PARTY HERETO**.

WHEREAS:

- A. The Company has authorized the issue and sale of U.S. \$10,314,342 Series A Notes and Cdn. \$6,350,000 Series B Notes pursuant to the terms of this Agreement; and
- B. The Company, under the laws relating thereto, is duly authorized to create, issue and sell the Notes to be issued as herein provided to evidence indebtedness of the Company existing on the date hereof or incurred by the Company at any time hereafter in accordance with the terms of this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the foregoing recitals, the entering into of the Financing Documents (as defined below) by the Parties and their affiliates, as applicable, which form an integral part of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms

For the purposes of this Agreement, the following terms have the meanings set forth below:

"**Affiliate**" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings correlative thereto.

"Amount to be Redeemed" has the meaning given thereto in Section 4.4.

"Annual Business Plan" means the annual business plan of the Company prepared on a consolidated basis, with financial projections and budgets on an annual basis, in each case consisting of a balance sheet, statement of income, statement of cash flows, proposed capital expenditures and a list of assumptions upon which such projections are based.

"Applicable Law" means, (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgment, order, writ, injunction, determination, decision, ruling, decree or award; (c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Entity, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the Assets of such Person, in each case whether or not having the force of law.

"Approved Lender" means a domestic or foreign bank regulated by the Canadian Office of the Superintendent of Financial Institutions or any other bank approved by the Administrative Agent.

"Arrangement Fee" has the meaning given thereto in Section 11.2.

"Asset" means, with respect to any Person, any property (including real property), assets and undertakings of such Person of every kind and wheresoever situate, whether now owned or hereafter acquired (and, for greater certainty, includes any equity or like interest of such Person in any other Person).

"Asset Coverage Ratio" means, for any Fiscal Quarter, the ratio of current Assets of the Company and the other Company Parties determined on a consolidated basis as of such time in accordance with IFRS, less amounts attributable to goodwill, intellectual property, intellectual property rights, franchises and other assets which would be treated as intangible assets in accordance with IFRS, less current liabilities of the Company and the other Company Parties determined on a consolidated basis as of such time in accordance with IFRS (excluding any short term Indebtedness), divided by Consolidated Indebtedness for the period of four Fiscal Quarters ending on the last day of such Fiscal Quarter.

"Authorization" means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Entity having jurisdiction with respect to any specified Person, property, transaction or event, or any of such Person's business or from any Person in connection with any contractual or other rights.

"Bertram" means the Bertram Family Trust and its successors and assigns.

"Bertram Drilling US Debt" means the US\$1,347,744 owing by Bertram Drilling Inc., a wholly-owned US subsidiary of Bertram Drilling Corporation, to First Interstate Bank of Billings, Montana, secured by a pledge, pursuant to a commercial security agreement, of all inventory, chattel paper, accounts, equipment and general intangibles of Bertram Drilling Inc., consisting of a revolving line of credit of up to US\$1,000,500 and two term notes representing additional aggregate indebtedness of US\$347,244.

"Bertram Loan" means, collectively, (i) the promissory note issued by the Company dated November 15, 2016 in favour of Bertram in the amount of Cdn. \$675,000 and (ii) the promissory note issued by Bertram Drilling Corp. dated October 4, 2016 in favor of Bertram in the amount of Cdn. \$115,964.02.

"Breach Accommodation Warrants" means non-transferable Common Share purchase warrants, each exercisable, for a period of 60 months from the date on which such warrants are issued, for one Common Share at an exercise price equal to the volume weighted average closing prices of the Common Shares on the TSXV over the 20 trading days immediately prior to the issuance of such warrants, subject to a minimum exercise price equal to the Market Price (as defined in Policy 1.1 of the TSXV Corporate Finance Manual) at the date of the Company's press release announcing the issuance of such warrants.

"Business" means providing specialty drilling services and leasing of equipment to the mining, energy, water and infrastructure sectors and manufacturing drilling rigs.

"Business Day" means any day other than Saturday, Sunday or a statutory holiday when banks are not open in Vancouver, British Columbia and Toronto, Ontario.

"Canadian Securities Laws" means all applicable securities laws in each of the Qualifying Jurisdictions and the respective rules, regulations, blanket orders and blanket rulings under such laws together with applicable published policies, policy statements and notices of the securities regulatory authorities in the Qualifying Jurisdictions.

"Canadian Securities Regulators" means the applicable securities commission or securities regulatory authority in each of the Qualifying Jurisdictions and "Canadian Securities Regulator" means any one of them.

"Capital Expenditures" means all expenditures made by a Person required to be capitalized in accordance with IFRS.

"Capital Lease" means, with respect to a Person, a lease or other arrangement in respect of real or personal property that is required to be classified and accounted for as a capital lease obligation on a balance sheet of the Person in accordance with IFRS.

"Cash Equivalents" means (i) investment grade securities issued, guaranteed or insured by the government of Canada or any province, or the United States of America or any state, and having terms to maturity of not more than one year, and

(ii) term deposits and certificates of deposit having maturities of not more than one year of any Canadian, United States, United Kingdom or European commercial bank of recognized standing and investment grade credit rating having net capital in excess of \$500,000,000.

"Cdn. \$" means lawful money of Canada.

"Change of Control" means the occurrence of any of the following events: (i) any Person (or any successor to it continuing from any amalgamation, merger or other reorganization) or group of Persons becoming the owner, directly or indirectly, beneficially or of record, of Equity Securities representing more than 50% of the aggregate ordinary voting power represented by the outstanding share capital of the Company, (ii) any sale, lease, exchange or other transfer (in one transaction or series of related transactions) of all or substantially all of the Company's property and assets, (iii) the Company's shareholders approve any plan or proposal for the liquidation or dissolution of the Company, or (iv) any Person or group of Persons acquires Control of the Company.

"Closing" means the completion of the Financing, as contemplated herein.

"Closing Date" means the date upon which all of the conditions in Section 2.2 have been fulfilled or waived and the purchase and sale of Notes has occurred in connection with the Closing.

"Collateral" means any and all property and assets in respect of which the Administrative Agent or any other Secured Party has or will have or is intended to have a Lien pursuant to a Security Document.

"Common Shares" means the issued and outstanding common shares in the capital of the Company as such shares exist as of the date hereof; provided that in the event of a subdivision, redivision, reduction, combination, consolidation or reclassification, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 7.4, **"Common Shares"** shall mean the shares resulting from the subdivision, redivision, reduction, combination, consolidation or reclassification, as the case may be.

"Company Parties" means, at any time, the Company, and all of its Subsidiaries, including the Included Subsidiaries and the Excluded Subsidiaries.

"Compliance Certificate" means a certificate of the Company substantially in the form of Exhibit B, signed by a Senior Officer of the Company.

"Consolidated Depreciation Expense" means, for any period, depreciation, amortization and other non-cash expenses of the Company and the other Company Parties which reduce Consolidated Net Income for such period, determined on a consolidated basis in accordance with IFRS.

"Consolidated EBITDA" means, for any period, Consolidated Net Income,

- (a) increased, to the extent deducted in calculating Consolidated Net Income, by the sum of (without duplication):
- (i) Consolidated Interest Charges;
 - (ii) all income taxes of the Company and the other Company Parties accrued in accordance with the *Income Tax Act* (Canada), and similar taxing statutes in the other jurisdictions where they carry on business, based on financial statements prepared in accordance with IFRS for such period;
 - (iii) Consolidated Depreciation Expense;
 - (iv) items classified as unusual or non-recurring losses;
 - (v) any other non-cash items reducing Consolidated Net Income (excluding any such non-cash charge to the extent that it represents an accrual or reserve for a potential cash charge in any future period or amortization of a prepaid cash charge that was paid in a prior period);
 - (vi) unrealized foreign exchange losses;
- (b) decreased, to the extent included in calculating Consolidated Net Income, by (without duplication):
- (i) items classified as unusual or non-recurring gains; and
 - (ii) any other non-cash items affecting the calculation of Consolidated Net Income for such period (excluding any such non-cash item to the extent it represents the reversal of an accrual or reserve for potential cash item in any prior period).

“Consolidated Indebtedness” means, at any time, the aggregated stated balance sheet amount of all Indebtedness of the Company and the other Company Parties, determined on a consolidated basis, with respect to the Notes and the indebtedness arising under Capital Leases.

“Consolidated Interest Charges” means, for any period, for the Company and the other Company Parties, the sum of (without duplication of amounts added) (i) the aggregate amount of interest expense (including imputed interest with respect to Capital Lease obligations) accrued during such period on a consolidated basis in accordance with IFRS, (ii) all capitalized interest during such period, (iii) the net amount payable (or less the net amount receivable) by the Company and the other Company Parties under any interest rate swap, cap or collar arrangements or similar arrangements during such period, and (iv) the aggregate of all purchase discounts relating to the sale of accounts receivable in connection with any asset securitization program.

"Consolidated Net Income" means, for any period, the net income (loss) of the Company and the other Company Parties determined on a consolidated basis in accordance with IFRS; provided however, that there shall be excluded therefrom (i) the net income (or loss) of any Person accrued prior to the date it becomes a Company Party or is merged into, amalgamated with or consolidated with the Company or any other Company Party, (ii) the net income (but not loss) of any Company Party to the extent that the declaration of distributions by that Company Party of that income is restricted by a contract, operation of law or otherwise, (iii) the net income (or loss) of any Person (other than a Company Party) in which the Company or any of the other Company Parties has an ownership interest, except to the extent that any such income is actually received by the Company or such other Company Party in the form of dividends or similar distributions, and (iv) in the case of a successor to the Company by consolidation or merger or as a transferee of the Company's assets, any earnings of the successor corporation prior to the consolidation, merger or transfer of assets.

"Conversion Price" means the price at which the Notes may be converted into Common Share, Cdn. \$0.85 per Common Share, subject to adjustment as set out in Section 7.4.

"Conversion Shares" means the Common Shares issuable on the conversion of the Notes.

"Debt to Equity Ratio" means, for any Fiscal Quarter, the ratio of Consolidated Indebtedness less cash on hand and any Cash Equivalent divided by the Company's fully diluted market capitalization for the period of four Fiscal Quarters ending on the last day of such Fiscal Quarter.

"Deemed Year" has the meaning ascribed to such term in Section 2.11.

"Default" means an event which, with the giving of notice or the passage of time, or both, would constitute an Event of Default.

"Default Rate" has the meaning ascribed to such term in Section 2.5.

"Derivatives Agreement" means any agreement relating to a transaction of a type commonly considered to be a derivatives or hedging transaction or any combination of such transactions, in each case, whether relating to one or more of currencies, interest, commodities, securities or other matters, including (i) any option, collar, floor or cap, (ii) any forward contract, and (iii) any rate swap, basis swap, commodity swap, cross-currency swap or other swap or contract for differences.

"Distribution" means with respect to any Person the amount of (i) any dividend or other distribution on issued Equity Securities of the Person or any of its Subsidiaries, (ii) the purchase, redemption or retirement amount of any issued equity, warrants or any other options or rights to acquire Equity Securities of the Person or any of its Subsidiaries redeemed or purchased by the Person or any its Subsidiaries, or (iii) any payments, other than salaries or wages paid in the ordinary course, whether as

consulting fees, management fees, repayment of indebtedness or otherwise, to any Related Party of the Person or any of its Subsidiaries.

“EDC” means Export Development Canada and its successors and assigns.

“EDC Energold Loan” means the loan made by EDC to the Company pursuant to the loan agreement dated July 30, 2015, as amended and restated in a loan agreement dated June 15, 2017 in the amount of U.S. \$2,000,000.

“EDC Peru Loan” means the loan made by EDC to the Company pursuant to the amended and restated loan agreement dated April 17, 2015 in the amount of U.S. \$800,000.

“Eligible Assignee” means, with respect to any Holder, any of its capital partners and Affiliates.

“Environmental Laws” means all Applicable Laws and agreements with a Governmental Entity relating to public health, the protection of the environment, the release of hazardous materials and occupational health and safety.

“Environmental Liabilities” means all liabilities imposed by, under or pursuant to Environmental Laws.

“Equity Securities” means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting or non-voting) of, such Person’s capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing.

“ERISA” means the *Employee Retirement Income Security Act of 1974* and the regulations promulgated and rulings issued thereunder, the whole as amended from time to time.

“Event of Default” has the meaning attributed thereto in Section 9.1.

“Excluded Subsidiaries” (i) means any Subsidiary listed on Schedule 8.1(x) hereto, provided that the book value of the assets (including cash) of such Subsidiary does not exceed Cdn. \$8,000,000 at any time as evidenced by the Compliance Certificate and (ii) any other Subsidiary organized under the laws of a jurisdiction outside of North America and Europe provided that the book value of the assets (including cash) net of any liabilities of such Subsidiary does not exceed Cdn. \$8,000,000 at any time as evidenced by the Compliance Certificate.

“Extract Purchasers” means those Noteholders set out under the heading “Extract Purchasers” on Schedule 2.1(1).

"Financial Assistance" means any advances, loans or other extensions of credit, guarantees, indemnities or other contingent liabilities in the nature of a guarantee or indemnity or capital contributions (other than prepaid expenses in the ordinary course of business) to (by means of transfers of property, money or assets), or any purchase of any Equity Securities, stocks, bonds, notes, debentures or other securities of, any Person or the acquisition of all or substantially all the assets of, any Person or of a business carried on by, or a division of, any Person. In determining the aggregate amount of Financial Assistance by any Company Party outstanding at any particular time, (i) take the amount of any investment represented by a guarantee or similar contingent obligation at not less than the principal amount of the obligations guaranteed and outstanding, (ii) deduct in respect of any Financial Assistance any amount received by such Company Party as return of capital (but only by repurchase, redemption, retirement, repayment, liquidating dividend or liquidating distribution), (iii) do not deduct in respect of any Financial Assistance any amounts received as earnings on such Financial Assistance, whether as dividends, interest or otherwise, and (iv) do not deduct from the aggregate amount of Financial Assistance any decrease in its market value.

"Financing" means, the issuance and sale by the Company of up to Cdn. \$20,000,000 aggregate principal amount of Notes in Canadian or U.S. dollars or a combination of both pursuant to this Agreement, the issuance by the Company of the Warrants, and the other transactions contemplated by the Financing Documents.

"Financing Documents" means this Agreement, the Notes, the Security Documents, the Nomination Rights Agreement, the Warrants, and all other documents to be executed and delivered to the Administrative Agent and the other Secured Parties, or any of them, by the Obligors from time to time in connection with the Financing, and including all amendments, modifications or replacements thereof and all supplements thereto.

"First Tranche Warrants" means non-transferable Common Share purchase warrants equal in number to 25.0 percent of the total principal amount of the Notes purchased under this Agreement, expressed in Canadian dollars (calculated based on the noon rate of exchange posted by Bloomberg on its website at: <https://www.bloomberg.com/quote/USDCAD:CUR> on the Business Day immediately prior to Closing), up to a maximum of 4.0 million such warrants, each warrant exercisable for one Common Share at an exercise price of Cdn. \$1.50 per Common Share for a period of 60 months from the Closing Date issuable to Noteholders on Closing.

"Fiscal Quarter" means the three (3) month periods ended March 31st, June 30th, September 30th and December 31st of each Fiscal Year.

"Fiscal Year" means a twelve (12) month period ended December 31st.

"Governmental Entity" means any (i) multinational, federal, provincial, state, municipal, local or other government, governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or

foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Canadian Securities Regulators and the TSXV.

“Guarantee” means (i) each joint and several, secured continuing unconditional guarantee granted by each Included Subsidiary of the Company’s Note Indebtedness, in form and substance acceptable to the Administrative Agent, and (ii) any other guarantee of the Note Indebtedness of the Company delivered to the Administrative Agent from time to time pursuant to Section 6.4(n) or otherwise.

“Guarantor” at any time means (i) each Included Subsidiary and (ii) each Person that hereafter enters into a Guarantee, together with its successors and permitted assigns.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board from time to time.

“Included Subsidiaries” means (i) the Subsidiaries listed on Schedule 8.1(x), and (ii) any other Subsidiary, including any Subsidiary acquired pursuant to, or incorporated for the purposes of, a Permitted Acquisition other than Excluded Subsidiaries.

“Indebtedness” means, with respect to a Person, without duplication:

- (a) all obligations of the Person for borrowed money, including debentures, notes or similar instruments and other financial instruments and obligations with respect to bankers’ acceptances and contingent reimbursement obligation relating to letters of credit;
- (b) the net amount of all obligations of such Person (determined on a mark-to-market basis) under Derivatives Agreements;
- (c) all obligations under Capital Leases and Purchase Money Mortgages of the Person;
- (d) all obligations to pay the deferred and unpaid purchase price of property or services other than for goods and services purchased in the ordinary course of business and paid for in accordance with customary practice and not represented by a note, bond, debenture or other evidence of indebtedness;
- (e) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person;
- (f) all current liabilities of such Person represented by a note, bond, debenture or other evidence of indebtedness;

- (g) all indebtedness of any other Person secured by a Lien on any assets of the Person;
- (h) all obligations to repurchase, redeem or repay any securities of the Person prior to or concurrently with the Stated Maturity Date; and
- (i) all Financial Assistance of the Person with respect to obligations of another Person if such obligations are of the type referred to in clauses (a) to (h).

For greater certainty, "Indebtedness" does not include current trade payables which are payable on customary or usual trade terms, current expenses (excluding capital lease payments and interest expense) accrued in the ordinary course of business, and customer advance payments and deposits received in the ordinary course of conducting business.

"Intellectual Property" means the collective reference to all rights, priorities and privileges relating to intellectual property owned by the Company Parties, whether arising under Canadian, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Intercompany Indebtedness" means intercompany loans between Obligors.

"Interest Coverage Ratio" means, for any Fiscal Quarter, the ratio of Consolidated EBITDA (less amount of Capital Expenditures) to Consolidated Interest Charges for the period of four Fiscal Quarters ending on the last day of such Fiscal Quarter.

"Interest Determination Date" means the Closing Date and each one year anniversary of the Closing Date.

"Interest Payment Date" means the fifth Business Day of each month and the Maturity Date.

"Interest Period" means each one year period starting on the Interest Determination Date and ending one day prior to next Interest Determination Date.

"Issue Date" means, in respect of any Note, the date upon which such Note is issued by the Company to a Noteholder pursuant to the terms of this Agreement.

"knowledge" means, with respect to a Party, the actual knowledge of such Party, after due and reasonable inquiry by such Party (including its appropriate officers and directors) as considered necessary given the subject of such knowledge qualification.

"Leases" means the leases, subleases, permits, rights to occupy and licences of or relating to real property to which the Company Parties are a party (i) at the date of

this Agreement, as listed and described in Schedule 8.1(l) or (ii) after the date of this Agreement as notified to the Administrative Agent pursuant to each Compliance Certificate, but shall exclude (iii) leases, rights and licences terminated in accordance with their terms (and not as the result of a default) or assigned or otherwise disposed of after the date of this Agreement as permitted by this Agreement.

"LIBOR Rate" means a rate of interest, equal to the greater of (i) the rate per annum equal to the London Interbank Offered Rate ("**LIBOR**") or a comparable or successor rate, which rate is approved by the Administrative Agent, as published on Global Rates website publicly available on <http://www.global-rates.com/interest-rates/libor/american-dollar/usd-libor-interest-rate-12-months.aspx> or, if not available, the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, on the applicable Interest Determination Date, for U.S. Dollar deposits (for delivery on the first day of such Interest Period) with a term of 1 year; provided that, to the extent a comparable or successor rate is approved by the Administrative Agent in connection herewith, the approved rate shall be applied in a manner consistent with market practice and, with respect to the Company, other similarly situated borrowers; provided further that, to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent and with determinations for other similarly situated borrowers; and (ii) 2.00% per annum;

"Lien" means any mortgage, deed of trust, trust or deemed trust, lien (statutory or otherwise), pledge, assignment, hypothecation, encumbrance, charge, security interest, deposit arrangement, royalty interest, claim, right of detention or seizure, right of distraint, easement, or right of set off (other than a right of set off arising in the ordinary course), including the interest of a vendor or a lessor under any conditional sale agreement, Capital Lease, title retention agreement or consignment agreement (or any financing lease having substantially the same economic effect as any of the foregoing), and any other agreement, trust or arrangement that in substance secures payment or performance of an obligation.

"Margin Line" means the accounts receivable loans made to the Obligors by any Approved Lender of up to an aggregate maximum amount of Cdn. \$6,000,000 in respect of the Obligors' business and any other accounts receivable loan made to the Obligors by any Approved Lender in respect of the Obligors' business, subject to the Administrative Agent's approval.

"Margin Stock" has the meaning specified in Regulation U of the Board of Governors of the United States Federal Reserve System as in effect from time to time.

"Material Adverse Effect" means (i) a material adverse effect on the business, operations, results of operations, prospects, Assets, liabilities or financial condition of the Obligors taken as a whole, (ii) a material adverse effect on the ability of any of the Obligors to perform its obligations under any of the Financing Documents to

which it is a party, or (iii) a material adverse effect on the rights and remedies of the Holders or the Administrative Agent (or any of them) under any Financing Document.

“Material Contract” means the agreements listed in Schedule 8.1(cc)(v) and any agreement, contract or similar instrument to which any of the Company Parties is a party or to which any of their Assets may be subject for which breach, non-performance, cancellation, termination or failure to renew could reasonably be expected to have a Material Adverse Effect.

“Maturity Date” means, with respect to a Note, the date on which the principal of such Note becomes due and payable as therein or herein provided, whether at the Stated Maturity Date thereof or by declaration, acceleration, redemption or otherwise.

“Net Working Capital” means, with respect to the Company on a consolidated basis, the sum of, (i) cash on hand, (ii) trade receivables outstanding for less than 120 days (or otherwise considered standard in the normal course of business), and (iii) work in progress amount as part of regular courses of business, less trade payables but excluding (x) the current portion of long-term debt, (y) Margin Line debt outstanding, and (z) income taxes payable, deferred revenue and current amounts payable pursuant to the earn-out obligations relating to Cros-Man Direct Underground Ltd.

“Nomination Rights Agreement” means a nomination rights agreement to be entered into between the Administrative Agent and the Company on the Closing Date pursuant to which the Administrative Agent shall have the right to nominate one director to the Company’s board of directors.

“Note Indebtedness” means the unpaid principal of and interest on (including interest accruing after the maturity of the Notes and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company or any other Obligor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Notes and all other obligations, indebtedness, or liabilities of the Obligors to the Administrative Agent and the Noteholders, and each of them, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Notes, any other Financing Document executed and delivered by the Company or any other Obligor, or any other document, instrument or agreement made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, guarantee obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Noteholder that are required to be paid by the Company or any other Obligor pursuant to any Financing Document) or otherwise.

"Noteholders" or **"Holders"** means, at a particular time, the Persons entered in the registers hereinafter mentioned as Noteholders outstanding at such time.

"Notes" means, collectively, the Series A Notes and the Series B Notes, issued and delivered hereunder in definitive form.

"Notice to Redeem" has the meaning ascribed thereto in Section 4.4.

"Obligors" means, collectively, the Company, the Included Subsidiaries and each other Person that, from time to time, guarantees the obligations of the Company under this Agreement and the Notes, grants security for such obligations, or otherwise provides credit support for such obligations.

"Other Taxes" has the meaning specified in Section 2.19.

"Partial Redemption Event" means (i) the completion of any issuance of Indebtedness or financings except Permitted Indebtedness, (ii) the completion of any assets sale, other than a Permitted Disposition, (iii) the completion of any sale of any investments (excluding any shares or other securities received by customers in lieu of cash for drilling), or (iv) the receipt by any Obligor of any insurance proceeds.

"Parties" means the Company, the Guarantors, the Administrative Agent, and the Noteholders from time to time; and **"Party"** means any one of them.

"Permitted Acquisition" means an acquisition by any Company Party of (i) the assets constituting a business, division or product line of any Person engaging in a business relating to the Business who is not a Related Party, or (ii) 100% of the issued and outstanding shares or ownership interests in the capital of such Person, in each case, which acquisition has been consented to in advance by the Required Holders, the purchase price of which, individually or in the aggregate, does exceed Cdn. \$500,000.

"Permitted Disposition" means a sale or other disposition:

- (a) that is a bona fide sale at fair market value of inventory in the ordinary course of business for the purpose of carrying on the Business;
- (b) of assets in exchange for other assets comparable or superior as to type, value and quality;
- (c) of assets (other than securities) which have no material economic value in the Business or business or are obsolete or worn out; or
- (d) between the Company and any Company Parties or between Company Parties.

"Permitted Distribution" means Distributions by the Company to any Company Parties or between Company Parties.

"Permitted Indebtedness" means, in respect of any Person, any one or more of the following:

- (a) Indebtedness of the Company Parties to the Secured Parties under the Financing Documents;
- (b) Indebtedness incurred by the Company Parties pursuant to Purchase Money Mortgages on terms satisfactory to the Administrative Agent, acting reasonably, up to an aggregate outstanding amount, at any time, of Cdn. \$2,000,000;
- (c) Indebtedness of the Company pursuant to the Margin Line;
- (d) Indebtedness of the Company pursuant to the EDC Energold Loan;
- (e) Indebtedness of the Company pursuant to the Bertram Loan;
- (f) Indebtedness of the Company, up to an aggregate outstanding amount, at any time, of \$1,366,000, in connection with any earn-outs related to the acquisition of Cros-Man Direct Underground Ltd.;
- (g) Capital Leases in the ordinary course of business, subject to a limit of Cdn. \$2,000,000 per annum unless the Holders consent to a higher amount;
- (h) Indebtedness, including letters of credit and performance bonds, incurred in the ordinary course of business as part of a transaction related to the sale of goods and services, up to a maximum value of \$500,000 per instrument, with a maximum allowable cumulative amount of \$2,500,000;
- (i) Indebtedness of Bertram Drilling Inc. pursuant to the Bertram Drilling US Debt;
- (j) Indebtedness of the Company Parties under credit cards in the ordinary course of business up to a maximum aggregate amount of Cdn. \$350,000; and
- (k) Indebtedness secured by a Permitted Lien.

"Permitted Liens" means, in respect of any Person, any one or more of the following:

- (a) Liens for taxes, rates, assessments or governmental charges or levies which are not due or delinquent or the validity of which is being contested at the time by the Person in good faith by proper legal proceedings if adequate reserves with respect thereto are maintained on the books of the applicable Company Party in conformity with IFRS;
- (b) Inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, warehousemen's carriers and others in respect of construction, maintenance, repair or operation of assets of the

Person, provided that (i) such Liens are related to obligations not due or delinquent and are not registered, recorded or filed against any assets of the Person or (ii) such Liens are being contested in good faith by appropriate proceedings, so long as (x) the Administrative Agent determines that such contest does not involve any risk of the sale, forfeiture or loss of any of the Collateral, (y) enforcement of the contested item shall be effectively stayed and (z) a bond or other security instrument has been posted or other adequate provision for payment thereof has been provided in such manner and amount as to assure the Administrative Agent in its discretion that any amounts determined to be due will be promptly paid in full when such contest is resolved; provided, further, that such Liens do not, in the opinion of the Administrative Agent, materially reduce the value of the assets of the Person or materially interfere with the use of such assets in the operation of the business of the Person;

- (c) Liens resulting from the deposit of cash or securities in connection with bids or tenders in the ordinary course of business, or to secure obligations in the ordinary course of business pursuant to workers' compensation, employment insurance or similar legislation;
- (d) Liens securing appeal bonds and other similar Liens arising in the ordinary course of business in connection with court proceedings (including, without limitation, surety bonds, security for costs of litigation where required by law and letters of credit) or any other instruments serving a similar purpose;
- (e) Attachments, judgments and other similar Liens arising in connection with court proceedings; provided, however, that the Liens are in existence for less than 10 days after their creation or the execution or other enforcement of the Liens is effectively stayed or the claims so secured are being actively contested in good faith and by proper legal proceedings;
- (f) Liens or rights of distress reserved in or exercisable under any lease for rent not at the time overdue or for compliance with the terms of such lease not at the time in default;
- (g) Liens and privileges arising out of judgments or awards in respect of which an appeal or proceeding for review has been commenced, a stay of execution pending such appeal or proceedings for review has been obtained and reserves have been established as reasonably required by the Holders;
- (h) security given to a public utility or Governmental Entity to secure obligations incurred to such utility or Governmental Entity in the ordinary course of business and not in the time overdue;
- (i) Liens in favour of the Administrative Agent and the other Secured Parties created pursuant to the Financing Documents;

- (j) Liens granted to Bertram in connection with the Bertram Loan subject to the delivery by Bertram of a subordination agreement in form and substance satisfactory to the Administrative Agent;
- (k) Liens granted to EDC in connection with the EDC Energold Loan subject to the delivery by EDC of an intercreditor agreement in form and substance satisfactory to the Administrative Agent;
- (l) Liens granted to an Approved Lender in connection with the Margin Line subject to the delivery by the Approved Lender of an intercreditor agreement in form and substance satisfactory to the Administrative Agent;
- (m) Liens granted to secure Capital Leases in the ordinary course of business, not exceeding the amount of Cdn. \$2,000,000 in the aggregate per annum (or such other amount approved by the Required Holders) as long as such Liens extend only to the property leased;
- (n) Liens granted to First Interstate Bank of Billings, Montana, in connection with the Bertram Drilling US Debt;
- (o) Purchase Money Mortgages securing obligations up to an aggregate outstanding amount, at any time, of Cdn. \$2,000,000 (or the equivalent amount in another currency); and
- (p) any other Liens securing Indebtedness of any Obligor not exceeding, at any one time, from time to time, the amount of Cdn. \$250,000 in the aggregate.

"Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, limited liability company, company or corporation with or without share capital, body corporate, association, bank, joint-stock company, unincorporated association or organization, trust, trustee, executor, administrator or other legal personal representative, government or governmental authority or entity or an agency or political subdivision thereof, however designated or constituted.

"PPSA" means the *Personal Property Security Act* (British Columbia) and the regulations promulgated thereunder and other personal property security legislation of the applicable Canadian province or provinces in respect of the Company Parties or the Collateral as all such legislation now exists or may from time to time hereafter be amended, modified, recodified, supplemented or replaced, together with all rules, regulations and interpretations thereunder or related thereto.

"Purchase Money Mortgage" means any security interest charging property acquired by any Company Party, including a lease, a leasing agreement, a hypothec or an instalment sale, which is granted or assumed by the Company Party or which arises by operation of law in favour of the transferor or a Person providing financing concurrently with and for the purpose of the acquisition of such property, in each

case where such security interest extends only to the property acquired and its proceeds.

"Purchaser" means a purchaser of Notes issued in the Financing each of whom is identified on Schedule 2.1(1).

"Purchaser Information Form" means, collectively, the forms included as Exhibit D to this Agreement relating to the collection of Purchaser information to be used by the Company to comply with TSXV and securities law requirements of the Financing.

"Qualifying Jurisdictions" means British Columbia and Ontario.

"RBC Loans" means (i) a term loan advanced by Royal Bank of Canada to one of the Company's subsidiaries, Cros-Man Direct Underground Ltd., in March 2016 in the amount of Cdn. \$2.5 million, bearing interest at the bank's prime lending rate plus 1.75% per annum; and (ii) a second loan advanced by Royal Bank of Canada to one of the Company's subsidiaries, Bertram Drilling Corp., in March 2016 in the amount of Cdn. \$2.0 million, amended in October 2016 to reduce the principal amount to \$1.5 million, also bearing interest at the bank's prime lending rate plus 1.75% per annum.

"Redemption Date" has the meaning attributed to such term in Section 4.4.

"Register" has the meaning attributed to such term in Section 3.1.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Required Holders" means, the holders of at least fifty-one percent (51%) of the outstanding aggregate principal amount of the Notes.

"Second Tranche Warrants" means up to 100,000 non-transferable Common Share purchase warrants, each warrant exercisable for one Common Share at an exercise price of Cdn. \$0.85 per Common Share for a period of 36 months from the Closing Date issuable to Extract Purchasers on Closing.

"Secured Parties" means the collective reference to the Administrative Agent, the Noteholders, and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to any Financing Documents.

"Securities" means, collectively, the Notes, the Common Shares and the Warrants.

"Security" means, at any time, the charges, mortgages, pledges, assignments, liens, security interests and other encumbrances in favour of the Administrative Agent or the other Secured Parties, in the Collateral under this Agreement and the other Financing Documents.

"Security Agreements" means the security agreements dated the date of this Agreement granted by the Company and each Included Subsidiary to the Administrative Agent for the benefit of the Secured Parties, as the same may be amended, modified, extended, renewed, restated, replaced or supplemented from time to time.

"Security Documents" means collectively the Security Agreements, each Guarantee, any blocked account agreements and all guarantees and other security granted to the Administrative Agent and the other Secured Parties, or any of them, as security for the Note Indebtedness, and including all amendments, modifications or replacements thereof and supplements thereto.

"Senior Officer" means, with respect to any Person, the chief financial officer or any other senior officer acceptable to the Administrative Agent.

"Series A Notes" means the U.S. \$10,314,342 Convertible Senior Secured Notes, Series A, due June 14, 2022.

"Series B Notes" means the Cdn. \$6,350,000 Convertible Senior Secured Notes, Series B, due June 14, 2022.

"Solvent" means with respect to any Person on a particular date, that on such date, (i) such Person is not for any reason unable to meet its obligations as they generally become due, (ii) such Person has not ceased paying its current obligations in the ordinary course of business as they generally become due, and (iii) the aggregate property of such Person is, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would be sufficient, to enable payment of all its obligations, due and accruing due.

"Stated Maturity Date" means June 14, 2022.

"Subsidiary" of a Person means a corporation, partnership, limited liability company or other business entity of which a majority of the Equity Securities or other interests having ordinary voting power for the election of directors or other governing body (other than Equity Securities having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly or indirectly, through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a **"Subsidiary"** or to **"Subsidiaries"** in this Agreement shall refer to a Subsidiary or Subsidiaries of the Company.

"Taxes" has the meaning specified in Section 2.19.

"TSXV" means TSX Venture Exchange.

"United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

"U.S. Dollars" and **"U.S. \$"** means lawful money of the United States of America. Any conversion between the U.S. \$ and Cdn. \$ shall be effected on the date of the conversion at the closing rate of exchange on the Business Day prior to the date of the conversion, posted by Bloomberg on its website at: <https://www.bloomberg.com/quote/USDCAD:CUR> or, if such website is no longer available, such other widely available website or source acceptable to each of the Company and the Administrative Agent, acting reasonably.

"U.S. Person" means a "U.S. person", as such term is defined in Rule 902(k) of Regulation S of the U.S. Securities Act (as defined herein);

"U.S. Purchaser Information Form" means, collectively, the forms included as Exhibit F to this Agreement relating to the collection of Purchaser information to be used by the Company to comply with United States securities law requirements of the Financing.

"VWAP" means the volume weighted average trading price of the Common Shares, calculated by dividing the total value by the total volume of Common Shares traded for the relevant period.

"Warrant Shares" means the Common Shares issuable on the exercise of the Warrants.

"Warrants" means, collectively, the First Tranche Warrants and the Second Tranche Warrants to be issued by the Company to the Noteholders and Extract Purchasers, as applicable, on the Closing Date, and the Breach Accommodation Warrants, if any, in each case substantially in the form attached as Exhibit C.

Section 1.2 Meaning of "outstanding" for certain purposes

- (1) Every Note executed and delivered by the Company hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Company for cancellation, or a new Note shall be issued in substitution therefore, provided that:
 - (a) where a new Note has been issued in substitution for a Note which has been mutilated, lost, stolen or destroyed, only the new Note shall be counted for the purpose of determining the aggregate principal amount of Notes outstanding;
 - (b) Notes which have been partially redeemed or purchased shall be deemed to be outstanding only to the extent of the unredeemed or unpurchased part of the principal amount thereof; and
 - (c) for the purpose of any provision of this Agreement entitling Holders to vote, sign consents, requests or other instruments or take other action under this Agreement, Notes owned, directly or indirectly, legally or equitably by the Company or any Affiliate or Subsidiary of the Company shall be disregarded, except that:

- (i) Notes so owned which have been pledged in good faith other than to the Company or an Affiliate or Subsidiary of the Company shall not be so disregarded if the pledgee shall establish, to the satisfaction of the Company, the pledgee's right to vote such Notes, sign consents, requisitions or other instruments or take such other actions in its discretion free from the control of the Company or any Affiliate or Subsidiary of the Company; and
- (ii) Notes so owned shall not be disregarded if they are the only Notes outstanding.

Section 1.3 Certain Phrases, etc.

In this Agreement (i) (y) the words "including" and "includes" mean "including (or includes) without limitation" and (z) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of", (ii) in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding", and references to "this Agreement", "hereof" and "herein" and like references refer to this Agreement and not to any particular Article, Section or other subdivision of this Agreement and the expressions "Article", "Section", "subsection" and "paragraph" followed by a number mean and refer to the specified Article, Section, subsection paragraph of this Agreement.

Section 1.4 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsection and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Section 1.5 Statute References

Any reference in this Agreement to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time.

Section 1.6 Currency

Any reference in this Agreement to "Dollars", "dollars", "U.S. \$" or "\$" shall be deemed to be a reference to lawful money of the United States and any reference to any payments to be made by any Company Party shall be deemed to be a reference to payments made in lawful money of the United States unless otherwise indicated. Should any payment be made to the Administrative Agent in a currency other than United States dollars, the Administrative Agent shall not be obligated to apply any particular exchange rate to such currency and may convert such funds at the Administrative Agent's sole discretion, acting reasonably.

Any reference to any payments to be made in respect of the Notes shall be deemed to be a reference to payments made in the lawful money that corresponds to such Note. For greater certainty the Purchasers of Series A Notes will purchase the Note in the lawful money of the United States and will receive interest payments and principal repayments in

same currency. Purchasers of Series B Notes will purchase the Note in the lawful money of Canada and will receive interest payments and principal repayments in same currency.

Section 1.7 Non-Business Day

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on or as of, a day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other actions shall be taken, as the case may be, unless otherwise specifically provided for herein, on or as of the next succeeding Business Day and the holder of any Note shall not be entitled to any further interest or other payment in respect of such delay.

Section 1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement or the Notes is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision by a court of competent jurisdiction shall not affect the validity, legality or enforceability of any other provision hereof or thereof.

Section 1.9 Governing Law

This Agreement and the other Financing Documents shall be governed by, construed and enforced in accordance with the laws of the Province of British Columbia (unless otherwise indicated) and the federal laws of Canada applicable therein.

Section 1.10 Service

Each of the Obligor irrevocably consents to service of process in the manner provided for notices in Article 12. Nothing in this Section 1.10 shall affect the right of the Administrative Agent or any other Secured Party to serve legal process in any other manner permitted by applicable law or affect the right of the Administrative Agent or any other Secured Party to bring any suit, action or proceeding against any Obligor or its property in the courts of other jurisdictions.

Section 1.11 Paramountcy

In the event of any inconsistency between the provisions of any section of this Agreement and the provisions of any Security Document or any Schedule or Exhibit which forms a part hereof, the provisions of this Agreement shall prevail.

Section 1.12 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

Section 1.13 Time of the Essence

Time shall be of the essence in all respects in this Agreement.

Section 1.14 Accounting Terms

All accounting terms not specifically defined in this Agreement shall be interpreted in accordance with IFRS except that, for the purposes of calculating the financial covenants

set forth in Section 6.2, no Subsidiary that is not an Obligor shall be included in such calculations and definitions.

ARTICLE 2 THE NOTES

Section 2.1 Purchase of the Notes and Warrant Issuances

- (1) Relying on the representations and warranties set out in this Agreement, and subject to the terms and conditions set out in this Agreement, each Noteholder hereby agrees to purchase from the Company, and the Company hereby agrees to issue to each Noteholder, or as the Noteholder may direct, at Closing, such principal amount of Series A Notes or Series B Notes set out opposite the Noteholder's name in Schedule 2.1(1) together with a pro rata share of the First Tranche Warrants equal to the percentage that the principal amount of Notes purchased by such Noteholder, stated in Canadian dollars, represents of the aggregate principal amount of Notes purchased by all Noteholders, stated in Canadian dollars, at Closing. Such Canadian dollar amount will be calculated based on the noon rate of exchange posted by Bloomberg on its website at: <https://www.bloomberg.com/quote/USDCAD:CUR> on the Business Day immediately prior to Closing. In addition to the foregoing, the Company agrees to issue to each Extract Purchaser, or as the Extract Purchaser may direct, at Closing, a pro rata share of the Second Tranche Warrants equal to the percentage that the principal amount of Notes purchased by such Extract Purchaser represents of the aggregate principal amount of Notes purchased by all Extract Purchasers at Closing.
- (2) If the VWAP of the Common Shares for 20 consecutive trading days is at least \$3.00, the Company may give notice to the holders of the First Tranche Warrants that they must exercise their remaining First Tranche Warrants within a period of 60 days from the deemed date of receipt of the notice. Any First Tranche Warrants remaining unexercised after the expiration of the 60-day notice period will be cancelled and will thereafter be of no force or effect.

Section 2.2 Purchaser Acknowledgments, Representations and Warranties

- (1) The Purchaser, on its own behalf and, if applicable, on behalf of any disclosed principal for whom the Purchaser is contracting under this Agreement (a "**Disclosed Beneficial Purchaser**"), acknowledges that:
 - (a) The offer, sale and issuance of the Notes is exempt from the prospectus requirements of Canadian Securities Laws and, as a result: (i) the Purchaser may not receive information that would otherwise be required under Canadian Securities Laws or be contained in a prospectus prepared in accordance with Canadian Securities Laws, (ii) the Purchaser is restricted from using most of the protections, rights and remedies available under Canadian Securities Laws, including statutory rights of rescission or damages, and (iii) the Company is relieved from certain obligations that would otherwise apply under Canadian Securities Laws;

- (b) No prospectus has been filed with any Canadian Securities Regulators in connection with the Financing and no Canadian Securities Regulator has made any finding or determination as to the merit for investment in, or made any recommendation or endorsement with respect to, the Notes;
 - (c) None of the Securities have been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and as a result (i) the Securities may not be offered or sold in the United States or to a U.S. Person except in compliance with the requirements of an exemption from registration under the U.S. Securities Act and any applicable state securities laws and (ii) each of the Securities (including any Common Shares acquirable upon conversion of the Notes or upon exercise of the Warrants) will be "restricted securities" (as such term is defined in Rule 144(a)(3) of the U.S. Securities Act) under U.S. securities laws and all certificates representing any Securities will bear legends restricting their further transfer or resale; and
 - (d) The Company is required to file a report of trade with all applicable Canadian Securities Regulators containing personal information about Purchasers and, if applicable, any Disclosed Beneficial Purchasers of the Securities. This report of trade will include the full legal name, residential address, telephone number and email address of each Purchaser or Disclosed Beneficial Purchaser, the number and type of securities purchased, the total purchase price paid for such securities, the date of the Closing and specific details of the prospectus exemption relied upon under Canadian Securities Laws to complete such purchase, including how the Purchaser or Disclosed Beneficial Purchaser qualifies for such exemption. This information is collected indirectly by the Canadian Securities Regulator in each Qualifying Jurisdiction under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation of such jurisdiction. A Purchaser may contact the relevant public official by way of the applicable contact information provided in Schedule 2.1(1). The Company may also be required pursuant to Canadian Securities Laws to file this Agreement on SEDAR. By completing this Agreement, the Purchaser authorizes the indirect collection of the information described in this Section 2.2(1)(c) by all applicable Canadian Securities Regulators and consents to the disclosure of such information to the public through (i) the filing of a report of trade with all applicable Canadian Securities Regulators and (ii) the filing of this Agreement on SEDAR.
- (2) The Purchaser, on its own behalf and on behalf of any Disclosed Beneficial Purchaser, represents and warrants as follows to the Company and the Agents at the date of this Agreement and at Closing Date and acknowledges and confirms that the Company and the Agents are relying on such representations and warranties in connection with the offer, sale and issuance of the Securities to the Purchaser:

- (a) The Purchaser has not been provided with a prospectus, an offering memorandum or any other document in connection with its purchase of Notes and the decision to subscribe for Notes and execute this Agreement has not been based upon any verbal or written representation made by or on behalf of the Company or any employ or agent of the Company and has been based entirely upon the term sheet attached as Schedule 2.2(2)(a) to this Agreement, this Agreement and information concerning the Company available in its public record (meaning information which has been publicly filed at www.sedar.com by the Company pursuant to a requirement under Canadian Securities Laws);
- (b) The distribution of the Notes has not been made through, or as a result of, and is not being accompanied by, (i) a general solicitation, (ii) any advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or (iii) any seminar or meeting whose attendees have been invited by general solicitation or general advertising;
- (c) The Purchaser (and any Disclosed Beneficial Purchaser) is eligible to purchase the Securities pursuant to an exemption from the prospectus requirements of Canadian Securities Laws. The Purchaser has completed and delivered to the Company the applicable certificate(s) in Schedule 2.1(1) including, in the case of individual purchaser, the applicable risk acknowledgement form evidencing the Purchaser's (and any Disclosed Beneficial Purchaser's) status and criteria for reliance on the relevant prospectus exemption under Canadian Securities Laws and:
 - (i) confirms that it complies with the criteria for reliance on the prospectus exemption and the truth and accuracy of all statements made in such certificate as of the date of this Agreement and as of the Closing Date;
 - (ii) understands that the Company is required to verify that the Purchaser (and any Disclosed Beneficial Purchaser) satisfies the relevant criteria to qualify for the prospectus exemption;
 - (iii) may be required to provide additional information or documentation to evidence compliance with the prospectus exemption;
- (d) If the Purchaser (or a Disclosed Beneficial Purchaser, as applicable) is resident in or otherwise subject to the laws of a province of Canada, the Purchaser (and any Disclosed Beneficial Purchaser) was offered the Securities in, and is resident in, the jurisdiction set out as the "Purchaser's Address" set out in Schedule 2.1(1) and intends the Canadian Securities Laws of that jurisdiction to govern the offer, sale and issuance of the Notes to the Purchaser;

- (e) The Purchaser (and any Disclosed Beneficial Purchaser) has been independently advised as to and is aware of the resale restrictions under Canadian Securities Laws with respect to the Notes and acknowledges receipt of a written notice of the legend restriction notation applicable to the resale of the Notes;
- (f) No Person has made any oral or written representations to the Purchaser: (i) that any Person will resell or repurchase; (ii) that any Person will refund the purchase price of the Notes; or (iii) as to the future value or price of any of the Notes;
- (g) No Person has made any written or oral representation that the Notes will be listed and posted for trading on a stock exchange or that application has been made to list and post the Notes for trading on a stock exchange;
- (h) If the Purchaser is an individual, he or she is of legal age and is legally competent to execute, deliver and perform his or her obligations under this Agreement. If the Purchaser is not an individual, (i) it has the legal capacity and competence to execute, deliver and perform its obligations under this Agreement; and (ii) the execution and delivery of and performance by the Purchaser of this Agreement have been authorized by all necessary corporate or other action on the part of the Purchaser;
- (i) If the Purchaser is subscribing on its own behalf, this Agreement has been duly executed and delivered by the Purchaser, and constitutes a legal, valid and binding agreement of the Purchaser enforceable against him, her or it in accordance with its terms;
- (j) If the Purchaser is acting for a Disclosed Beneficial Purchaser, the Purchaser is duly authorized to execute and deliver this Agreement and all other documentation in connection with the subscription on behalf of the Disclosed Beneficial Purchaser. This Agreement has been duly authorized, executed and delivered by or on behalf of such Disclosed Beneficial Purchaser and constitutes a legal, valid and binding agreement of such Disclosed Beneficial Purchaser enforceable against him, her or it in accordance with its terms;
- (k) The execution and delivery of and performance by the Purchaser (and any Disclosed Beneficial Purchaser) of this Agreement do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event of condition) result in a breach or violation of or a conflict with, or allow any other Person to exercise any rights under any of the terms or provisions of the Purchaser's (and any such Disclosed Beneficial Purchaser's) constituting documents or by-laws, if applicable, or any other contract, agreement, instrument, undertaking or covenant to which the Purchaser (and any Disclosed Beneficial Purchaser) is a party or by which it is bound;
- (l) The Purchaser (and the Disclosed Beneficial Purchaser) has obtained such legal and tax advice as it considers appropriate in connection with the offer,

sale and issuance of the Securities and the execution, delivery and performance by it of this Agreement and the transactions contemplated by this Agreement. The Purchaser (and the Disclosed Beneficial Purchaser) is not relying on the Company, the Agent, their affiliates or counsel to any of them in this regard;

- (m) The Purchaser (and the Disclosed Beneficial Purchaser) has completed and provided to the Company a Purchaser Information Form or a U.S. Purchaser Information Form, as appropriate, in compliance with all of the instructions and directions thereon, and the information provided by on such form is accurate and complete in all material respects;
- (n) The funds representing the aggregate subscription price advanced by the Purchaser are not proceeds of crime as defined in the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) (the "PCMLTFA"). To the best of the Purchaser's knowledge none of the subscription funds to be provided by the Purchaser (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada or any other applicable jurisdiction, or (ii) are being tendered on behalf of a Person or entity (A) with whom the Company would be prohibited from dealing with under applicable money laundering, terrorist financing, economic sanctions, criminal or other similar laws or regulations or (B) who has not been identified to the Purchaser. The Purchaser acknowledges that the Company may in the future be required by law to disclose the Purchaser's name and other information relating to this Agreement and the Purchaser's subscription hereunder, on a confidential basis pursuant to the PCMLTFA or other laws or regulations and shall promptly notify the Company if the Purchaser discovers that any of the foregoing representations ceases to be true, and to provide the Company with appropriate information in connection therewith; and
- (o) If the Purchaser (or any Disclosed Beneficial Purchaser) is a U.S. Person, it agrees to make the additional representations and warranties contained in the U.S. Purchaser Information Form.

Section 2.3 Conditions Precedent to Purchase of Notes

It shall be a condition precedent to the purchase of the Notes, in whole or in part at any time and on the Closing Date, that the Administrative Agent and the Noteholders are satisfied, in their sole discretion, that no Defaults or Events of Default have occurred and are continuing, all of the representations and warranties of the Obligors in the Financing Documents are true and correct, no Material Adverse Effect shall have occurred and be continuing, no event, condition or state of facts shall exist or have occurred that could reasonably be expected to result in a Material Adverse Effect, the purchase and sale of the Notes shall not violate any Applicable Law, and the Administrative Agent and the Noteholders shall have completed or received, as applicable, and shall be satisfied (in form and substance) with, in their sole discretion:

- (a) all credit, collateral, business, financial, management, legal and other due diligence, including the following:
 - (i) a final use of proceeds of the Financing after giving effect to the Financing;
 - (ii) satisfaction of the Administrative Agent that there is no material damage or destruction to any of the Collateral, nor any material depreciation in the value thereof, and that all Collateral is covered by insurance in sufficient form and substance naming the Administrative Agent as first loss payee and additional insured;
 - (iii) finalization of the definitive legal and tax structure in respect of the Financing in form and substance satisfactory to the Administrative Agent;
 - (iv) all agreements relating to the corporate structure of the Company and its Affiliates and all organizational documents of such entities shall be in form and substance satisfactory to the Administrative Agent;
 - (v) all Material Contracts shall be in form and substance satisfactory to the Administrative Agent;
 - (vi) satisfaction of the Administrative Agent that there are no pending or threatened disputes that seeks to adjourn, delay, enjoin, prohibit or impose material limitations on any aspect of the Financing or that has had, or could have, a Material Adverse Effect;
- (b) the Administrative Agent shall have received, in each case in form and substance satisfactory to it:
 - (i) a certificate of a Senior Officer of the Company and each other Obligor attaching copies of its constating documents and any shareholder agreement or declaration with respect to such Obligor, a list of its officers and directors with occupations of all directors, specimens of the signatures of those officers or directors who are executing the Financing Documents on its behalf, copies of the corporate proceedings taken to authorize it to execute, delivery, and perform its obligations under the Financing Documents and all related and security documentation, and other corporate and "know-your-client" information that Administrative Agent or the other Noteholders may require;
 - (ii) a certificate of status, compliance, good standing or equivalent for the Company and each other Obligor for its jurisdiction of incorporation and for each jurisdiction where it carries on business or where registrations or filings in relation to the Collateral have been effected;

- (iii) all required director, shareholder, government, regulatory and third-party consents, approvals and Authorizations necessary or required in connection with this Agreement, the Notes, the Security Documents and any other Financing Documents;
- (iv) all Financing Documents duly executed and delivered by the Company, the other Obligors and the other parties thereto and, where applicable, in form suitable for filing or recording in all filing and recording offices that the Administrative Agent may deem necessary or desirable in order to create a valid first priority Lien, subject only to Permitted Liens, on the property described therein in favour of the Administrative Agent, for the benefit of the Secured Parties, and evidence that all filing, stamp, intangible, and recording taxes and fees have been paid;
- (v) PPSA, bankruptcy, litigation and other customary transaction searches shall have been received and be deemed satisfactory to the Administrative Agent, and confirmation satisfactory to the Administrative Agent of registration, recordation and filing, as applicable, of all Security Documents in all offices of public record as may be required to properly perfect the mortgages, charges and Liens created thereby, subject only to Permitted Liens;
- (vi) releases, discharges, subordination agreements, waivers, confirmations, consents (including those required under any Material Contracts or from landlords, warehousemen, mechanics, materialmen, mortgagees and licensors) as may be required in the discretion of the Administrative Agent and to ensure that all Note Indebtedness is secured by first priority Liens, subject to Permitted Liens that by law rank in priority, on the Collateral with such exceptions as are permitted pursuant to this Agreement;
- (vii) opinions from Norton Rose Fulbright Canada LLP, legal counsel for the Company and the other Obligors, addressed to the Administrative Agent and the other Secured Parties with respect to the authority, enforceability, existence, good standing, execution and delivery of the Financing Documents, the Warrant and to all such other matters as the Administrative Agent may request;
- (viii) opinions of counsel to the Obligors in the jurisdiction of formation of such Obligor addressed to the Administrative Agent and the other Secured Parties relating to the authority, enforceability, existence, good standing, execution and delivery of the Financing Documents to which such Obligor is a party and to all such other matters as the Administrative Agent may request;
- (ix) a certificate from a Senior Officer of the Company and each other Obligor (i) that all representations and warranties of the Company

and the other Obligor under the Security Documents and the other Financing Documents to which such Obligor is a party are true and correct on the Closing Date, (ii) that all consents and approvals referred to in Section 2.3(b)(iii) have been obtained, and (iii) as to such other matters as the Administrative Agent reasonably requires;

- (x) to the extent available on commercially reasonable terms, certificates of insurance or policy endorsements, as applicable, evidencing that the Administrative Agent has been named first-loss payee and additional insured on all insurance policies of the Obligor, in such amounts and in form and substance satisfactory to the Administrative Agent;
 - (xi) certificates representing the Equity Securities pledged by the Company and the other Obligor together with stock transfer powers duly executed in blank by the pledging Obligor, and each promissory note (if any) pledged to the Administrative Agent pursuant to the Security Documents endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledger thereof; and
 - (xii) payment of all fees and expenses contained in this Agreement, or any other Financing Document.
- (c) immediately following the Financing, no Company Party shall have any Indebtedness (other than Permitted Indebtedness);
 - (d) all costs, fees, expenses (including, without limitation, legal fees and expenses and the fees and expenses of appraisers, investment bankers, consultants and other advisors) and other compensation payable to the Secured Parties shall have been paid to the extent due;
 - (e) evidence satisfactory to the Administrative Agent that after giving effect to the transactions contemplated by this Agreement, the Company is in pro forma compliance, on a consolidated basis, based on the information contained in the Company's most recently published financial statements, with all financial covenants required by this Agreement;
 - (f) the aggregate principal amount of Notes issued pursuant to this Agreement does not exceed Cdn. \$20,000,000 on the date of Closing;
 - (g) the Warrants have been issued to the Noteholders and the Extract Purchasers, as applicable;
 - (h) the Administrative Agent shall have received a copy of the TSXV conditional approval authorizing and approving the issuance of the Conversion Shares, the Warrants and the Warrant Shares and the listing of the Conversion Shares

and the Warrant Shares (other than the Warrant Shares issuable on the exercise of the Breach Accommodation Warrants);

- (i) such other documents relating to the transactions contemplated by this Agreement and any other Financing Documents as the Administrative Agent or its counsel or any other Noteholder may reasonably request; and
- (j) the transactions contemplated by this Agreement will not require the approvals of the Company's shareholders.

Section 2.4 Creation and Issuance of the Notes

The Company hereby creates and authorizes the issuance of an aggregate principal amount of U.S. \$10,314,342 Series A Notes and Cdn. \$6,350,000 Series B Notes. The Notes shall be dated as of their applicable Issue Date (including all replacement certificates issued in accordance with this Agreement) and will become due and payable, together with all accrued and unpaid interest thereon, on the Maturity Date. For greater certainty, once issued and redeemed, Notes may not be re-issued.

Section 2.5 Description of Notes

The Notes shall mature and become due and payable on the Maturity Date, provided that, on June 14, 2020, the Company shall repay an amount in principal sufficient to ensure that at least 75% of the original principal amount of the Notes has been repaid on such date. The Notes shall bear interest (i) from their applicable Issue Date until June 14, 2020 at the LIBOR Rate plus 7.5%, and (ii) for the remainder of the term, at the LIBOR Rate plus 11%. The interest rate hereunder shall increase by 6% per annum (the "Default Rate") on the occurrence of and during the continuation of an Event of Default.

Section 2.6 Place of Payment

Subject to Section 10.2, the principal amount of the Notes and interest thereon due on maturity will be payable in lawful money of the Canada against surrender of such Notes by the respective Holders thereof at the registered office of the Company, provided that the Company may from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all of such purposes, and may from time to time rescind such designations. The Company will give prompt written notice to the Administrative Agent of any such designation and any change in the location of any such other office.

Section 2.7 Form of Notes

Each Note is issuable in denominations of \$1,000 and integral multiples thereof. The Notes shall be in the English language. The form of Note shall be substantially in the form set out in Exhibit A hereto. The Notes shall bear such distinguishing letters and numbers as the Company may approve. The Notes may be engraved, printed or lithographed, mimeographed or typewritten, or partly in one form and partly in another, as the Company may determine.

Section 2.8 Legend

Each Note authenticated in accordance with this Agreement shall bear the following legends:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE IN THE SECURITY BEFORE OCTOBER 16, 2017. "

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF ENERGOLD DRILLING CORP. (THE "COMPANY") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AFTER THE HOLDER HAS, IN THE CASE OF (C) OR (D) ABOVE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY."

Section 2.9 Execution of Notes

All Notes shall be signed (either manually or by facsimile signature) by any Senior Officer of the Company. A signature upon any of the Notes shall for all purposes of this Agreement be deemed to be the signature of the individual whose signature it purports to be and to have been signed at the time such signature (either manual or in facsimile) may appear on the Notes and notwithstanding that any individual whose signature (either manual or in facsimile) may appear on the Note is not, at the date of Agreement or at the date of the Notes or at the date of the certifying and delivery thereof, any Senior Officer, as the case may be, of the Company, such Notes shall be valid and binding upon the Company and the Holders shall be entitled to the benefits of this Agreement.

Section 2.10 Certification

No Note shall be issued or, if issued, shall be obligatory or shall entitle the Holder to the benefits of this Agreement, until it has been executed by manual or facsimile signature by or on behalf of the Company substantially in the form of the Note set out in Exhibit A hereto, or in some other form approved by the Company as permitted hereby. Such execution of the Note shall be conclusive evidence that such Note is duly issued and is a valid and binding obligation of the Company and that the Holder is entitled to the benefits of this Agreement.

Section 2.11 Interest and Payments

- (1) Every Note, whether issued originally or in exchange for other previously issued Notes, shall bear interest from and including the later of (i) the Issue Date; and (ii) the last Interest Payment Date with respect to which interest shall have been paid or made available for payment on the Notes, to, but not including, the subsequent Interest Payment Date. Interest shall accrue daily and be paid monthly in arrears on each Interest Payment Date for interest accrued in the previous month and shall be compounded monthly, if interest is not paid on the Interest Payment Date.
- (2) Interest shall be computed on the basis of a year of 360 days for payments (a "Deemed Year"). For the purposes of the *Interest Act* (Canada), (i) whenever interest is computed on the basis of a Deemed Year determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 360 days, (y) multiplied by the actual number of days in the calendar year in which such interest or fee is payable (or compounded) ends, and (z) divided by the number of days of the Deemed Year.
- (3) Wherever in this Agreement or the Notes there is mention, in any context, of the payment of interest, such mention shall be deemed to include the payment of interest on amounts in default to the extent that in such context such interest is, was or would be payable pursuant to this Agreement or such Notes and express mention of interest on amounts in default in any of the provisions hereof shall not be construed as excluding such interest in those provisions hereof where such express mention is not made.
- (4) All payments of principal or interest under the Notes shall be made to the Holders of such Notes by wire transfer of immediately available funds.
- (5) Notwithstanding anything herein to the contrary, in no event shall any interest rate or rates referred to herein (together with other amounts payable hereunder which are construed by a court of competent jurisdiction to be interest or in the nature of interest) exceed the maximum interest rate permitted by Applicable Law. If such maximum interest rate would be exceeded by the terms hereof, the rates of interest payable hereunder shall be reduced to the extent necessary so that such rates (together with other amounts which are construed by a court of competent jurisdiction to be interest or in the nature of interest) equal the maximum interest rate permitted by Applicable Law, and any overpayment of interest received by the Administrative Agent or the Noteholders theretofore shall be applied, forthwith

after determination of such overpayment, to pay all then outstanding interest, and thereafter to pay outstanding principal, as if the same were a prepayment of principal and treated accordingly hereunder.

Section 2.12 Replacement of Notes

If any of the Notes issued and certified hereunder shall become mutilated or be lost, stolen or destroyed, the Company shall issue and deliver, a replacement Note of like date and tenor as the one mutilated, lost, stolen or destroyed in exchange for and in place of and upon surrender and cancellation of such mutilated Note, or, in the case of a lost, stolen or destroyed Note, in lieu of and in substitution for the same, and the substituted Note shall be in a form of the Note attached as Exhibit A hereto, and shall be entitled to the benefits of this Agreement and shall, in accordance with Section 2.16, rank equally with all other Notes issued or to be issued hereunder. In case of loss, theft or destruction, the applicant for a substituted Note shall furnish to the Company such evidence of such loss, theft or destruction as shall be satisfactory to each of them in their own discretion, acting reasonably. The Company shall pay the reasonable and necessary direct expenses for the issuance of any such new Note and the provision of the form of indemnity in favour of the Company that will be required from the applicant in respect of the lost, stolen or destroyed Note, and the applicant for a substituted note will be responsible for all other expenses, direct and indirect, arising in connection with the issuance of any such new Note and the required indemnity in favour of the Company, including any expenses for legal advice and insurance costs.

Section 2.13 Option of Holder as to Place of Payment

Except as provided otherwise herein, all amounts which at any time become payable on account of any Note or any interest thereon shall be payable at the option of the Holder at any of the places at which the principal and interest in respect of such Note are payable pursuant to Section 2.6.

Section 2.14 Record of Payments

The Company shall maintain accounts and records evidencing each payment of principal of and interest on the Notes. The Company shall be responsible for all aspects of the records related to or payments made on account of beneficial interests in any Note and for maintaining, reviewing, or supervising any records relating to such beneficial interests.

Section 2.15 Surrender for Cancellation

If the principal amount due upon any Note shall become payable before the Stated Maturity Date thereof, the Person presenting such Note for payment shall surrender the same for cancellation to the Company's registered office and the Company shall pay or cause to be paid the interest accrued and unpaid thereon in cash together with all other obligations owing to the Administrative Agent or any Noteholder under or in connection with this Agreement and the Notes in immediately available funds (computed on a per diem basis if the date fixed for payment is not an Interest Payment Date).

Section 2.16 Notes to Rank Pari Passu

The Notes shall rank *pari passu* (equally and rateably) with each other and shall be secured obligations of the Company, and the Liens granted for the benefit of the Secured Parties pursuant to the Security Documents shall constitute security ranking in first priority over all other Liens on the Collateral, except any applicable Permitted Liens which by law rank in priority.

Section 2.17 No Setoff

All payments hereunder and under the Notes shall be made by the Company without setoff, offset, deduction or counterclaim, free and clear of all taxes (excluding, in the case of the Holders, taxes imposed on such Holders' net income), levies, imports, duties, fees and charges, and without any withholding, restriction or conditions imposed by any Governmental Entity.

Section 2.18 Use of Proceeds

The Company shall use the net proceeds from the issuance of the Notes to fund, directly or indirectly, (i) the repayment of the outstanding indebtedness under the Company's \$13,500,000 secured convertible debentures due July 2017, (ii) the repayment of the EDC Peru Loan and the payout in full of the RBC Loans, and (iii) working capital purposes and general corporate purposes of the Obligors, and for no other purpose whatsoever without the prior written consent of the Administrative Agent.

Section 2.19 Taxes and Other Taxes

- (1) All payments to the Administrative Agent and the Holders by any of the Obligors under any of the Financing Documents, whether such payment is made in cash, in Common Shares or otherwise (any such payment, a "Note Payment"), shall be made free and clear of and without deduction or withholding for any and all taxes, levies, imposts, deductions, charges or withholdings and all related liabilities (all such taxes, levies, imposts, deductions, charges, withholdings and liabilities being referred to as "Taxes") imposed by any relevant jurisdiction (or any political subdivision or taxing authority of it), unless such Taxes are required by applicable law to be deducted or withheld. If any of the Obligors shall be required by applicable law to deduct or withhold any such Taxes from or in respect of any Note Payment (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 2.19, the Administrative Agent and the Holders receive an amount equal to the amount they would have received if no such deduction or withholding had been made, (ii) the applicable Obligor shall make such deductions or withholdings, and (iii) the applicable Obligor shall pay when required the full amount deducted or withheld to the relevant Governmental Entity in accordance with applicable law.
- (2) Each of the Obligors agrees to immediately pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, financial institutions duties, debits taxes or similar levies (all such taxes, charges, duties and

levies being referred to as “Other Taxes”) which arise from any Note Payment or from the execution, delivery, recordation, or registration of, or otherwise with respect to, any of the Financing Documents.

- (3) Each of the Obligors shall jointly and severally indemnify the Holders and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 2.19) payable or paid by the Holders or the Administrative Agent and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes or Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification shall be made within 30 days from the date the Administrative Agent or the relevant Holder, as the case may be, makes written demand for it. A certificate as to the amount of such Taxes or Other Taxes submitted to the Company by the Administrative Agent or the relevant Holder shall be conclusive evidence, absent manifest error, of the amount due from the applicable Obligor to the Administrative Agent or the Holders, as the case may be.
- (4) The Company shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment of Taxes or Other Taxes made by any Obligor within 30 days after the date of any payment of Taxes or Other Taxes.
- (5) As soon as practicable prior to each date on which any Note Payment is due and payable, if, to the knowledge of the Company, an Obligor will be obligated to pay additional amounts with respect to such Note Payment, the Company, will deliver to the Administrative Agent, an officer’s certificate stating the fact that such additional amounts will be payable and the amounts that will be so payable in respect of such Note Payment on the date such payment is due.
- (6) Wherever in this Agreement or the Notes there is mention, in any context, of the payment of principal (and premium, if any), a purchase price, interest or any other Note Payment, such mention shall be deemed to include mention of the payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable in respect thereof.
- (7) Where the Company is required by applicable law to withhold or deduct Taxes from any payment made on a conversion or such other circumstance where the Company is issuing Common Shares to a Noteholder and there is insufficient cash being paid to satisfy the withholding required, the Company for the account of the Noteholder, shall facilitate the sale to the extent it is permitted by applicable securities legislation, through the investment banks, brokers or dealers selected by the Company, out of the Common Shares issued by the Company to the applicable Noteholder, such number of Common Shares that is sufficient to yield net proceeds (after payment of all costs) to cover the amount of Taxes required to be withheld, and shall remit same to the relevant governmental authority as and when required by applicable law and shall transfer the balance of the cash proceeds, if any, to the applicable Noteholder.

- (8) The provisions of this Section 2.19 shall survive the termination of the Agreement and the repayment of all Note Indebtedness.

ARTICLE 3 REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF NOTES

Section 3.1 Registration

The Company shall, at all times while any Notes are outstanding, cause to be kept at the registered office of the Company, a central register (the "Register") in which shall be entered the names and latest known addresses of the Noteholders and the other particulars, as prescribed by law, of the Notes held by them respectively and of all assignments or transfers of Notes (a "transfer"). Such registration shall be noted on the Notes when issued by the Company. The Register shall, upon prior written notice, at all reasonable times during business hours on a Business Day be open for inspection by any Noteholder.

Section 3.2 Transfer of Notes

- (1) A Noteholder may at any time and from time to time have a Note or any portion thereof transferred at the registered office of the Company.
- (2) No transfer of a Note or any portion thereof shall be effective as against the Company unless:
- (a) such transfer is made by the Holder or the executor, administrator or other legal representative of, or any attorney of, the Holder, duly appointed by an instrument received by the Company;
 - (b) the form of transfer, in the form attached to the Note, together with the Note has been received by the Company;
 - (c) such transfer is made in compliance with all Applicable Laws;
 - (d) without the prior consent of the Company, such consent being in the Company's sole and arbitrary discretion, a Noteholder must transfer not less than Cdn. \$100,000 principal amount of Notes (or the U.S. Dollar equivalent thereof) and increments of Cdn. \$50,000 (or the U.S. Dollar equivalent thereof) in excess of the minimum transfer amount;
 - (e) all costs of transfer to be borne by the buyer and seller of the Note.

Any transfer of a Note or any portion thereof shall require 10 days' prior written notice to the Administrative Agent and the Company. For greater certainty, no consent of the Company shall be required in connection with any transfer of a Note or any portion thereof otherwise in compliance with this Agreement.

- (3) To the extent any portion of a Note (but not the entire principal amount of a Note) is transferred pursuant hereto, upon presentation of such Note, the Company shall execute Notes representing the transferred portion and the balance not so transferred and the original Note shall thereupon be cancelled. Notwithstanding any

failure by the Company to so execute such Notes, the transferee shall have all rights of a Noteholder with respect to the portion of any Note transferred to it in compliance with this Agreement and the transferor shall retain all rights of a Noteholder with respect to the balance of the Note not so transferred.

- (4) Upon becoming a Noteholder in accordance with the provisions of this Agreement, the transferee thereof shall be deemed to have acknowledged and agreed to be bound by this Agreement. Upon registration of such transferee as the holder of a Note, the transferor shall cease to have any further rights under this Agreement with respect to such Note to the extent so transferred.

Section 3.3 Transferee Entitled to Registration

The registered transferee of a Note shall be entitled, after a form of transfer, in the form attached to the Note, is lodged with the Company and upon compliance with all other conditions in that regard required by this Agreement or by law, to be entered on the Register as the Holder of the Note free from all equities or rights of setoff or counterclaim between the Company and the transferor or any previous Holder, except in respect of equities of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

Section 3.4 Exchange of Notes

Notes of any denomination may be exchanged for Notes of any other denomination or denominations, any such exchange to be for Notes of an equivalent aggregate principal amount, at the expense of the Company. Exchanges of Notes may be made at the registered office of the Company. Any Notes tendered for exchange shall be cancelled. The Company shall execute all Notes necessary to carry out such exchanges. Any exchange of a Note shall require 10 Business Days prior written notice to the Administrative Agent and the Company.

Section 3.5 Ownership of Notes and Entitlement to Payment

- (1) The Holder of a Note shall be entitled to the principal and interest evidenced by such Note, less any amounts paid to the original or any previous Holder of the Note, but free from all other equities or rights of set-off or counterclaim between the Company and the original or any intermediate Holder thereof (except any equities of which the Company is required to take notice by law or by order of a court of competent jurisdiction). The receipt by any such Holder of any principal or interest shall be a good and sufficient discharge to the Company for the amount so paid, and the Company shall not be bound to inquire into the title of any such Holders.
- (2) The Company may treat the Holder of a Note as the beneficial owner thereof without actual production of such Note for the purposes of any direction, consent, instrument or other document to be made, signed or given by the Holder of such Note.

Section 3.6 No Notice of Trusts

The Company shall not be bound to take any notice of or see to the performance or observance of any duty owed to a third Person (whether under a trust, express, implied,

resulting or constructive, in respect of any Note or otherwise) by the beneficial owner or the Holder of a Note or any Person whom the Company treats, as permitted or required by law, as the beneficial owner or the Holder of such Notes, and the Company may transfer any Note on the direction of the Person so treated or registered as the Holder thereof, whether named as trustee or otherwise, as though that Person were the beneficial owner thereof.

ARTICLE 4 REDEMPTION

Section 4.1 Mandatory Redemption of Notes

The Company shall, unless such obligation to pay is waived by the Administrative Agent, in its sole discretion, pay to the Administrative Agent, on behalf of the Noteholders, all net proceeds received from any Obligor from a Partial Redemption Event promptly upon receipt; provided, however, so long as no Default or Event of Default has occurred and is continuing and such proceeds result from insurance (other than business interruption insurance and public liability insurance), such proceeds may be expended or committed by the Obligor for the repair or replacement of the property or reinvestment in similar assets within one hundred and eighty (180) days following receipt thereof and the Obligor has provided to the Administrative Agent evidence satisfactory to the Administrative Agent of such expenditure or commitment.

Section 4.2 Redemption on Occurrence of Certain Events

In addition to and not in limitation of the foregoing, on the earlier of: (a) the Stated Maturity Date; or (b) the occurrence and continuation of an Event of Default upon acceleration by the Administrative Agent in accordance with Section 9.2, the Company shall redeem all of the Notes for an amount equal to the sum of the then outstanding principal balance, plus all accrued and unpaid interest owing thereon, and pay in full all other obligations owing to Administrative Agent or any Noteholder under or in connection with this Agreement and the Notes, which amount shall be calculated on the date of redemption and be payable in cash on demand in immediately available funds on such date.

Section 4.3 Option to Redeem

- (1) Until June 14, 2022, the Company may not redeem at any time all or any part of the amount outstanding under the Notes, except (i) as otherwise agreed to by the Administrative Agent, (ii) with respect to Notes or portions of such Notes that are proposed to be transferred by a Holder to a non-affiliated third party, where the Company has elected to redeem such amount pursuant to Section 13.9(3)(c) hereof, or (iii) in the case of an transfer to an Eligible Assignee, if, as a result of such transfer, the Company has an obligation to deduct or withhold Taxes from or in respect of any Note payment pursuant to Section 2.19, the Company may elect to redeem the transferred Note upon providing at least five days days prior written notice to the Administrative Agent and the Holder. For greater clarity, the Company retains a right of first refusal to repurchase any portion of a Note that is to be transferred through the sale or otherwise to a non-affiliated third party.
- (2) The Company may, following June 14, 2022, upon providing at least five days prior written notice to the Administrative Agent, redeem all or any part of the Notes then

outstanding at a redemption price, in cash, which is equal to the then principal amount of the Notes to be redeemed, plus all accrued and unpaid interest, together with all other amounts owing to Administrative Agent or any Noteholder under or in connection with this Agreement and the Notes without bonus or penalty.

Section 4.4 Notice to Redeem

A Notice to Redeem shall be given by the Company to the Administrative Agent no later than the date required pursuant to Section 4.1, Section 4.2 or Section 4.3, as the case may be, and in the manner provided in Article 12, which notice (each a "Notice to Redeem") shall specify: (i) the date on which the redemption is to occur (a "Redemption Date") (ii) the amount of the redemption (the "Amount to be Redeemed"), and each Holder's pro rata share to be redeemed, as applicable; (iii) that any portion of any Note not redeemed will continue to accrue interest pursuant to its terms, (iv) that, unless the Company defaults on the payment of the Amount to be Redeemed, any Note, or any portion thereof, prescribed for redemption pursuant to the Notice to Redeem shall cease to accrue interest on and after the Redemption Date; and (v) that Holders of any Note, or any portion thereof, to be redeemed or in respect of which a portion is to be redeemed, pursuant to the Notice to Redeem will be required to surrender the Note to the Company at the address specified in the Notice to Redeem prior to the close of business on the Redemption Date. Failure by the Company to issue new Notes for the balance of any Notes not so redeemed shall not alter the obligations of the Company to the Holders with respect to such unredeemed balance.

Section 4.5 Manner of Redemption

- (1) On the Redemption Date, the Company shall (i) accept for redemption Notes or portions thereof pursuant to the Notice to Redeem; (ii) pay the pro rata Amount to be Redeemed together with all accrued and unpaid interest to each Holder of a Note that has delivered to the Company prior to the close of business on the Redemption Date; and (iii) deliver, or cause to be delivered, to the Noteholders such new Notes evidencing any amounts not redeemed, as applicable.
- (2) In respect of any Note which is required to be delivered pursuant to a Notice to Redeem and is not received by the Company prior to the close of business on the Redemption Date, the Company shall, on the Business Day of receipt of such Note by the Company, redeem and pay out the pro rata Amount to be Redeemed in respect of such Note.

Section 4.6 Cancellation of Notes on Redemption

On the Redemption Date, each Note (or the portion thereof) in respect of which a Notice to Redeem has been given shall be deemed to be transferred by the Holder thereof, without any further act or formality on its part (including delivery for cancellation of the original Note or portion thereof), free and clear of all liens, claims and encumbrances, to the Company for cancellation and the Company shall be deemed to have cancelled such Note (or such portion thereof) upon deemed delivery and the name of such Holder will be removed from the Register with respect to such cancelled Note (or portion thereof) and such Note (or such portion thereof) shall be forthwith cancelled by the Company and may not be reissued or resold and no Notes shall be issued in substitution therefore provided that, to

the extent less than all of the Note has been redeemed, the Company shall issue a Note representing the balance of the Note not so redeemed.

ARTICLE 5 SECURITY

Section 5.1 Company Security Documents

To secure the due payment and performance of its Note Indebtedness, the Company shall execute and deliver to the Administrative Agent for the benefit of the Secured Parties the Security Documents to which the Company is or will be a party, which shall at all times constitute first ranking Liens on all Collateral of the Company, subject only to Permitted Liens that by law rank in priority.

Section 5.2 Other Obligor Guarantees and Security Documents

- (1) If at any time and from time to time after the Closing Date (i) the book value of the assets (including cash) net of any liabilities of any Excluded Subsidiary exceeds Cdn. \$8,000,000, then the Company shall cause such Excluded Subsidiary to become an Included Subsidiary and comply with the provisions of this Article 5 within 60 days; unless the Company represents in favour of the Administrative Agent and the Secured Parties that the circumstances leading to such condition are not intended to be permanent and the Company provides evidence to the Administrative Agent within 30 days that such condition has ceased to be true.
- (2) If at any time and from time to time after the Closing Date the consolidated book assets of all Excluded Subsidiaries at any time exceeds (a) Cdn. \$16,000,000 in total assets (including cash) net of the sum of all liabilities of the Excluded Subsidiaries or (b) Cdn. \$6,000,000 in cash, then the Company shall cause one or more of such Excluded Subsidiaries to become Included Subsidiaries (notwithstanding that such Subsidiaries are, individually, Excluded Subsidiaries) such that the foregoing condition ceases to be true; and the Company shall cause such re-designated Subsidiaries to comply with the provisions of this Article 5 within 60 days; unless the Company represents in favour of the Administrative Agent and the Secured Parties that the circumstances leading to such condition are not intended to be permanent and the Company provides evidence to the Administrative Agent within 30 days that such condition has ceased to be true.
- (3) The Company shall cause each of the Included Subsidiaries of the Company from time to time to, execute and deliver to the Administrative Agent for the benefit of the Secured Parties (x) an unconditional guarantee of the Note Indebtedness of the Company in form and substance satisfactory to the Administrative Agent, and (y) Security Documents which shall at all times constitute first ranking Liens on all Collateral of such Included Subsidiary, subject only to Permitted Liens that by law rank in priority, in each case, in form and substance satisfactory to the Administrative Agent.
- (4) The Security Documents executed by the Obligors shall secure their Note Indebtedness, including their obligations under their respective Guarantees.

Section 5.3 Registration of the Security

- (1) The Company shall, and shall cause the other Obligors to, at the Company's expense, register, file, record and give notice of (or cause to be registered, filed, recorded and given notice of) the Security Documents in all offices where such registration, filing, recording or giving notice is necessary for the perfection of the Lien constituted thereby and to ensure that such Lien is first ranking, subject only to Permitted Liens which rank by law in priority.
- (2) Within fifteen (15) Business Days of any amendments to the Register which either add or delete a Noteholder to the list of registered Noteholders or change the address for notice of a Noteholder, the Company shall, and shall cause the other Obligors to, at the Company's expense, register, file, record and give notice of such addition or deletion of Noteholder or change of address as may be required to ensure that the registrations made or required to be made pursuant to this Section 5.3 properly reflect the Noteholders described in the Register from time to time, to the extent necessary or desirable to preserve the rights and remedies of the Administrative Agent and the other Secured Parties under the Security Documents.

Section 5.4 After Acquired Property and Further Assurances

The Company shall, and shall cause the other Obligors to, from time to time, execute and deliver all such further deeds or other instruments of conveyance, assignment, transfer, mortgage, pledge or charge as may be necessary or desirable in the opinion of the Administrative Agent to ensure that any additional interests in the Collateral acquired after the date hereof and required to be subject to a Lien pursuant to the terms hereof are subject to the Liens created or intended to be created pursuant to the Security Documents as required by this Agreement in the manner contemplated hereby.

**ARTICLE 6
COVENANTS OF THE COMPANY****Section 6.1 Information Covenants**

The Company shall deliver, or cause to be delivered, to the Administrative Agent (and to otherwise make available for each of the Noteholders) until the Notes have been fully redeemed and all other Note Indebtedness has been paid and performed in full:

- (a) **Financial Reporting.**
 - (i) within 90 days of the commencement of each Financial Year, the Annual Business Plan for the Financial Year, together with the budget for the Financial Year providing supplementary schedules consistent with the Annual Business Plan;
 - (ii) contemporaneously with each filing of annual and quarterly financial statements on SEDAR, a Compliance Certificate substantially in the form of Exhibit B.

- (b) **Reports.** Except as filed on SEDAR, promptly upon their issuance, copies of all notices, reports, press releases, circulars, offering documents and other documents filed with, or delivered to, any stock exchange or the British Columbia Securities Commission or a similar Governmental Entity in any other jurisdiction;
- (c) **Insurance Renewals.** Promptly following the Company's annual renewal of its insurance policies, a certificate of insurance coverage from the insurer in form and substance reasonably satisfactory to the Administrative Agent evidencing the insurance coverage required to be maintained pursuant to Section 6.3(l) and, if requested, will furnish the Administrative Agent copies of the applicable insurance policies referenced therein;
- (d) **Business Information.** Promptly upon the Administrative Agent's reasonable request, in respect of the Company Parties or any assets (as applicable) (i) copies of material and selected contracts and authorizations; (ii) production statistics, quality testing results and other key performance indications; (iii) organizational charts; (iv) compensation of all directors and executive officers and employees who are insiders of the Company (as defined under the *Securities Act* (British Columbia)); (v) copies of reports sent to shareholders and directors; and (vi) such further schedules, documents, and information as the Administrative Agent may reasonably require;
- (e) **Notice of Litigation or Liens.** Give notice to the Administrative Agent immediately upon becoming aware of any Lien that is not a Permitted Lien or the commencement of any material action, litigation, proceeding, arbitration, investigation, grievance or dispute affecting any Company Party;
- (f) **Notice of Default.** Give notice to the Administrative Agent immediately upon becoming aware of any Default or Event of Default or any event or circumstance which would reasonably be expected to have a Material Adverse Effect;
- (g) **Notice of Termination.** Give notice to the Administrative Agent immediately upon becoming aware of the resignation or termination of any director or any Senior Officer;
- (h) **Environmental Reporting.** Promptly, and in any event within 10 days, deliver to the Administrative Agent a detailed statement describing any of the following occurrences: (i) any order or judgment of any Governmental Entity requiring the Company or any of the Included Subsidiaries to incur Environmental Liabilities (w) in excess of \$100,000 in any other currency in any one instance, (x) together with all other expenditures incurred in respect of Environmental Liabilities in any Financial Year, in excess of \$100,000 in the aggregate, (ii) any state of affairs which could result in the incurrence of Environmental Liabilities (y) in excess of \$500,000 in any one instance, or (z) together with all other expenditures incurred in respect of Environmental

Liabilities in any Financial Year, in excess of \$500,000 in the aggregate, and (iii) the action taken;

- (i) **Operational Report.** Within 21 days of each calendar month end, a copy of the Company's customary internal report on the location of material equipment; and
- (j) **Other Information.** From time to time such additional information regarding the financial position or business of any Company Party as the Administrative Agent may request.

Section 6.2 Financial Covenants

- (1) The Company agrees with the Administrative Agent and each Noteholder that, until the Notes have been fully redeemed and all other Note Indebtedness has been paid and performed in full, the Company will comply with the following financial covenants:
 - (a) **Minimum Net Working Capital.** The Company will maintain at all times a minimum Net Working Capital of not less than Cdn. \$5,000,000;
 - (b) **2017 Revenue.** The Company will maintain average quarterly revenue in 2017 of Cdn. \$17,000,000.
 - (c) Beginning in the first quarter of 2018 and so long as any Note Indebtedness remains unpaid:
 - (i) **Interest Coverage Ratio.** The Company will maintain, at all times, a minimum Interest Coverage Ratio of 2.0:1.0;
 - (ii) **Asset Coverage Ratio.** The Company will maintain, at all times, a minimum Asset Coverage Ratio of 2.75:1.0; and
 - (iii) **Debt to Equity Ratio.** The Company will maintain, at all times, a Debt to Equity Ratio of less than 0.75:1.0.
- (2) In the event of the breach of any covenant in Section 6.2(1), the Administrative Agent shall have the right, in its sole discretion, to require the Company to (i) cure such breach by the completion of a cash equity contribution to the Company in the amount of up to Cdn. \$5,000,000, which contribution shall be completed within 60 days following receipt by the Company of notice from the Administrative Agent electing to proceed by way of 6.2(2)(i) or (ii), subject to the Company securing the contemporaneous approval of the TSVX, for each covenant in Section 6.2(1) that has been breached, issue to the Holders a total of 100,000 Breach Accommodation Warrants, where the number of such Breach Accommodation Warrants issued to each Holder will be in proportion to the Holder's share of then-outstanding aggregate total of the Note Indebtedness owing to all of the Holders, which issuance shall be completed with 10 days following receipt by the Company of notice from the Administrative Agent electing to proceed by way of 6.2(2)(ii).

Section 6.3 Affirmative Covenants

Each of the Obligors covenants with the Administrative Agent and each of the Noteholders that, until the Notes have been fully redeemed and all other Note Indebtedness has been paid and performed in full, each of the Obligors shall do the following (and each of the Obligors covenants to comply with the following):

- (a) **Corporate Existence.** Except as otherwise permitted in this Agreement, preserve and maintain, and cause each of the other Obligors to preserve and maintain, its corporate existence;
- (b) **Corporate Policy.** The Company shall maintain, and cause each of the other Company Parties to maintain, at all times, written credit policies consistent with good business practices, to ensure Indebtedness can be incurred only with approval of a Senior Officer and the Administrative Agent, where applicable;
- (c) **Punctual Payment.** The Company shall duly and punctually pay or cause to be paid to every Noteholder or Administrative Agent, as the case may be, all fees and the principal of, and interest accrued on such Noteholder's Notes (including, in the case of default, interest at the Default Rate) on the dates, at the places, in the currency and in the manner mentioned herein and in the Notes;
- (d) **Books and Records.** The Company shall, and shall cause each of the other Obligors to, keep or cause to be kept proper books of account and make or cause to be made therein true and complete entries of all of its dealings and transactions in relation to its business in accordance with IFRS, and at all reasonable times it shall furnish or cause to be furnished the Administrative Agent or to any Holder of Notes or its duly authorized agent or attorney such information relating to its operations as the Administrative Agent or such Holder of Notes may reasonably require and such books of account shall at all reasonable times be open for inspection by the Administrative Agent or the Noteholders or such agent or attorney in accordance with Section 6.3(m) below;
- (e) **Liens.** The Company shall, and shall cause each of the other Obligors to, ensure that each of the Security Documents shall at all times constitute valid and perfected first-ranking Liens on all of the Collateral in favour of the Agent for the benefit of the Secured Parties, subject only to Permitted Liens which rank by law in priority;
- (f) **Compliance with Agreement.** The Company shall, and shall cause each of the other Obligors to, duly and punctually perform and carry out all of the covenants and acts or things to be done by it as provided in this Agreement and all other Financing Documents;

- (g) **Compliance with Laws, etc.** Comply, and cause each of the other Obligors to comply, in all material respects, with the requirements of all Applicable Laws;
- (h) **Compliance with Contracts.** Perform and observe, and cause each of the other Obligors to perform and observe, in all material respects all terms and provisions of each Material Contract to be performed or observed by it or such Company Party and maintain each Material Contract in full force and effect;
- (i) **Credit Policy and Accounts Receivable.** Maintain, and cause each of the other Obligors to maintain, at all times, written credit policies consistent with good business practices, adhere to such policies and collect accounts receivable in the ordinary course of business;
- (j) **Maintenance of Property.** Maintain, and cause each of the other Obligors to maintain, all material property and assets, including any equipment, useful and necessary to carry on its business as would a reasonable business person engaged in a similar business. From time to time, make and cause each of the other Obligors to make all repairs, renewals, replacements, additions and improvements to their material properties and assets, including, without limitation, any equipment, so that the Business and the other Obligors' respective businesses, as the case may be, may be properly and advantageously conducted at all times in accordance with prudent business management practice;
- (k) **Payment of Taxes and Claims.** Pay or cause to be paid and cause each of the other Obligors to pay or cause to be paid, when due, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its income, sales, capital or profit or any other property belonging to it or to the other Obligors, and (ii) all claims which, if unpaid, might by law become a Lien upon the assets, except any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings and in respect of which the Company or the other Obligors have established adequate reserves in accordance with IFRS or which are Permitted Liens;
- (l) **Maintenance of Insurance.** Maintain, in respect of the Company and each of the other Obligors, insurance at all times consistent with the insurance in place as of the Closing Date.
- (m) **Rights of Inspection.** At any reasonable time or times, and as often as reasonably requested up to a maximum of two times per year (unless a Default or an Event of Default has occurred, in which case there shall be no limits on the number of inspections), permit the Administrative Agent, at its cost, to visit Company premises and to inspect the financial records and the Assets of the Company and the other Obligors and to make extracts from and copies of such financial records, and to discuss their affairs, finances and

accounts with the senior officers of the Company and (in the presence of such representatives as it may designate) its auditors;

- (n) **Conduct of Business.** The Company will continue, and will cause each of the other Obligors to continue, to engage in the Business or a business substantially similar and/or related thereto except for when there is an economic interest to curtail or cease activity in a particular Obligor, provided that any such curtailing or cessation of activity shall require the prior written consent of the Administrative Agent, such consent not to be unreasonably withheld;
- (o) **Authorizations.** The Company shall, and shall cause each of the other Obligors to, obtain and maintain in full force all Authorizations, reclamations and tax obligations necessary for the, ownership and operation of the Business and perform and observe all covenants, conditions and restrictions contained in, or imposed on it by, any Authorization where failure to do would have a Material Adverse Effect;
- (p) **Material Adverse Effect.** The Company shall, and shall cause each of the other Obligors to, promptly notify the Administrative Agent of any event or circumstance or any potential event or circumstance that would reasonably be expected to have a Material Adverse Effect on the Business;
- (q) **Additional Properties.** The Company shall, and shall cause each of the other Obligors to, promptly notify the Administrative Agent upon acquisition of any owned real property or Leases;
- (r) **Business Outside Certain Jurisdictions.** The Company shall, and shall cause each of the other Obligors to, at least 30 days prior to any of the following changes becoming effective, notify the Administrative Agent in writing of (i) any proposed change in the location of (w) any place of business of any Obligor, (x) the chief executive office or head office of any Obligor, and (y) any place where tangible property of any Obligor is stored, and (ii) any proposed change in the name of any Obligor. Promptly notify the Administrative Agent in writing upon becoming aware of any change in location of any account debtor of any Obligor to a jurisdiction outside of Canada;
- (s) **Fiscal Year.** The Company shall, and shall cause each of the other Obligors to, provide prior notice to the Administrative Agent of any change to the Fiscal Year of the Company or such Obligor;
- (t) **Perfection and Protection of Security.** The Company shall, and shall cause each of the other Obligors to, at the request of the Administrative Agent, grant to the Administrative Agent, for the benefit of the Secured Parties, security interests, assignments, mortgages, charges and pledges in such property and undertaking of the Obligors and other material Affiliates of the Company that is not subject to a valid and perfected first ranking charge or

security interest (subject only to Permitted Liens) in each relevant jurisdiction as determined by the Administrative Agent and deliver opinions in form and substance satisfactory to the Administrative Agent thereon with respect to such matters as the Administrative Agent may request. The Obligors shall also perform, execute and deliver, or cause to be performed, executed and delivered, all acts, agreements and other documents as may be reasonably requested by the Administrative Agent at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Security or grant a security interest on its property including, without limitation, (i) executing, recording and filing of the Security Documents and financing or continuation statements in connection therewith, in form and substance reasonably satisfactory to the Administrative Agent, (ii) delivering to the Administrative Agent the originals of all unit certificates, instruments, documents and chattel paper and all other Collateral of which the Administrative Agent reasonably determines the Administrative Agent should have physical possession in order to perfect and protect the Security, duly endorsed or assigned to the Administrative Agent, (iii) placing notations on its books of account to disclose the Security, (iv) obtaining subordination agreements, acknowledgments or other documents from third parties in order to ensure that the Security constitutes first priority Liens on the Collateral (subject only to Permitted Liens that by law rank in priority), and (v) taking such other steps as are deemed reasonably necessary by the Administrative Agent to maintain the Security and the first ranking priority thereof (subject only to Permitted Liens that by operation of law rank in priority);

- (u) **Form D.** The Company will complete and file with the SEC a Notice on Form D within 15 days after the first sale of Notes to U.S. Persons pursuant to Rule 506(b) of Regulation D, and will make such filings with any applicable state securities commission as may be required by state law; and
- (v) **Further Assurances.** At its cost and expense, upon reasonable request of the Administrative Agent, execute and deliver or cause to be executed and delivered to the Administrative Agent such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Administrative Agent to carry out more effectually the provisions and purposes of the Financing Documents or confirm the truth and accuracy of the representations and warranties contained in the Financing Documents.

Section 6.4 Negative Covenants

Each of the Obligors hereby covenants and agrees with the Administrative Agent and the Noteholders that, until the Notes have been fully redeemed and all other Note Indebtedness has been paid and performed in full, the Company shall not directly or indirectly (and the Company covenants to comply with the following):

- (a) **Indebtedness.** Create, incur, assume or suffer to exist, or permit any of the other Obligors to create, incur, assume or suffer to exist, any Indebtedness other than Permitted Indebtedness;
- (b) **Derivatives Agreements.** Enter into or allow to exist, or permit any of the other Obligors to enter into or allow to exist, any Derivatives Agreement which is of a speculative nature or on a margined basis;
- (c) **Liens.** Create, incur, assume or suffer to exist, or permit any of the other Obligors to create, incur, assume or suffer to exist, any Lien on any of their respective properties or assets, whether now owned or hereafter acquired, other than Permitted Liens;
- (d) **Mergers, Etc.** Subject to the next following sentence, enter into, or permit any of the other Obligors to enter into, any reorganization, consolidation, amalgamation, arrangement, winding-up, merger or other similar transaction unless payment in full of the Note Indebtedness and termination of this Agreement is a condition precedent to such transaction. Any Obligor may enter into an amalgamation with another Obligor if (i) at the time of such transaction and immediately after giving effect to such amalgamation, no event shall have occurred and be continuing which constitutes a Default or Event of Default, (ii) the continuing corporation assumes the obligations of each Obligor that is party to such transaction under the Financing Documents and grants such additional security as may be reasonably required by the Administrative Agent, and (iii) the Secured Parties receive an opinion of counsel to the Obligors in form and substance satisfactory to them;
- (e) **Disposal of Assets Generally.** Sell, exchange, lease, release or abandon or otherwise dispose of, or permit any other Obligor to sell, exchange, lease, release or abandon or otherwise dispose of, any assets or properties to any Person other than Permitted Dispositions;
- (f) **Transactions with Related Parties.** Directly or indirectly, enter into or allow any other Obligor to enter into, any agreement with, make any financial accommodation for, or otherwise enter into any transaction with, a Related Party except in the ordinary course of, and pursuant to the reasonable requirements of, business and at prices and on terms not less favourable to such Obligor than could be obtained in a comparable arm's length transaction with another Person;
- (g) **Capital Expenditures.** Make or commit to make, or permit any of the other Obligors to make or commit to make, in any Fiscal Year any Capital Expenditures including Capital Expenditures which are Permitted Acquisitions, other than in accordance with the projections in the applicable Annual Business Plan without the consent of the Administrative Agent;

- (h) **Change in Business.** Make any material change in the nature of the Business or permit any of the other Obligor to make any material change in the nature of its business;
- (i) **Acquisitions.** Purchase or otherwise acquire, or permit any other Obligor to purchase or otherwise acquire, (in one or a series of related transactions) any part of the property (whether tangible or intangible) of any Person (or agree to do any of the foregoing at any future time) other than:
 - (i) Capital Expenditures to the extent permitted under Section 6.4(g);
 - (ii) purchases and other acquisitions of inventory, materials, equipment and intangible property in the ordinary course of business;
 - (iii) investment in Cash Equivalents;
 - (iv) leases of real property in the ordinary course of business;
 - (v) Permitted Acquisitions; and
 - (vi) reorganizations, amalgamations and other transactions permitted under Section 6.4(d);

provided that any such property acquired shall be subject to perfected or registered first ranking priority Lien (subject only to Permitted Liens that by law rank in priority) in favour of the Administrative Agent for the benefit of the Secured Parties free and clear of all Liens other than Permitted Liens;

- (j) **Capital.** Issue, or permit any of the other Company Parties to issue, Equity Securities, or any options, warrants or securities convertible into Equity Securities, except to directors, officers and employees of any Company Party (pursuant to a written stock option plan satisfactory to the Company's board of directors and the TSXV), and provided that the Equity Securities, option, warrants or securities issued to the Company Parties must be pledged to the Administrative Agent pursuant to the Security Documents;
- (k) **Distributions.** Declare, make or pay, or permit any Company Party to declare, make or pay, any Distributions other than Permitted Distributions;
- (l) **Financial Assistance.** Give, or permit any of the other Obligor to give, any Financial Assistance to any Person, except for (i) Intercompany Indebtedness permitted pursuant to Section 6.4(a), (ii) investments in Cash Equivalents, (iii) extensions of trade credit by the Company or any other Company Party in the ordinary course of the Business or its business, as the case may be, (iv) Financial Assistance which constitutes a Permitted Acquisition, and (v) advances, loans or other extensions of credit to employees of the Obligor not exceeding Cdn. \$100,000 of such advances by any one Obligor.

- (m) **Organizational Documents.** Amend, or allow any of the other Obligor to amend, any of their organizational documents except for amendments that are not adverse to the Noteholders and provided no Event of Default exists or could reasonably be expected to occur as a result of such amendment;
- (n) **Subsidiaries.** Incorporate or acquire, or permit any of the other Obligor to incorporate or acquire, any Subsidiaries or commence to carry on the Business otherwise than through the Company and its Subsidiaries, except for Permitted Acquisitions where, in each case, the Subsidiary (i) is a wholly-owned Subsidiary, and (ii) has executed and delivered to the Administrative Agent an unconditional and unlimited guarantee of all Note Indebtedness of the Company together with perfected first-ranking Security over all of its property and assets and accompanied by opinions in form and substance satisfactory to the Administrative Agent;
- (o) **Use of Proceeds.** The Company shall use the proceeds of the Notes only for the purposes described in Section 2.18 and shall not use such proceeds for any other purpose;
- (p) **Accounts.** Open or maintain, or permit any of the other Obligor to, open or maintain any securities account or (with respect to each of the Obligor only) deposit account where the balance or market value of the securities in such account exceeds at any time Cdn. \$2,500,000, except to the extent such securities account or deposit account is subject to a control agreement or blocked account agreement in form and substance satisfactory to the Administrative Agent;
- (q) **Material Contracts.** Permit itself or permit any of the other Obligor to amend, vary, alter or terminate, consent to any assignment or transfer of, or waive or surrender any of its rights or entitlements under, any Material Contract other than immaterial amendments, variations or alterations or amendments, variations and alterations required in the ordinary course of business;
- (r) **Negative Pledge Clauses.** Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Obligor to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, other than (i) this Agreement and the other Financing Documents and (ii) any agreements governing any Purchase Money Mortgages or Capital Lease obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby);
- (s) **Clauses Restricting Subsidiary Distributions.** Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Company to (a) make Distributions (other than Permitted Distributions) in respect of any Equity Securities of such Subsidiary held by, or pay any Indebtedness owed to, Company or any other

Subsidiary of the Company, (b) make loans or advances to, or other investments in, the Company or any Subsidiary of the Company or (c) transfer any of its assets to the Company or any Subsidiary of the Company, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Financing Documents and (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the sale, transfer or other disposition of all or substantially all of the Equity Securities or assets of such Subsidiary;

- (t) **Pension Plans.** Maintain, sponsor, administer, contribute to, participate in or assume or incur any liability (including any liability as a member of a "controlled group" under ERISA) in respect of any defined benefit pension plan, or acquire an interest in any Person if such Person sponsors, administers, contributes to, participates in or has any liability (including any liability as a member of a "controlled group" under ERISA) in respect of, any defined benefit pension plan; and
- (u) **Margin Stock.** Suffer or permit any of the other Obligors to, use any proceeds of the Notes, directly or indirectly, to purchase or carry Margin Stock, to extend credit for the purpose of purchasing or carrying any Margin Stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors of the United States Federal Reserve System, as in effect from time to time.

ARTICLE 7 CONVERSION OF NOTES

Section 7.1 Conversion of Notes into Common Shares.

- (1) Upon and subject to the provisions and conditions of this Article 7, each Holder shall have the right, at its option, at any time up until the Maturity Date to convert all or any portion of the principal amount of such Holder's Notes into fully paid and non-assessable Common Shares at the Conversion Price.
- (2) The Holder's right of conversion pursuant to this Article 7 shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of a Note surrendered for conversion at any one time by the Holder may be converted. No fractional Common Shares will be issued on conversion and, lieu of delivering any certificate representing such fractional interest, the Company will make a cash payment as set forth in Section 7.5.
- (3) In the case of any reclassification of the Common Shares at any time outstanding (other than any subdivision or consolidation of Common Shares into a greater or lesser number of Common Shares) or change of the Common Shares into other shares, or in case of a corporate reorganization of the Company (other than a corporate reorganization which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares),

the Holder shall be entitled to receive upon conversion, and shall accept, in lieu of the number of Common Shares to which it was previously entitled upon such conversion, the kind and amount of shares and other securities or property which the Holder would have been entitled to receive as a result of the corporate reorganization if, on the effective date, it had been the registered holder of the number of Common Shares to which it was previously entitled upon conversion. If necessary, appropriate adjustments shall be made in the application of the provisions set forth in this Article 7 with respect to the rights and interests thereafter of the Holder so that the provisions set forth in this Article 7 shall thereafter correspondingly be made applicable as nearly as may be possible in relation to any shares or other securities or property thereafter deliverable upon the conversion of the Note. Any such adjustments shall be made by and set forth in a supplemental Note approved by the board of directors of the Company and the Holder and shall for all purposes be conclusively deemed to be an appropriate adjustment.

Section 7.2 Manner of Exercise of Right to Convert to Common Shares.

- (1) Except as expressly waived by the Administrative Agent on behalf of the Noteholders from time to time, for so long as the Extract Purchasers hold any Series A Notes, the right to convert any Notes to Common Shares can be exercised only (a) if and when any Extract Purchaser proposes to convert any Series A Notes, (b) at the same time as such proposed conversion and (c) to the same extent, expressed as a percentage, that such Extract Purchaser elects to convert its Series A Notes. If any Extract Purchaser proposes to convert any Series A Notes, such Extract Purchaser must give notice of the proposed conversion (an "**Extract Purchaser Conversion Notice**") to the other Noteholders. The Extract Purchaser Conversion Notice must (i) be by notice in writing, (ii) specify the amount, expressed as a percentage, of the Extract Purchaser's Series A Notes proposed to be converted, (iii) specify the proposed conversion date and (iv) be delivered at least 30 days prior to the proposed conversion date. Each of the other Noteholders has the right to convert up to the same percentage of such Holder's Notes. This right may be exercised by delivering an irrevocable and unconditional notice in writing to the Extract Purchaser that gave the Extract Purchaser Conversion Notice and the Administrative Agent (the "**Piggy-Back Notice**") within a period of five days from the date the Extract Purchaser Conversion Notice is delivered. If a Holder either does not deliver a Piggy-Back Notice during such period or delivers a Piggy-Back Notice electing to convert a percentage of such Holder's Notes that is less than the percentage specified in the Extract Purchaser Conversion Notice, then such Holder may not exercise such Holder's conversion right in respect of any of such Holder's Notes that will remain outstanding unless and until the next time an Extract Purchaser proposes to convert any Notes in accordance with this Section 7.2(1).
- (2) Subject to Section 7.2(1), a Holder of a Note desiring to convert such Note in whole or in part into Common Shares shall surrender such Note to the Company at its principal offices in the City of Vancouver, British Columbia together with the conversion notice attached hereto as Exhibit E or any other written notice in a form satisfactory to the Company (the "**Conversion Notice**"), in either case, duly executed by the Holder or his executors or administrators or other legal representatives or his

or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Company, exercising his right to convert such Note in accordance with the provisions of this Article 7. Thereupon such Holder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Company, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Company as at the Date of Conversion as the holder of the number of Common Shares into which such Note is convertible in accordance with the provisions of this Article 7.

- (3) Within 5 Business Days following receipt of the Conversion Notice by the Company (such date, the "**Date of Conversion**"), the Holder shall be entered in the books of the Company as the holder of the number of Common Shares into which the Note is convertible and, as soon as practicable thereafter, the Company shall deliver to such Holder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates or non-certificated inventory customer confirmation for such Common Shares and make or cause to be made any payment of interest to which such Holder is entitled in accordance with Section 7.3 and any payment in lieu of fractional Common Shares in accordance with Section 7.5; provided, however, that Common Shares being issued to U.S. Persons shall only be issued in certificated form bearing the restrictive legend set forth in Exhibit F.
- (4) Any part, being \$1,000 or an integral multiple thereof, of a Note in a denomination in excess of \$1,000 may be converted as provided in this Article 7 and all references in this Agreement to conversion of Notes shall be deemed to include conversion of such parts.
- (5) The Holder of any Note of which only a part is converted shall, upon the exercise of his right of conversion surrender such Note to the Company in accordance with Section 7.2(2), and the Company shall cancel the same and shall without charge forthwith authenticate and deliver to the Holder a new Note certificate in an aggregate principal amount equal to the unconverted part of the principal amount of the Note so surrendered or converted.

Section 7.3 Accrued Interest, etc.

The holder of a Note surrendered for conversion in accordance with Section 7.2 shall be entitled to receive accrued and unpaid interest on the Note up to but excluding the applicable Date of Conversion. Common Shares issued upon such conversion shall rank only in respect of dividends declared in favour of shareholders of record on and after the applicable Date of Conversion determined pursuant to Section 7.2. As of and from the applicable date, the Common Shares so issued shall, for all purposes, be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

Section 7.4 Adjustment of Conversion Price.

- (1) The Conversion Price in effect at any date shall be subject to adjustment from time to time as provided in this Section 7.4 and consistent with similar adjustments under the Warrants in the form attached as Exhibit C.

- (2) If and whenever the Company shall (i) subdivide or redivide the outstanding Common Shares into a greater number of shares, (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares, or (iii) issue any Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend (other than any stock dividends constituting dividends paid in the ordinary course) the number of Common Shares which may be acquired pursuant to Section 7.1 on the date of the subdivision, redivision, reduction, combination or consolidation or on the record date for the issue of Common Shares by way of a stock dividend, as the case may be, shall be increased, in the case of the events referred to in (i) and (iii) above, in the proportion which the number of Common Shares outstanding before the subdivision, redivision or dividend bears to the number of Common Shares outstanding after the subdivision, redivision or dividend, or shall be decreased, in the case of the events referred to in (ii) above, in the proportion which the number of Common Shares outstanding before the reduction, combination, or consolidation bears to the number of Common Shares outstanding after the reduction, combination or consolidation. Any issue of Common Shares by way of a stock dividend shall be deemed to have been made on the record date fixed for the stock dividend for the purpose of calculating the number of outstanding Common Shares under this Section 7.4(2).
- (3) In the case of any reclassification of, or other change in, the outstanding Common Shares other than a subdivision, redivision, reduction, combination or consolidation, the number of Common Shares which may be acquired pursuant to Section 7.1 shall be adjusted in such manner as the board of directors of the Company, with the approval of the Holder, determine to be appropriate on a basis consistent with this Section 7.4.
- (4) If any question arises with respect to the adjustments provided in this Section 7.4, such question shall be conclusively determined by a firm of chartered accountants (who may be the Company's auditors) appointed by the Company and acceptable to the Holder. Such chartered accountants shall be given access to all necessary records of the Company and their determination shall be binding upon the Company and the Holder.

Section 7.5 No Requirement to Issue Fractional Shares.

The Company shall not be required to issue fractional Common Shares upon the conversion. If any fractional interest in a Common Share would, except for the provisions of this Article 7, be deliverable upon the conversion of the Note, the Company shall, in lieu of delivering any certificate of fractional interest, satisfy the fractional interest by paying to the Holder an amount of lawful money of the United States or Canada, as applicable, equal (computed to the nearest whole cent, and one-half of a cent being rounded up) to the principal amount of the Note remaining outstanding after so much of the principal amount as may be converted into a whole number of Common Shares has been so converted. For greater certainty, such amount will be paid in U.S. Dollars, in the case of Series A Notes, and in Canadian dollars, in the case of the Series B Notes.

Section 7.6 Certificate as to Adjustment.

The Company shall, from time to time immediately after the occurrence of any event which requires an adjustment or re-adjustment as provided in Section 7.4, deliver a certificate of the Company to the Holder specifying the nature of the event requiring the same and the amount of the necessary adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by an opinion of a firm of chartered accountants (who may be the Company's auditors) appointed by the Company and acceptable to the Holder and, when approved by the Company, shall be conclusive and binding on all parties in interest.

Section 7.7 Notice of Special Matters.

The Company shall give notice to the Holder of its intention to fix a record date for any event mentioned in Section 7.4 which may give rise to an adjustment in the number of Common Shares which may be acquired pursuant to Section 7.1, and, in each case, the notice shall specify the particulars of the event and the record date and the effective date for the event; provided that the Company shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than 14 days prior to the applicable record date.

Section 7.8 Company to Reserve Shares.

The Company shall at all times reserve and keep available out of its authorized Common Shares and solely for the purpose of conversion as in this Article 7 provided, and conditionally allot to the Holder, such number of Common Shares as shall then be issuable upon the conversion. The Company covenants with the Holder that all Common Shares which shall be so issuable shall be duly and validly issued as fully-paid and non-assessable.

Section 7.9 Restrictions on Conversions.

Notwithstanding the foregoing conversion rights, a Holder will not be permitted to, and will not seek to, convert all or any portion of the principal amount of a Note into Common Shares if, as a result of such conversion, the Holder, together with Persons with whom the Holder is then acting jointly or in concert with respect to the affairs Company, would hold more than 15% of the issued and outstanding Common Shares.

ARTICLE 8 REPRESENTATIONS AND WARRANTIES

Section 8.1 Representations and Warranties

As a material inducement to the Administrative Agent and Noteholders to enter into this Agreement and for the Noteholders to purchase the Notes, the Company hereby represents and warrants (and, to the extent such representation or warranty pertains to the Company or its Subsidiaries, the Company represents and warrants that such representations and warranties are true and correct), that:

- (a) **Incorporation and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of the Province of British Columbia. Each other Company Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation as set forth in Schedule 8.1(a). The Company and each of the other Obligors is qualified, licensed or registered to carry on business under the laws applicable to it in all jurisdictions in which such qualification, licensing or registration is necessary or where failure to be so qualified would have a Material Adverse Effect;
- (b) **Corporate Power.** Each of the Obligors has all requisite corporate or company power and authority to (i) own, lease and operate its properties and assets and to carry on its business as now being conducted by it in all material respects, and (ii) enter into and perform its obligations under the Financing Documents to which it is a party;
- (c) **Conflict With Other Instruments.** The execution and delivery by each Company Party and the performance by it of its obligations under, and compliance with the terms, conditions and provisions of, the Financing Documents to which it is a party will not (i) conflict with or result in a breach of any of the terms or conditions of (A) its organizational documents or by-laws, (B) any Applicable Law, or (C) any contractual restriction binding on or affecting it or its properties, or (ii) result in, require or permit (A) the imposition of any Lien in, on or with respect to any of its assets or property (except in favour of the Administrative Agent and the Secured Parties), (B) the acceleration of the maturity of any Indebtedness binding on or affecting any Company Party, or (C) any third party to terminate any Material Contract;
- (d) **Corporate Action, Governmental Approvals, Etc.** The execution and delivery of each of the Financing Documents by each Company Party and the performance by each Company Party of its obligations under the Financing Documents to which each such Company Party is party have been duly authorized by all necessary corporate or company action including, without limitation, the obtaining of all necessary shareholder or equityholder consents, as the case may be. No Authorization, registration, qualification, designation, declaration or filing with any Governmental Entity or other Person, is or was necessary in connection with the execution, delivery and performance of obligations under the Financing Documents except as are in full force and effect, unamended, at the date of this Agreement and except for: (i) the final approval of the TSXV with respect to the issuance of the Warrants and the listing of the underlying Common Shares; and (ii) the filing of a report on Form 45-106F1 *Report of Exempt Distribution* with the Ontario Securities Commission, the British Columbia Securities Commission, and the securities regulatory authority in any other Canadian jurisdictions into which securities are being distributed under this Agreement, accompanied by the prescribed fees;

- (e) **Execution and Binding Obligation.** This Agreement and the other Financing Documents have been or, upon execution, will be duly executed and delivered by each Company Party which is a party thereto and constitute legal, valid and binding obligations of such Company Party enforceable against it in accordance with their respective terms, subject only to any limitation under Applicable Laws relating to (i) bankruptcy, insolvency, arrangement or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies;
- (f) **No Default or Event of Default.** No Default or Event of Default has occurred which has not been either remedied (or otherwise ceased to be continuing) to the satisfaction of the Administrative Agent, or expressly waived by the Administrative Agent on behalf of the Noteholders, in writing;
- (g) **All Authorizations Obtained.** Each of the Obligors possesses all authorizations, permits, consents, registrations and approvals necessary to properly conduct their respective businesses and all such authorizations, permits, consents, registrations and approvals are in good standing and in full force and effect, except where the failure to possess or maintain in good standing and in full force and effect such authorizations, permits, consents, registrations or approvals, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;
- (h) **Material Contracts.** Each of the Obligors is in material compliance with all Material Contracts and none of the Obligors, or to the best of the Company's knowledge, any other party to any Material Contracts has defaulted under any of the Material Contracts. No event has occurred which, with the giving of notice, lapse of time or both, would constitute a default under, or in respect of, any Material Contract. There is no material dispute regarding any Material Contract;
- (i) **Intellectual Property.** Each of the Obligors possesses all Intellectual Property necessary for the conduct of their respective businesses, each of which is in good standing and in full force and effect, except where the failure to possess or maintain in good standing and in full force and effect such Intellectual Property, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Company, none of the Obligors is infringing or is alleged to be infringing on the rights of any Person with respect to any Intellectual Property;
- (j) **Ownership and Use of Property.** Each of the Obligors has good and merchantable title to all the tangible and intangible personal property reflected as assets in their books and records in each case free and clear of any Liens other than Permitted Liens. No Company Party has any commitment or obligation (contingent or otherwise) to grant any Liens except for Permitted Liens. Each of the Obligors owns, leases or has the lawful right to use all of the assets necessary for the proper conduct of their respective businesses. Such property, and its use, operation and maintenance for the

purpose of carrying on the Business is in compliance with any applicable restrictive covenant and Applicable Law except where the failure to be in compliance, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect;

- (k) **Sufficiency of Assets.** Each Company Party has acquired all property, assets and rights and has obtained such other Authorizations and rights as are necessary or required in connection with the operation of the Business. All property, assets and rights are sufficient in scope and substance for use for the Business;
- (l) **Ownership of Properties.** Other than as set out on Schedule 8.1(l), none of the Obligors (i) owns or is bound by any agreement to own any real property, (ii) leases or is bound by any agreement to lease any real property.
- (m) **Leases.** Each Lease is in full force and effect, there are no defaults thereunder by any of the Obligors and all amounts owing under it have been paid by the relevant Company Party except to the extent that any such default or such non-payment would not have a Material Adverse Effect;
- (n) **Work Orders.** There are no outstanding work orders relating to the properties from or required by any Governmental Entity, nor does any Company Party have notice of any possible impending or future work order which would have a Material Adverse Effect;
- (o) **Compliance with Laws.** Each of the Obligors is, in compliance with all Applicable Laws, including, without limitation, having the necessary Authorizations to carry on the Business, except to the extent that such non-compliance would not have a Material Adverse Effect;
- (p) **No Default.** None of the Obligors is in violation of its organizational documents or any equityholders' agreement applicable to it;
- (q) **No Material Adverse Agreements.** None of the Obligors is a party to any agreement or instrument or subject to any restriction (including any restriction set forth in its organizational documents, by-laws or any equityholders' agreement applicable to it) which has or, to the best of its knowledge at the time of making this representation, in the future may have a Material Adverse Effect;
- (r) **Environmental Compliance.** Except as set forth in Schedule 8.1(r):
 - (i) none of the Assets under the charge, management or control of the Obligors (i) has ever been used by any Person as a waste disposal site or a landfill, or (ii) has ever had any asbestos, asbestos-containing materials, PCBs, radioactive substances or aboveground or underground storage systems, active or abandoned, located on, at or under it at the date of this Agreement; and

- (ii) none of the Obligors has transported, removed or disposed of any waste to a location outside of Canada as at the date of this Agreement;
- (s) **Pension Plans.** All contributions required under Applicable Law have been made in respect of all pension plans of the Obligors and each such pension plan is fully funded on an ongoing and termination basis. None of the Obligors maintains, sponsors, administers, contributes to, participates in or has any liability (including any liability as a member of a "controlled group" under ERISA) in respect of any defined benefit pension plan.
- (t) **Labour Matters.** None of the Obligors has any collective bargaining agreements. There are no strikes or other labour disputes against any of the Obligors pending or, to the knowledge of the any of the Obligors, threatened that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. Hours worked by and payments made to employees of the Obligors have not been in violation of any Applicable Law dealing with such matters that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. All payments due from the Obligors on account of employee health and welfare insurance that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect if not paid have been paid or accrued as a liability on the books of the relevant Company Party;
- (u) **Tax Liability.** Each of the Obligors has filed all tax and information returns which are required to be filed. Each of the Obligors has paid all taxes, interest and penalties shown to be due and payable on such returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Entity (other than any the amount or the validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with IFRS have been provided on the books of the relevant Company Party). Adequate provision for payment has been made for taxes not yet due. No tax Lien has been filed, and, to the knowledge of each of the Obligors, no claim is being asserted, with respect to any such tax, fee or other charge. There are no tax disputes existing or pending involving any Company Party or the Business which could reasonably be expected to have a Material Adverse Effect;
- (v) **Books and Records.** All books and records of the Obligors have been fully, properly and accurately kept and completed in accordance with IFRS, where applicable, and there are no material inaccuracies or discrepancies of any kind contained or reflected therein. The Obligors' books and records and other data and information are available to the Company in the ordinary course of its business;
- (w) **Accounts.** None of the Obligors has any securities account, bank account or other deposit account other than the accounts listed in Schedule 8.1(w);

- (x) **Corporate Structure.** At the date of this Agreement:
- (i) the Obligors and the equityholders of the Obligors are set out in a corporate chart on Schedule 8.1(x);
 - (ii) none of the Obligors is, directly or indirectly, a member of, or a partner or participant in, any partnership, joint venture or syndicate other than as disclosed on Schedule 8.1(x);
- (y) **ULC.** None of the Obligors is an unlimited liability company;
- (z) **Financial Statements.** The audited consolidated financial statements of the Company, copies of each of which have been furnished to the Administrative Agent and the Noteholders, fairly present the consolidated financial position of the Company at such dates and the consolidated results of the operations and changes in financial position of the Company for such period, all in accordance with IFRS;
- (aa) **Indebtedness.** No Company Party has any Indebtedness other than Permitted Indebtedness. There exists no default or event of default under the provisions of (i) any instrument evidencing Indebtedness in excess of \$250,000 or (ii) any instruments evidencing Indebtedness in excess of \$250,000 in the aggregate, or of any agreement relating thereto;
- (bb) **No Litigation.** There are no material actions, suits or proceedings (including arbitration proceedings) pending, taken or to the Obligors' knowledge, threatened, before or by any Governmental Entity or any arbitrators or by or against any elected or appointed public official or private person in Canada or elsewhere, and, to the knowledge of each of the Obligors, no Applicable Law which affects any Company Party has been enacted, promulgated or applied which (i) challenges, or to the knowledge of each of the Obligors, has been proposed which may challenge, the validity or propriety of the transactions contemplated under the Financing Documents or the documents, instruments and agreements executed or delivered in connection therewith or related thereto, or (ii) could be reasonably anticipated to have a Material Adverse Effect;
- (cc) **Schedule Disclosure.** At the date of this Agreement:
- (i) Schedule 8.1(cc)(i) is a list of all jurisdictions (or registration districts within such jurisdictions) in which each Company Party (i) has its chief executive office, head office, registered office and chief place of business, (ii) carries on business, (iii) has any account debtors, or (iv) stores any tangible personal property (except for goods in transit in the ordinary course of business);

- (ii) Schedule 8.1(cc)(ii) is a list of all Authorizations which are material to any Company Party and to the acquisition, ownership, construction or operation of the Business;
 - (iii) Schedule 8.1(cc)(iii) is a list of all Intellectual Property that is material to any Company Party and the Business;
 - (iv) Schedule 8.1(cc)(iv) is a list of all actions, suits, arbitrations or proceedings pending, taken or to the Obligors' knowledge, threatened, before or by any Governmental Entity or other Person affecting any Company Party; and
 - (v) Schedule 8.1(cc)(v) contains a list of all Material Contracts.
- (dd) **No Liabilities.** Except as disclosed in this Agreement or reflected or reserved against in the balance sheet of the December 31, 2016 audited financial statements of the Company, the Company has no liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) except for current liabilities incurred in the ordinary course since December 31, 2016;
- (ee) **Transactions with Related Parties.** All transactions with Related Parties are in the ordinary course of and pursuant to reasonable requirements of, business and are at prices and on terms not less favourable to the Obligors than could be obtained in a comparable arm's length transaction with another Person;
- (ff) **Solvency.** Each Company Party is, and after giving effect to the incurrence of all Indebtedness and other obligations being incurred in connection herewith and therewith will be and will continue to be, Solvent, except as disclosed to and expressly waived by the Administrative Agent on behalf of the Noteholders, in writing;
- (gg) **Disclosure.** All (i) forecasts and projections supplied to the Administrative Agent and the Noteholders were prepared in good faith, adequately disclosed all relevant assumptions and (ii) other written information supplied to the Administrative Agent and the Noteholders is true and accurate in all material respects. There is no fact known to the Company which could reasonably be expected to have a Material Adverse Effect and which has not been fully disclosed to the Administrative Agent and the Noteholders. No event has occurred which could be reasonably anticipated to have a Material Adverse Effect since the date of most recent financial statements delivered pursuant to Section 6.1(a);
- (hh) **Private Offering by the Company.** Neither the Company nor anyone acting on its behalf has offered the Notes or any similar securities for sale to, or solicited any offer to buy any of the same from, or otherwise approached or negotiated in respect thereof with, any Person other than the Noteholders, each of which has been offered the Notes at a private sale for investment;

- (ii) **No Brokers, Finders.** Other than pursuant to this Agreement, the Company is not a party to any contract, agreement or understanding with any Person that would give rise to a valid claim against the Administrative Agent or any Extract Purchaser for a brokerage commission, finder's fee or like payment in connection with the Financing;
- (jj) **Margin Stock.** None of the Obligors is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of the Notes will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock;
- (kk) **Investment Company Act.** None of the Obligors is or is required to be registered as an "investment company" under the United States Investment Company Act of 1940, as amended;
- (ll) **No General Solicitation.** None of the Obligors, their affiliates or any person acting on any of their behalf has offered or will offer to sell, or has solicited or will solicit offers to buy Notes through any (i) general solicitation, (ii) advertisement including articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or (iii) seminar or meeting whose attendees have been invited by general solicitation or general advertising or has taken or will take any action that would constitute a public offering of the Notes in the United States within the meaning of Section 4(a)(2) of the U.S. Securities Act; and
- (mm) **U.S. Bad Actor Rules.** Neither the Company nor any of its predecessors, any director, executive officer, other officer of the Company participating in the offering of Notes, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the U.S. Securities Act) connected with the Company in any capacity at the time of sale of Notes (each, an "**Issuer Covered Person**" and, together, "**Issuer Covered Persons**") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) of Regulation D of the U.S. Securities Act (a "**Disqualification Event**"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) of Regulation D of the U.S. Securities Act. The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event. None of the Company or any of its predecessors or affiliates has been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D under the U.S. Securities Act.

ARTICLE 9 DEFAULT AND ENFORCEMENT

Section 9.1 Event of Default.

The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder and in respect of the Notes:

- (a) **Non-Payment.** The Company fails to pay when due and payable (whether at maturity or otherwise) the full amount of any interest, fees, principal, if any, payable on any Note (including any default in payment of any amounts payable upon the occurrence of any Partial Redemption Event) and such failure remains unremedied for a period of five (5) Business Days; or any Obligor defaults on its payment obligation under its Guarantee; or
- (b) **Breach of Negative Covenants.** Any Company Party defaults in observing or performing any covenant or condition contained in Section 6.4 of this Agreement; or
- (c) **Breach of Other Covenants.** Any Company Party defaults in observing or performing any other covenant or condition of this Agreement or any other Financing Document on its part to be observed or performed and, with respect to such covenants or conditions which are capable of rectification, if such default continues for a period of 10 Business Days; or
- (d) **Security Imperiled.** Any one or more of the Security Documents ceases to be in full force and effect or to constitute a valid and perfected first priority Lien (subject to Permitted Liens that by law rank in priority) upon a material portion of the Collateral it purports to charge or encumber in favour of the Administrative Agent for the benefit of the Secured Parties and such Lien is not remedied or cured by the relevant Company Party within ten (10) days of notice to the Company by the Administrative Agent; or
- (e) **Insolvency, etc.** The Company or, except as otherwise agreed to in writing by the Company and the Administrative Agent, any of the Included Subsidiaries (i) becomes insolvent or generally not able to pay its debts as they become due, (ii) admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of creditors, (iii) institutes or has instituted against it any proceeding seeking (x) to adjudicate it a bankrupt or insolvent, (y) liquidation, winding up, administration, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any Applicable Law relating to bankruptcy, insolvency, reorganization or relief of debtors including any proceeding under applicable corporate law seeking a compromise or arrangement of, or stay of proceedings to enforce, some or all of the debts of such Person, or (z) the entry of an order for relief or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its Assets, and in the case of any such proceeding instituted against it (but not

instituted by it), either the proceeding remains undismissed or unstayed for a period of 30 days, such Person fails to diligently and actively oppose such proceeding, or any of the actions sought in such proceeding (including the entry of an order for relief against it or the appointment of a receiver, receiver-manager, administrator, custodian, monitor, trustee or other similar official for it or for any substantial part of its properties and assets) occurs, or (iv) takes any corporate action to authorize any of the above actions; or

- (f) **Cross-Default.** Any Company Party fails to pay the principal of, premium, if any, interest on, or any other amount owing in respect of any of its Indebtedness or any other obligation (i) pursuant to the Margin Line, the EDC Energold Loan, the Bertram Loan, the Bertram Drilling US Debt or any other existing material debt or (ii) any other Indebtedness or obligation in excess of \$250,000 which is outstanding, in each case, when such amount becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness or obligation; or any other event occurs or condition exists and continues after the applicable grace period, if any, specified in any agreement or instrument relating to any such Indebtedness or obligation referred to in clauses (i) or (ii) above, if its effect is to accelerate, or permit the acceleration of such Indebtedness or obligation; or any such Indebtedness or obligation shall be, or may be, declared to be due and payable prior to its stated maturity; or
- (g) **Misrepresentation.** Any representation or warranty made or deemed made by any Company Party in this Agreement or any other Financing Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any other Financing Document shall prove to be incorrect or misleading in any material respect as at the date on which it was made or deemed made; or
- (h) **Judgment.** A final non-appealable judgment or decree for the payment of money in excess of Cdn. \$10,000,000 on a cumulative basis is rendered against any Company Party by a court having jurisdiction and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 15 days from entry thereof; or
- (i) **Attachment.** There shall be commenced against any Company Party any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 30 days from the entry thereof; or
- (j) **Change of Control.** A Change of Control shall occur.

Section 9.2 Acceleration on Default

- (1) Upon the occurrence and during the continuance of an Event of Default, interest shall be payable at the Default Rate and the Administrative Agent may declare (i) the principal balance of the Notes to be due and payable at 110% of the par amount of the Notes, (ii) all Note Indebtedness to be immediately due and payable (including all accrued and unpaid interest and any interest at the Default Rate and all other obligations owing to the Administrative Agent or any Noteholder under or in connection with this Agreement and the Notes), whereupon all such Note Indebtedness shall become due and payable, without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Company, and (iii) exercise all rights and remedies available under this Agreement, any other Financing Documents and Applicable Law and the Administrative Agent or Noteholders may proceed to protect and enforce its rights by an action at law, suit in equity or other appropriate proceeding, whether for the specific performance of any agreement contained in any Financing Document, or for an injunction against a violation of any of the terms thereof, or in aid of the exercise of any power granted thereby or by law or otherwise. Notwithstanding anything to the contrary in any Financing Document and for the avoidance of doubt, any reference in any Financing Document to an Event of Default existing, or having occurred and being in continuance, shall remain an Event of Default until it has been waived in accordance with such Financing Document.
- (2) Notwithstanding anything contained in this Agreement, the Notes or any other Financing Document to the contrary, if the principal amount and any accrued and unpaid interest on the Notes, become due and payable in accordance with this Section 9.2, then the Company shall pay forthwith to Administrative Agent for the benefit of the Noteholders, on a pro rata basis, the principal of, and accrued and unpaid interest (including interest on amounts in default) on such Notes, and all other fees and expenses payable hereunder, together with subsequent interest thereon at the rate borne by the Notes from the date such amounts are due and payable in accordance with this Section 9.2 until payment is received by the Noteholders. Such payment when made shall be deemed to have been made in discharge of the Company's obligations hereunder.
- (3) Except as expressly provided in Section 9.1 or Section 9.2, presentment, demand, protest and all other notices of any kind are hereby expressly waived by each of the Obligor.

Section 9.3 Waiver of Default

If an Event of Default shall have occurred, the Administrative Agent shall have the power to waive any Event of Default hereunder at the request of the Required Holders and all the Noteholders shall be bound by any such waiver upon such terms and conditions as the Administrative Agent shall prescribe; provided that no delay or omission of Administrative Agent or any of the Noteholders to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein and provided further that no act or omission of Administrative Agent or any Noteholders shall extend to or be taken in

any manner whatsoever to affect any subsequent Event of Default hereunder or the rights resulting therefrom.

Section 9.4 Enforcement by the Noteholders

If an Event of Default shall have occurred, but subject to Section 9.3:

- (a) the Administrative Agent may proceed to enforce the rights of Administrative Agent and the Noteholders by any action, suit, remedy or proceeding authorized or permitted by any of the Financing Documents or by Applicable Law or equity; and may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Administrative Agent and the Noteholders filed in any bankruptcy, insolvency, winding-up or other judicial proceedings relating to any Company Party;
- (b) no such remedy for the enforcement of the rights of Administrative Agent or any of the Noteholders shall be exclusive of or dependent on any other such remedy but any one or more of such remedies may from time to time be exercised independently or in combination; and
- (c) all rights of action hereunder or under any of the Security Documents or any other Financing Document may be enforced by Administrative Agent or the Noteholders without the possession of any of the Notes or the production thereof on the trial or other proceedings relating thereto.

Section 9.5 Right of Setoff

To the extent permitted by law, (i) in the case an Event of Default shall occur and be continuing or shall exist, the Administrative Agent and Noteholders shall have the right, in addition to all other rights and remedies available to them, without notice to the Company or any other Person, to setoff against and to appropriate and apply to the unpaid balance of the Notes, all accrued interest thereon, and all other obligations of any Company Party hereunder and under the Notes and all other Financing Documents, any debt owing to, and any other funds held in any manner for the account of any Company Party by Administrative Agent or any Noteholder, including, without limitation, all funds in all deposit accounts (general or special) subject to any blocked account agreement now or hereafter maintained by any Company Party for its own account with Administrative Agent or any Noteholder and Administrative Agent and Noteholder are hereby granted a security interest in and lien on all such debts (including, without limitation, all such deposit accounts) for such purpose; and (ii) such right shall exist whether or not Administrative Agent or any Noteholder shall have made any demand under this Agreement, the Notes and whether or not the Notes and such other obligations are matured or unmatured. Notwithstanding anything contained within this Agreement, the Administrative Agent will not issue an activation notice under any blocked account agreement until such time as a Default has occurred.

Section 9.6 Application of Moneys

Notwithstanding any provision herein to the contrary, all proceeds and any other amounts collected or received in respect of any Note Indebtedness evidenced by the Notes or any other amounts owing by the Company to Administrative Agent or any Noteholder: (a) after any or all of such Note Indebtedness has been accelerated (so long as such acceleration has not been rescinded) or (b) in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by Administrative Agent or any Noteholder of such party's rights or remedies under any Financing Document during the continuance of an Event of Default, shall be applied as follows: (1) first, to the payment of all costs, liabilities, advances and expenses incurred, or required or permitted to be incurred by the Administrative Agent relating to or arising out of the Collateral, the Note Indebtedness evidenced by the Notes or the Financing Documents, including without limitation, the maintenance, operation, preservation and disposition thereof and all other payments that Administrative Agent may be required or authorized to make thereunder; (2) second, to the payment of all accrued and unpaid fees owing to Administrative Agent and the Noteholders under the Financing Documents; (3) third, to the payment of all accrued and unpaid interest on the Notes to be applied on a *pari passu* basis; (4) fourth, to the payment of the principal balance of the Notes to be applied on a *pari passu* basis (5) fifth, to all other Note Indebtedness, and (6) sixth, any surplus then remaining to the Company, unless otherwise provided by law or directed by a court of competent jurisdiction.

Section 9.7 Remedies Cumulative

No remedy herein conferred upon or reserved to Administrative Agent or any of the Noteholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under any Financing Document or now or hereafter existing by law or by statute. Each holder of the Notes shall have all rights and remedies set forth in this Agreement, the Note and the other Financing Documents and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights such holders have under any law or in equity. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

Section 9.8 Judgment Against the Company

In the case of any judicial or other proceedings to enforce the rights of the Noteholders, including, without limitation, obtaining judgment for the principal of or interest on the Notes, judgment may be rendered against the Company in favour of Administrative Agent and/or the Noteholders for any amount which may remain due in respect of the Notes.

Section 9.9 Administrative Agent May Perform Covenants

If any of the Obligors shall fail to perform any of its covenants contained herein, after a Default or Event of Default, the Administrative Agent may perform any of such covenants capable of being performed by it, but is under no obligation to do so. All reasonable sums so required to be paid in connection with Administrative Agent's performance of any covenant

will be paid by the Company and all sums so paid shall be payable by the Company on demand. No such performance by the Administrative Agent of any covenant contained herein or payment or expenditure by the Company of any sums advanced or borrowed by Administrative Agent pursuant to the foregoing provisions shall be deemed to relieve any of the Obligor from any default hereunder or its continuing obligations hereunder.

ARTICLE 10 SATISFACTION AND DISCHARGE

Section 10.1 Cancellation

Each Note surrendered to the Company, shall be cancelled by the Company forthwith after payments required in respect thereof to the date of surrender have been made. Subject to Applicable Law, all Notes cancelled or required to be cancelled under this or any other provision of this Agreement shall be destroyed by the Company in accordance with the Company's ordinary practice, and a notation may be made on the Register as to such cancellation.

Section 10.2 Non-Presentation of Notes

If the Holder of any Note shall fail to present the same for payment on the date on which the principal thereof, premium, if any, and/or the interest thereon or represented thereby becomes payable at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor (if any) as the Company may reasonably require interest shall cease to accrue on such Note from and after maturity or such other applicable date and the Holders thereof shall thereafter have no right to receive payment in respect thereof except upon due presentation and giving of such receipt therefore as the Company may reasonably require.

ARTICLE 11 THE ADMINISTRATIVE AGENT AND NOTEHOLDERS

Section 11.1 Authorization and Action

Each Noteholder irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Financing Documents as are delegated to it by the terms of this Agreement and the other Financing Documents (including, without limitation, the execution and delivery of subordination agreements and intercreditor agreements and any amendments or other modifications thereof), together with all powers reasonably incidental thereto. As to any matters not expressly provided for by this Agreement and the other Financing Documents, the Administrative Agent shall act or refrain from acting (and shall be fully protected in so doing) upon the joint instructions of the Required Holders which instructions shall be binding upon all Noteholders. The Administrative Agent shall not be required to take any action which (i) would expose it to personal liability, (ii) is contrary to this Agreement or any applicable law, rule, regulation, judgment or order, (iii) would require it to become registered to do business in any jurisdiction, or (iv) would subject it to taxation. The provisions of this Article are solely for the benefit of the Administrative Agent and the Noteholders, and neither the Company nor any other Obligor shall have rights as a

third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Financing Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 11.2 Arrangement Fee

In consideration of the performance of the arrangement services, including finance structuring, coordination of negotiation with participating Noteholders and other services related to the Financing, the Company hereby agrees to pay to, or to the direction of, the Administrative Agent on Closing, a non-refundable arrangement fee in amount equal to 3% of the aggregate principal of Notes purchased by the Extract Purchasers (the "Arrangement Fee").

Section 11.3 No Liability

- (1) The Administrative Agent shall have no duties or obligations other than as set out in this Agreement and the other Financing Documents and there shall not be construed against the Administrative Agent any implied duties (including fiduciary duties), obligations or covenants. The Administrative Agent may execute or perform, and may delegate the execution and performance of, any of its powers, rights, discretions and duties under the Financing Documents through or to any Persons designated by it. References in any Financing Document to the Administrative Agent shall include references to any such Persons.
- (2) The Administrative Agent is not obliged to (i) take or refrain from taking any action or exercise or refrain from exercising any right or discretion under the Financing Documents, or (ii) incur or subject itself to any cost in connection with the Financing Documents, unless it is first specifically indemnified or furnished with security by the Noteholders, in form and substance satisfactory to it (which may include further agreements of indemnity or the deposit of funds).
- (3) The Administrative Agent shall promptly deliver to each Noteholder any notices, reports or other communications contemplated in this Agreement which are intended for the benefit of the Noteholders.
- (4) Neither the Administrative Agent nor its directors, officers, agents or employees shall be liable to the Noteholders for any action taken or omitted to be taken by it or them in connection with the Financing Documents except for its or their own gross negligence or wilful misconduct as determined by a court of competent jurisdiction on a final and non-appealable basis. Without limiting the generality of the foregoing, the Administrative Agent (i) may consult with legal counsel (including legal counsel for the Obligors), independent accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in accordance with their advice, (ii) makes no warranty or representation to the Noteholders and shall not be responsible to the Noteholders for the form, substance, accuracy or completeness of any Financing Document or any other documents or information made available to

the Noteholders, (iii) has no duty to inspect the property or assets (including books and records) of the Obligor or any other Person, (iv) has no duty to ascertain or inquire as to the existence of a Default or an Event of Default or the observance of any of the terms or conditions of the Financing Documents, (v) is not responsible to the Noteholders for the execution, enforceability, genuineness, sufficiency or value of any of the Financing Documents or for the validity, perfection or priority of any Lien created or purported to be created under the Security Documents, and (vi) shall incur no liability by acting upon any notice, certificate or other instrument believed by it to be genuine and signed or sent by the proper Person. In determining compliance with any condition hereunder to the purchase of any Note that by its terms must be fulfilled to the satisfaction of a Noteholder, the Administrative Agent may presume that such condition is satisfactory to such Noteholder unless the Administrative Agent shall have received notice to the contrary from such Noteholder prior to the purchase of such Note.

Section 11.4 Administrative Agent as Noteholder

To the extent it is also a Noteholder, the Administrative Agent has the same rights and powers under this Agreement in its capacity as Noteholder as any other Noteholder and may exercise such rights and powers as though it were not the Administrative Agent. The Administrative Agent and its Affiliates may engage in any kind of business with, the Obligor, any of their respective Subsidiaries, or any Person who may do business with or own securities of such Persons, all as if it were not the Administrative Agent and without any duty to account to the Noteholders.

Section 11.5 Noteholder Credit Decisions

Each Noteholder acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Noteholder or any of their Related Parties and based on such documents and information as it has been deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Noteholder also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Noteholder or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Financing Document or any related agreement or any document furnished hereunder or thereunder.

Section 11.6 Indemnification

Each Noteholder shall indemnify and save the Administrative Agent harmless (to the extent not otherwise reimbursed by the Obligor) rateably from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment or redemption of the Notes) as a result of, or arising out of, the Financing Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing provided that no Noteholder shall be liable for any part of such loss resulting from the gross negligence or wilful misconduct of the Administrative Agent in its capacity as agent as determined by a

court of competent jurisdiction on a final and non-appealable basis. Without limiting the foregoing, each Noteholder shall reimburse the Administrative Agent upon demand for its rateable share of any out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation, execution, administration or enforcement of, or legal advice in respect of rights or responsibilities under, the Financing Documents (to the extent not otherwise reimbursed by the Obligors). The agreements in this Section 11.6 shall survive the payment of the Notes and all other amounts payable hereunder.

Section 11.7 Liability of the Noteholders *inter se*

Each of the Noteholders agrees with each of the other Noteholders that, except as otherwise expressly provided in this Agreement, none of the Noteholders has or shall have any duty or obligation, or shall in any way be liable, to any of the other Noteholders in respect of the Financing Documents or any action taken or omitted to be taken in connection with them.

Section 11.8 Successor Administrative Agents

The Administrative Agent may resign at any time by giving written notice to the Noteholders and the Company, such resignation to be effective upon the appointment of a successor Administrative Agent. Upon notice of any resignation, the Required Holders have the right to appoint a successor Administrative Agent who, provided no Default or Event of Default has occurred and is continuing, shall be acceptable to the Company, acting reasonably. If no successor Administrative Agent is appointed or has accepted the appointment within thirty days after the retiring Administrative Agent's notice of resignation, then the retiring Administrative Agent may, on behalf of the Noteholders, appoint a successor Administrative Agent, which may be a Noteholder. Upon the acceptance of the appointment by a successor Administrative Agent, the successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation, the provisions of this Article 11 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent.

ARTICLE 12 NOTICES

Section 12.1 Notices

All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, sent to the recipient by reputable overnight courier service (charges prepaid), mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such notices, demands and other communications shall be sent to Administrative Agent and to the Obligors at the address indicated below:

To the Company or any other Obligor:

Energold Drilling Corp.

543 Granville St. Suite 1100
Vancouver, BC V6C 1X8

Attention:
Telephone:
Email:

To the Administrative Agent:

Extract Advisors LLC
c/o Workingprocess Inc.
85 King Street East, Suite 304
Toronto, ON M5C 1G3

Attention: Ethan Park
Telephone: (416) 900-3264
Email: ethan@extractcapital.com

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Such notice shall be deemed to have been given on the date of such delivery if such date is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise it shall be deemed to have been given on the next Business Day following such delivery.

ARTICLE 13 MISCELLANEOUS

Section 13.1 Counterparts and Facsimile

This Agreement may be executed in counterparts and by electronic transmission of an authorized signature and each such counterpart shall be deemed to form part of one and the same document.

Section 13.2 Language of Agreement

The Parties agree that the English language shall be the sole language governing the interpretation of the terms and conditions of this Agreement.

Section 13.3 No Strict Construction

The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 13.4 Complete Agreement

This Agreement, those documents expressly referred to herein and other documents of even date herewith, embody the complete agreement and understanding among the

Parties and supersede any prior agreements or representations by or among the Parties, written or oral, which may have related to the subject matter hereof in any way.

Section 13.5 Indemnification

- (1) Each of the Obligors shall pay (i) all reasonable expenses incurred by the Administrative Agent and the Noteholders, including the reasonable fees, charges and disbursements of counsel (including local counsel), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Financing Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all reasonable expenses incurred by the Noteholders and the Administrative Agent, including the reasonable fees, charges and disbursements of counsel (including local counsel), in connection with the enforcement or protection of their rights in connection with this Agreement and the other Financing Documents, including their rights under this Section 13.5, or in connection with the Notes issued hereunder, including all such expenses incurred during any workout, restructuring or negotiations in respect of such Notes.
- (2) Each of the Obligors shall indemnify the Administrative Agent (and any sub-agent thereof), each Noteholder, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnatee") against, and hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnatee, incurred by any Indemnatee or asserted against any Indemnatee by any third party or by any Obligor arising out of, in connection with, or as a result of:
 - (a) the execution or delivery of this Agreement, any other Financing Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby;
 - (b) any Note or the use or proposed use of the proceeds therefrom; and
 - (c) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by an Obligor and regardless of whether any Indemnatee is a party thereto, provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnatee or (y) result from a claim brought by the Company or any other Obligor against an Indemnatee for breach in bad faith of such Indemnatee's obligations hereunder or under any other Financing Document, if the Obligor has obtained a final and non-appealable judgment in its favour on such claim as determined by a court of competent jurisdiction.

- (3) To the fullest extent permitted by Applicable Law, neither the Company nor any of the other Obligors shall assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Financing Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Notes or the use of the proceeds thereof.
- (4) All amounts due under this Section 13.5 shall be payable promptly after demand therefor. A certificate of the Administrative Agent or a Noteholder setting forth the amount or amounts owing to such Administrative Agent, Noteholder or a sub-agent or Related Party, as the case may be, as specified in this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Company shall be conclusive absent manifest error.
- (5) The provisions of this Section 13.5 shall survive the termination of this Agreement and the redemption of all Notes. To the extent required by law to give full effect to the rights of the Indemnitees under this Section 13.5, the parties hereto agree and acknowledge that the Administrative Agent and each Noteholder is acting as agent for its respective Related Parties and agrees to hold and enforce such rights on behalf of such Related Parties as they may direct. Each of the Obligors acknowledges that neither its obligation to indemnify nor any actual indemnification by it of the Noteholders, the Administrative Agent or any other Indemnitee in respect of such Person's losses for legal fees and expenses shall in any way affect the confidentiality or privilege relating to any information communicated by such Person to its counsel.

Section 13.6 Acknowledgments

Each of the Obligors hereby acknowledges that:

- (1) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and other Financing Documents;
- (2) neither Administrative Agent nor any Noteholder shall have any fiduciary relationship with or duty to any of the Obligors arising out of or in connection with this Agreement or any of the other Financing Documents, and the relationship between Administrative Agent and Noteholders, on one hand, and the Obligors, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and
- (3) no joint venture is created hereby or by the other Financing Documents or otherwise exists by virtue of the transactions contemplated hereby.

Section 13.7 Attorney

Each of the Obligors hereby irrevocably constitutes and appoints the Administrative Agent (and any officer or agent thereof) as its true and lawful attorney with power to, upon the occurrence of an Event of Default, in the place of such Obligor and in its name with full

power of substitution, for the purpose of carrying out the terms of this Agreement and the other Financing Documents, to take any action and to execute documents and instruments which may be necessary or desirable to accomplish the purposes of such agreements. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, bankruptcy, dissolution, winding up, insolvency of any Obligor. This power of attorney extends to and is binding upon each of the Obligor's successors and permitted assigns. The Administrative Agent shall not be liable to the Obligors for any action taken by the Administrative Agent or its designee under such power of attorney, except to the extent that such action was taken by the Administrative Agent in bad faith or with gross negligence or wilful misconduct. This power of attorney shall terminate without further writing upon the payment in full of the Notes.

Section 13.8 Amendments and Waivers

Except as otherwise expressly provided herein, the provisions of this Agreement and the Notes may be amended or waived and each of the Obligors may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if each of the Obligors has executed a written copy of such amendment and has obtained the written consent of the Administrative Agent which shall be binding on the Noteholders; provided that no such action shall (i) change the rate at which or the manner in which interest accrues on the Notes or the time at which such interest becomes payable, (ii) terminate or release all or substantially all of the Security, (iii) change the definition of Required Holders, or (iv) change any provision relating to the scheduled payments or prepayments of principal on the Notes, without the written consent of all the Holders of the outstanding principal amount of the Notes. No other course of dealing with any of the Obligors or any delay in exercising any rights hereunder or under the Note, or otherwise shall operate as a waiver of any rights of any such Holders.

Section 13.9 Successors and Assigns

- (1) This Agreement shall become effective when executed by the Company, the Obligors, the Administrative Agent and each Holder and after that time shall be binding upon and enure to the benefit of the Company, the Obligors, the Administrative Agent, and the Holders and their respective successors and permitted assigns.
- (2) None of the Obligors shall have the right to assign its rights or obligations under this Agreement or any interest in this Agreement without the prior consent of all the Holders, which consent may be arbitrarily withheld.
- (3) Any Holder may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or any part of its interest in the Notes) without any notice to the Company. Any Holder may at any time assign to one or more Persons (other than Eligible Assignees) all or a portion of its rights and obligations under this Agreement (including all or any part of its interest in the Notes); provided that:

- (a) such assignment does not create or potentially create, upon conversion of any Note, a control position by the new holder of the Note;
 - (b) such assignment is permitted under applicable securities laws and TSXV policies without requiring the Company to prepare a prospectus, registration statement or similar document, and the assignor and the assignee comply with any requirement associated with the assignment that might be imposed by the TSXV; and
 - (c) at least 10 Business Days prior to the assignment, the Holder proposing the assignment has given a written notice to the Company of the material terms of the proposed assignment, including the identity of the proposed assignee, and the Company has not, within such 10 day business notice, given a written notice to Holder in reply confirming its agreement to prevent the assignment by repaying, within 3 Business Days, the portion of the Note proposed to be transferred.
- (4) A Holder may grant participations in all or any part of its interest in the Notes to one or more Persons (each a "**Participant**"). The Holder granting a participation shall, unless otherwise expressly provided in this Agreement, act on behalf of all of its Participants in all dealings with the Company in respect of the Notes and no Participant shall have any voting or consent rights with respect to any matter requiring the Holders' consent. A Holder may also with the prior written consent of the Administrative Agent assign or transfer all or any part of its interest in the Notes to a transferee in compliance with Article 3.
- (5) The Company shall assist the Administrative Agent and any Holder to transfer its Notes or to sell participations under this Section 13.9 in whatever manner reasonably necessary in order to enable or effect such transfer or participation including providing such certificates, acknowledgments and further assurances in respect of this Agreement and the Notes as such Holder may reasonably require in connection with transfer or any participation pursuant to this Section 13.9.
- (6) Any Holder may at any time pledge or grant a security interest in all or a portion of its rights under this Agreement to secure obligations of such Holder provided that no such pledge or security shall release such Holder from any of its obligations hereunder or substitute any such pledge for such Holder as a party hereto.
- (7) Any transfer or any grant of participation pursuant to this Section will not constitute a repayment by the Company to the transferring or granting Holder of the Notes, nor a new purchase of Notes by the Holder, transferee or Participant, as the case may be, and the parties acknowledge that the Company's obligations with respect to any such Notes will continue and will not constitute new obligations.

Section 13.10 Waiver of Right to Jury Trial

Each party hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, any right it may have to a trial by jury in any legal proceeding directly or

indirectly arising out of or relating to this Agreement or any other Financing Document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory). Each party hereto (a) certifies that no representative, agent or attorney of any other Person has represented, expressly or otherwise, that such other Person would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Financing Documents by, among other things, the mutual waivers and certifications in this Section.

Section 13.11 Waiver and Acknowledgement

The Parties waive any rights and remedies relating to applicable usury or similar laws now or hereafter enacted in respect of the Financing Documents and acknowledge and agree that the obligations of the Parties pursuant to or in connection with the Financing Documents shall continue to be enforceable obligations of the Parties, irrespective of any such claims by any Person that payments made in connection with the Financing Documents are in an amount or calculated at a rate which would be prohibited by law, would result in a receipt by the Administrative Agent or by the Noteholders of interest at a criminal rate or are otherwise excessive, unconscionable, coercive, oppressive or punitive in any manner whatsoever.

Section 13.12 Announcements

The Administrative Agent shall have the right to review and approve any public announcement or public filing made after the date hereof relating to any of the transactions contemplated hereby or relating to the Administrative Agent or its Affiliates, as the case may be, before any such announcement or filing is made (such approval not be unreasonably withheld or delayed).

Section 13.13 Maximum Rate of Interest

If any provision of this Agreement or of any of the other Financing Documents would obligate any Company Party to make any payment of interest or other amount payable to any Noteholder in an amount or calculated at a rate which would be prohibited by Applicable Law or would result in a receipt by such Noteholder of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Applicable Law or so result in a receipt by such Noteholder of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: firstly, by reducing the amount or rate of interest required to be paid to such Noteholder under the applicable Financing Document, and thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Noteholder which would constitute "interest" for purposes of Section 347 of the *Criminal Code* (Canada).

Section 13.14 Judgment Currency

- (1) If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due to a Secured Party in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties agree, to the fullest extent that they

may effectively do so, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, such Secured Party could purchase the Original Currency with the Other Currency on the Business Day preceding the day on which final judgment is given or, if permitted by applicable law, on the day on which the judgment is paid or satisfied.

- (2) The obligations of the Obligors in respect of any sum due in the Original Currency from it to a Secured Party under any of the Financing Documents shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by such Secured Party of any sum adjudged to be so due in the Other Currency, such Secured Party may, in accordance with normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to such Secured Party in the Original Currency, each of the Obligors agrees, as a separate obligation and notwithstanding the judgment, to indemnify such Secured Party against any loss, and, if the amount of the Original Currency so purchased exceeds the sum originally due to such Secured Party in the Original Currency, such Secured Party shall remit such excess to the Company.

Section 13.15 Interest on Amounts

Except as may be expressly provided otherwise in this Agreement, all amounts owed by any Company Party to the Administrative Agent and to any of the Noteholders, which are not paid when due (whether at stated maturity, on demand, by acceleration or otherwise) shall bear interest (both before and after default and judgment), from the date on which such amount is due until such amount is paid in full, payable on demand, at a rate per annum equal at all times to the interest rate applicable at such time to the Notes.

Section 13.16 Severability

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain unamended and in full force and effect.

Section 13.17 Survival

All representations and warranties made hereunder and in any other Financing Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Holder, regardless of any investigation made by the Administrative Agent or any Holder or on their behalf and notwithstanding that the Administrative Agent or any Holder may have had notice or knowledge of any Default or Event of Default at the time of any purchase of a Note, and shall continue in full force and effect as long as any Note or any other Note Indebtedness shall remain unpaid or outstanding.

Section 13.18 Confidentiality

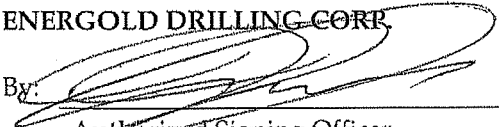
Each of the Administrative Agent and the Noteholders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its directors, officers, employees and agents, including accountants, legal counsel and other advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (iv) to any other Party to this Agreement or any other Financing Document, (v) in connection with the exercise of any remedies hereunder or under any other Financing Document or any suit, action or proceeding relating to this Agreement or any other Financing Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section, (vii) with the consent of the Company, or (viii) to the extent such Information (1) becomes publicly available other than as a result of a breach of this Section, or (2) becomes available to the Administrative Agent or any Noteholder on a non-confidential basis from a source other than the Company. For the purposes of this Section, "**Information**" means all information received from any Company Party relating to the Obligors and their businesses, other than any such information that is available to the Administrative Agent or any Noteholder on a non-confidential basis prior to disclosure by a Company Party. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 13.19 Patriot Act

Each Noteholder that is subject to the United States PATRIOT Act and the Administrative Agent (to the extent that it is subject to the United States PATRIOT Act), for itself and not on behalf of any Noteholder, hereby notifies the Obligors that, pursuant to the requirements of the United States PATRIOT Act, it is required to obtain, verify and record information that identifies the Obligors, which information includes the name and address of each Company Party and other information that will allow such Noteholder or the Administrative Agent, as applicable, to identify each Company Party in accordance with the United States PATRIOT Act. The Obligors shall, promptly following a request by the Administrative Agent or any Noteholder, provide all documentation and other information that the Administrative Agent or such Noteholder requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money-laundering rules and regulations, including the United States PATRIOT Act.

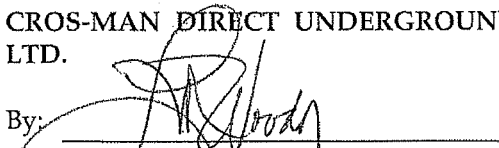
(Signature pages follow herewith)

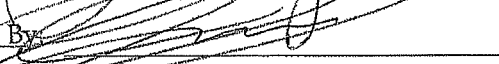
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first written above.

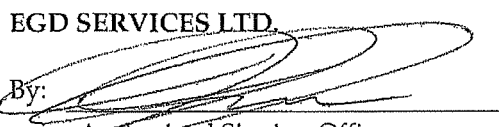
~~ENERGOLD DRILLING CORP.~~
By: 
Authorized Signing Officer

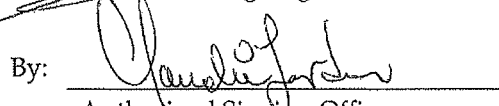
By: _____
Authorized Signing Officer

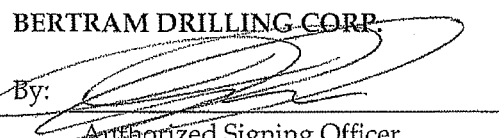
AS GUARANTOR:

~~CROS-MAN DIRECT UNDERGROUND LTD.~~
By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

~~EGD SERVICES LTD.~~
By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

~~BERTRAM DRILLING CORP.~~
By: 
Authorized Signing Officer

By: _____
Authorized Signing Officer

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first written above.

ENERGOLD DRILLING CORP.

By: _____
Authorized Signing Officer

By:  _____
Authorized Signing Officer

AS GUARANTOR:

CROS-MAN DIRECT UNDERGROUND LTD.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

EGD SERVICES LTD.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

BERTRAM DRILLING CORP.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first written above.

ENERGOLD DRILLING CORP.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

AS GUARANTOR:

CROS-MAN DIRECT UNDERGROUND LTD.

By: _____
Authorized Signing Officer

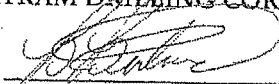
By: _____
Authorized Signing Officer

EGD SERVICES LTD.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer


BERTRAM DRILLING CORP.

By:  _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

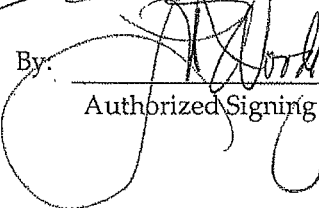
BERTRAM DRILLING, INC.

By: _____
Authorized Signing Officer

By: 
Authorized Signing Officer

**OMNITERRA INTERNATIONAL
DRILLING INC.**

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

E GLOBAL DRILLING CORP

By: 
Authorized Signing Officer

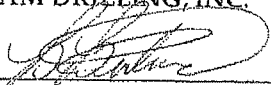
By: _____
Authorized Signing Officer

**ENERGOLD DRILLING (EMEA)
LIMITED**

By: 
Authorized Signing Officer

By: _____
Authorized Signing Officer

BERTRAM DRILLING, INC.

By: 
Authorized Signing Officer

By: _____
Authorized Signing Officer

OMNITERRA INTERNATIONAL
DRILLING INC.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

E GLOBAL DRILLING CORP.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

ENERGOLD DRILLING (EMEA)
LIMITED

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

BERTRAM DRILLING, INC.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

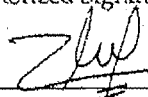
**OMNITERRA INTERNATIONAL
DRILLING INC.**

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

E GLOBAL DRILLING CORP.

By: _____
Authorized Signing Officer

By:  _____
Authorized Signing Officer

**ENERGOLD DRILLING (EMEA)
LIMITED**

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

BERTRAM DRILLING, INC.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

**OMNITERRA INTERNATIONAL
DRILLING INC.**

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

E GLOBAL DRILLING CORP.

By: _____
Authorized Signing Officer


By: _____
Authorized Signing Officer


**ENERGOLD DRILLING (EMEA)
LIMITED**

By: C.A.R
Authorized Signing Officer

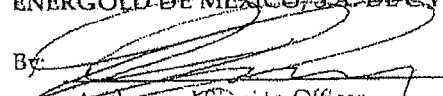
By: _____
Authorized Signing Officer

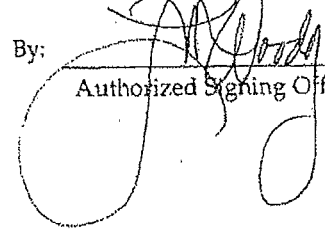
DANDO DRILLING INTERNATIONAL
LIMITED

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

ENERGOLD DE MEXICO, S.A. DE C.V.

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

ADMINISTRATIVE AGENT:

EXTRACT ADVISORS LLC

By: [Signature]
Title Partner

By: _____
Title _____

NOTEHOLDER:

EXTRACT CAPITAL MASTER FUND LTD.

By: [Signature]
Title Partner

By: _____
Title _____

NOTEHOLDER:

EXTRACT LENDING LLC

By: [Signature]
Title Partner

By: _____
Title _____

NOTEHOLDER:

LOINETTE COMPANY LEASING LTD.

By: _____
Title _____

By: _____
Title _____

NOTEHOLDER:

[Signature]
Witness

[Signature]
Ethan Park

ADMINISTRATIVE AGENT:

EXTRACT ADVISORS LLC

By: _____
Title

By: _____
Title

NOTEHOLDER:

EXTRACT CAPITAL MASTER FUND LTD.

By: _____
Title

By: _____
Title

NOTEHOLDER:

EXTRACT LENDING LLC

By: _____
Title

By: _____
Title

NOTEHOLDER:

LOINETTE COMPANY LEASING LTD.

By: LAURE ZIMMERMANN
Title DIRECTOR

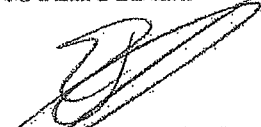
By: _____
Title

NOTEHOLDER:

Witness

Ethan Park

NOTEHOLDER:



Signature

Edwin BERGSHOEFF

Name [Please Print]

NOTEHOLDER:


Signature

CINDY KRINS
Name [Please Print]

NOTEHOLDER:



Signature

Mark A. Corra

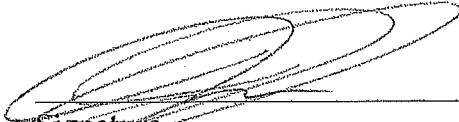
Name [Please Print]

NOTEHOLDER:

M.A. Corra
Signature

Mark A. Corra
Name [Please Print]

NOTEHOLDER:



Signature

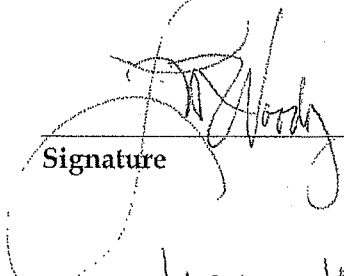
FREDERICK DAVIDSON

Name [Please Print]

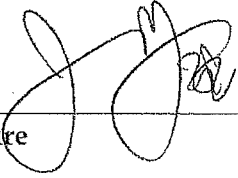
NOTEHOLDER:

Signature

Name [Please Print]


LINDA Woody

NOTEHOLDER:

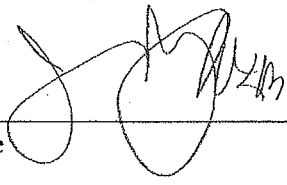


Signature

JERRY CHUN CHIEH HUANG


Name [Please Print]

NOTEHOLDER:

Signature 

JERRY HUANG
Name [Please Print]

NOTEHOLDER:



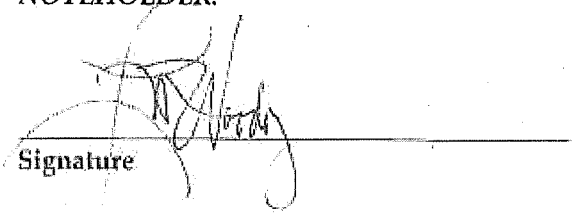
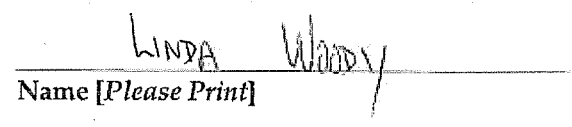
Signature

FREDERICK DAVISON
Name [Please Print]


NOTEHOLDER:

Signature

Name *[Please Print]*

DATED the 15 day of June, 2017.



DOROTHY ATKINSON

DATED the 15 day of June, 2017.

JAYVEE AND CO YVRF4001002

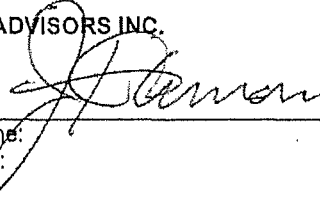
Per: 

Name: EMILY WHEELER
Title: PORTFOLIO MANAGER

DATED the 15 day of June, 2017.

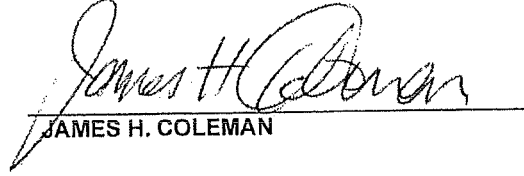
JC ADVISORS INC.

Per:
Name:
Title:



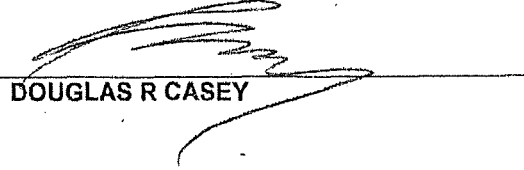
A handwritten signature in cursive script, appearing to read "J. Stemon", is written over a horizontal line. The signature is positioned to the right of the "Per:" label.

15
DATED the _____ day of June, 2017.



JAMES H. COLEMAN

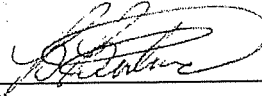
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DOUGLAS R CASEY

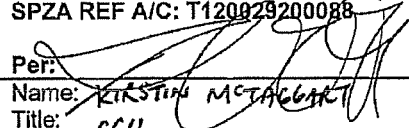
DATED the 15 day of June, 2017.

BRIAN AND DARRELL BERTRAM TRUST

Per: 
Name: _____
Title:


DATED the 15 day of June, 2017.

ROYTOR & CO IN TRUST FOR ACCOUNT
SPZA REF A/C: T120029200088

Per: 
Name: KIRSTIN McTAGGART
Title: CCU

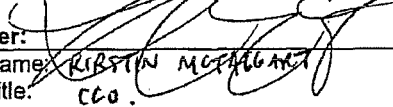
DATED the 15 day of June, 2017.

ROYTOR & CO IN TRUST FOR ACCOUNT
SPZ1 REF A/C: T12692920088

Per: 
Name: KIRSTIN MCCLABRET
Title: CCO.

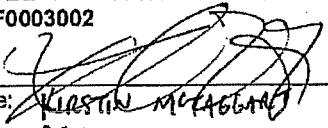
DATED the 15 _ day of June, 2017.

ROYTOR & CO IN TRUST FOR ACCOUNT
SP22 REF A/C: T120029200088

Per: 
Name: ROBERT MCGILL
Title: CCO.

DATED the 15 day of June, 2017.

JAYVEE & CO IN TRUST FOR ACCOUNT
CU5F0003002

Per: 
Name: KRISTIN McLAGAN
Title: CCO.

DATED the 15 day of June, 2017.

ROYTOR & CO FOR ACCT #774030

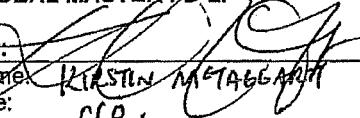
Per: 

Name: KRISTAL M. LAGGARD

Title: CCo.

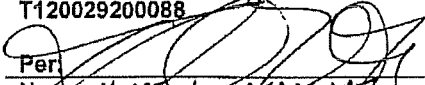
DATED the 15 day of June, 2017.

INVESTOR COMPANY ITF 5J5895 SPROTT
GLOBAL MASTER FUND LP

Per: 
Name: KIRSTIN MCTAGGART
Title: CCO.

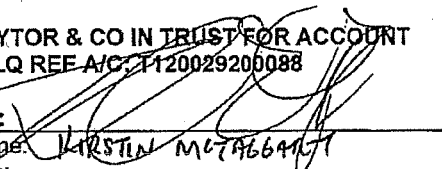
DATED the 15 day of June, 2017.

ROYTOR & CO IN TRUST FOR ACCOUNT
SBU1 BROWN CAYMAN I REF A/C:
T120029200088

Per: 
Name: KRISTIN McLAGGARD
Title: CCO.

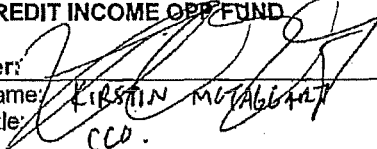
DATED the 15 day of June, 2017.

ROYTOR & CO IN TRUST FOR ACCOUNT
SPLQ REF A/C #120029200088

Per: 
Name: KRISTIN McFARLANE
Title: CEO.

15
DATED the _____ day of June, 2017.

INVESTOR COMPANY ITF 5J5731 SPROTT
CREDIT INCOME OFF FUND

Per: 
Name: KRISTIN MCGIBBON
Title: CEO.

15

DATED the _____ day of June, 2017.

NBCN INC. ITF PIERRE LASSONDE
FAMILY TRUST ACCOUNT #ITSC91A

Per: 

Name: KIRSTIN MCAGGART

Title: CCO

Exhibit A
Form of Note

NOTE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE IN THE SECURITY BEFORE OCTOBER 16, 2017.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF ENERGOLD DRILLING CORP. (THE "COMPANY") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS" AFTER THE HOLDER HAS, IN THE CASE OF (C) OR (D) ABOVE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY.

No. 001

Principal Amount [U.S.][CDN]\$●

ENERGOLD DRILLING CORP
(existing under the laws of British Columbia)

[U.S.][CDN]\$● CONVERTIBLE SENIOR SECURED NOTES SERIES [A][B]
DUE JUNE 14, 2022

Date of Issue: June 15, 2017

FOR VALUE RECEIVED, the undersigned, **ENERGOLD DRILLING CORP.**, a company existing under the laws of the Province of British Columbia (the "**Company**"), hereby unconditionally promises to pay to promises to pay to the registered holder hereof on the Maturity Date or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Note Purchase Agreement (as defined below), the principal sum of [●] dollars in lawful money of [the United States][Canada] (\$●), on presentation and surrender of this Note at the principal offices of the Company in Vancouver, British Columbia in accordance with the Note Purchase Agreement.

The Notes shall mature and become due and payable on the Maturity Date, provided that, on June 14, 2020, the Company shall repay an amount in principal sufficient to ensure that at least 75% of the original principal amount of the Notes has been repaid on such date. The Notes shall bear interest (i) from their applicable Issue Date until June 14, 2020 at the LIBOR Rate plus 7.5%, and (ii) for the remainder of the term, at the LIBOR Rate plus 11%. The interest rate hereunder shall

increase by 6% per annum (the “**Default Rate**”) on the occurrence of and during the continuation of an Event of Default.

Interest hereon shall be payable by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the sending of such electronic transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Note.

This Note is one of the [U.S.][CDN]\$● Convertible Senior Secured Notes of the Company due June 14, 2022 (the “**Notes**”), issued under the provisions of that certain Note Purchase Agreement (as it may be supplemented, modified or amended from time to time being herein referred to as the “**Note Purchase Agreement**”) dated June 15, 2017 among the Company, Extract Advisors LLC, as Agent, and the Noteholder. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Note Purchase Agreement. A copy of the Note Purchase Agreement is available for inspection at the offices of the Company. This Note is subject to the provisions of the Note Purchase Agreement and is subject to mandatory prepayment in whole or in part as provided in the Note Purchase Agreement and the other Financing Documents. Reference is hereby made to the Financing Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security, the terms and conditions upon which the security interests were granted and the rights of the holder of this Note in respect thereof.

Until June 14, 2022, the Company may not redeem at any time all or any part of the amount outstanding under the Notes, except in certain circumstances. Following June 14, 2022, the Company may, upon providing at least five days prior written notice to the Administrative Agent, redeem all or any part of the Notes then outstanding on the terms and conditions set out in the Note Purchase Agreement at the redemption price specified therein.

The whole, or if this Note is a denomination in excess of \$1,000.00, any part which \$1,000.00 or an integral multiple thereof, of the principal of this Note is convertible, at the option of the holder hereof, into Common Shares at the Conversion Price on the terms and conditions set out in the Note Purchase Agreement.

Upon the occurrence and during the continuance of any one or more Events of Default, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Note Purchase Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Note Purchase Agreement and used herein shall have the meanings given to them in the Note Purchase Agreement.

This Note is issuable in denominations of \$1,000 and integral multiples thereof. This Note is a direct obligation of the Company and is secured by a first charge on the Collateral subject only to the Permitted Liens. The Note Purchase Agreement contains restrictions on the right of the Company to incur any additional indebtedness which is not Permitted Indebtedness, and to create, incur, assume or suffer to exist, certain security interests.

This Note is hereby expressly limited so that in no contingency or event whatsoever, whether by acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to the Noteholder for the use, forbearance or detention of the money advanced or to be advanced hereunder exceed the highest lawful rate permissible under the laws of the Province of British Columbia. If, from any circumstances whatsoever, fulfillment of any provision of this Note shall, at the time performance of such provisions are due, be deemed to be a payment of interest in excess of that authorized by law, the obligation to be fulfilled shall be reduced to the limit so authorized by law, and if, from any circumstances, the Noteholder shall ever receive an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the indebtedness evidenced hereby and not to the payment of interest.

This Note may only be transferred upon compliance with the conditions prescribed in the Note Purchase Agreement, on the Register kept at the registered office of the Company by the registered holder hereof or his executors or administrators or other legal representatives or the holder's attorney, duly appointed by an instrument in form and substance satisfactory to the Company and upon compliance with such reasonable requirements as the Company may prescribe.

The Note Purchase Agreement is and this Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

All references to "dollars" and "\$" in this Note are to lawful money of [the United States][Canada].

IN WITNESS WHEREOF, **ENERGOLD DRILLING CORP.** has caused this Note to be signed by its duly authorized officers as of the 15 day of June, 2017.

ENERGOLD DRILLING CORP.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

**Exhibit B
Form of Compliance Certificate**

COMPLIANCE CERTIFICATE

TO: Extract Advisors LLC, as Administrative Agent

AND TO: The Noteholders

The undersigned refers to the note purchase agreement dated as of June 15, 2017 (as amended, supplemented, modified, replaced, restated or amended and restated from time to time, the "**Note Purchase Agreement**", the terms defined therein being used herein as therein defined) among the Company, the Guarantors, the Administrative Agent and the Noteholders.

I, the undersigned [**Chief Financial Officer**] of the Company, certify, without personal liability, to the Administrative Agent and the Noteholders, that:

1. I have read the provisions of the Note Purchase Agreement which are relevant to this certificate and have made such examinations or investigations as are necessary to enable me to express an informed opinion on the matters contained in this certificate.

2. As at [**insert relevant determination date**], the following calculations were true and correct:

(a) Net Working Capital (Section 6.2(a)) (refer to Schedule I for details):	\$	
(b) [For Compliance certificates delivered in 2017] Quarterly revenue (Section 6.2(b)) (refer to Schedule II for details):	\$	
(c) [For Compliance certificates delivered after 2017] Interest Coverage Ratio (Section 6.2(c)(i)) (refer to Schedule III for details):		
(d) Asset Coverage Ratio (Section 6.2(c)(ii)) (refer to Schedule IV for details):		
(e) Debt to Equity Ratio (Section 6.2(c)(iii)) (refer to Schedule V for details)		

3. As at this date except as disclosed to and expressly waived by the Administrative Agent on behalf of the Noteholders, in writing:
 - (a) no Default or Event of Default has occurred and is continuing;

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- (b) the Company is not in breach of any of the covenants, terms and conditions of the Note Purchase Agreement and the other Financing Documents;
- (c) the representations and warranties in Article 8 of the Note Purchase Agreement are true and correct as though made on this date and the representations and warranties of the Obligors contained in any other Finance Documents are true and correct in all respects as though made on this date;
- (d) no Obligor maintains any securities account or deposit account where the balance or market value of the securities in such account exceeds Cdn. \$2,500,000;
- (e) the book value of the assets (including cash) net of any liabilities of any Excluded Subsidiary listed on Schedule 8.1(x) does not exceed Cdn. \$8,000,000;
- (f) the book value of the assets (including cash) net of any liabilities of any other Excluded Subsidiary organized under the laws of a jurisdiction outside of North America and Europe does not exceed Cdn. \$8,000,000;
- (g) the consolidated book assets of all Excluded Subsidiaries does not exceed (a) Cdn. \$16,000,000 in total assets (including cash) net of the sum of all liabilities of the Excluded Subsidiaries or (b) Cdn. \$6,000,000 in cash;
- (h) the attached financial information is true and correct in all respects; and
- (i) the financial statements delivered pursuant to Section 6.1(a)(ii) have been prepared in accordance with IFRS in effect on the date of such financial statements and the information contained therein is true and correct in all respects, and present fairly and consistently the results of operations and changes in the financial position of the Company as of the respective dates thereof and there has been no material change in the financial position of the Company since the date of the most recent financial statements delivered pursuant to Section 6.1(a)(ii). All dollar values stated are in Canadian dollars.

DATED the ● day of ●, 201●.

[President & CEO] [CFO]

Schedule I
Net Working Capital

Schedule II
Quarterly Revenue

Schedule III
Interest Coverage Ratio

Schedule IV
Asset Coverage Ratio

Schedule V
Debt to Equity Ratio

Exhibit C
Form of Warrant

Form of Tranche 1 Warrant Certificate

THIS WARRANT WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE 4:30 P.M. (VANCOUVER TIME) ON THE EARLIER OF ● day of ●, 2022, AND THE DATE THAT IS 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE COMPANY GIVES NOTICE TO THE HOLDER OF THE ACCELERATION EVENT (AS DEFINED BELOW).

ANY COMMON SHARES ISSUED ON EXERCISE OF ALL OR A PART OF THE RIGHTS REPRESENTED BY THIS WARRANT CERTIFICATE ARE SUBJECT TO THE FOLLOWING RESALE RESTRICTION:

Unless permitted under securities legislation, the holder of this security must not trade the security before ● (the "**NI 45-102 Hold Period**");

UNTIL THE EXPIRY OF THE NI 45-102 HOLD PERIOD, SHARE CERTIFICATES ISSUED PURSUANT TO THE EXERCISE OF THE RIGHTS REPRESENTED BY THIS WARRANT CERTIFICATE WILL BEAR A LEGEND SETTING OUT THE HOLD PERIOD TERMS.

NON-TRANSFERABLE WARRANTS

to acquire common shares of
ENERGOLD DRILLING CORP.

(Incorporated under the laws of British Columbia)
(the "**Warrants**")

Certificate No. ●

● Warrants

WARRANT CERTIFICATE FOR PURCHASE OF COMMON SHARES

THIS IS TO CERTIFY THAT, for value received, ●, with an address at ● (hereinafter called the "**Holder**") is entitled to subscribe for and purchase ● fully paid and non-assessable Common shares (the "**Common Shares**") in the capital of Energold Drilling Corp. (hereinafter called the "**Company**") at any time prior to 4:30 p.m. (Vancouver Time) on the earlier ● day of ●, 2022, and the date that is 30 calendar days after the date on which the Company gives notice to the Holder that the Acceleration Event (as defined below) has occurred (the "**Expiry Date**").

The "**Acceleration Event**" will occur if, at any time after ●, during the term of the share purchase warrants ("**Warrants**") represented hereby, the volume weighted average trading price of the Common Shares on the TSX Venture Exchange (or such other stock exchange on which the Company's shares are then listed for trading) is at or above CAD\$3.00 for 20 consecutive trading days. If the Acceleration Event occurs and the Company elects to accelerate the Expiry Date, then the Company will give written notice to the Holder that the Acceleration Event has occurred and that the Holder must exercise any remaining Warrants within 60 days. The Company will issue a press release specifying, among other things, that the Company has elected to accelerate the expiry of the Warrants, the manner in which the Warrants may be exercised by the Holder, and the Expiry Date.

Subject to adjustment upon the terms and conditions hereinafter set forth, the exercise price payable for each Common Share upon the exercise of the Warrants shall be CAD\$1.50 per Common Share (the "**Exercise Price**").

The rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part (but not as to a fractional share of Common Shares), by completing the subscription form attached hereto as Schedule A and surrendering this Warrant Certificate at the office of the Company's Counsel c/o Norton Rose Fulbright Canada LLP, 1800 – 510 West Georgia Street, Vancouver, BC V6B 0M3, Attention David Hunter, together with a certified cheque, money order or bank draft in lawful money of Canada made payable to the Company in payment of the Exercise Price multiplied by the number of Common Shares subscribed for.

In the event of any exercise of the rights represented by this Warrant Certificate, certificates for the Common Shares so purchased will be delivered to the Holder within a reasonable time, not exceeding five Business Days after the rights represented by this Warrant Certificate will have been so exercised, and, unless this Warrant Certificate has expired, a new Warrant Certificate representing the right to acquire the number of Common Shares, if any, with respect to which the rights represented by this Warrant Certificate will not then have been exercised will also be issued to the Holder within such time.

The Company covenants and agrees that all Common Shares which may be issued upon the exercise of the rights represented by this Warrant Certificate will, upon issuance, be fully paid and non-assessable and free of all liens, charges and encumbrances. The Company further covenants and agrees that during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved, a sufficient number of Common Shares to provide for the exercise of such rights.

Terms with initial capitals used but not defined herein have the meanings given to them in the Note Purchase Agreement dated ● by and among, inter alia the Company and Extract Advisors LLC as Administrative Agent.

THE FOLLOWING ARE THE TERMS AND CONDITIONS REFERRED TO IN THIS WARRANT:

1. The subscription rights in effect under the Warrants for Common Shares issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as follows:
 - (a) if, at any time during the period from the date of this Warrant Certificate up to and including the Expiry Date (the "**Adjustment Period**"), the Company shall:
 - (i) subdivide, re-divide or change its outstanding Common Shares into a greater number of Common Shares;
 - (ii) reduce, combine or consolidate its outstanding Common Shares into a lesser number of Common Shares; or
 - (iii) issue Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of stock dividend or other distribution (other than, if applicable a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of Warrants or any outstanding options);

(any of such events in Section 1(a) (i), (ii) or (iii) being called a "**Common Share Reorganization**") then the Exercise Price shall be adjusted effective immediately after the record date at which the holders of Common Shares are determined for the purposes of the Common Share Reorganization by multiplying the Exercise Price in effect on the record date in respect of the Common Share Reorganization by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding as of the effective date or record date after giving effect to such Common Shares Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date). Such adjustment shall be made successively whenever any event referred to in this Section

- 1(a) shall occur. Upon any adjustment of the Exercise Price pursuant to Section 1(a), the number of Common Shares subject to the right of purchase under each Warrant (the "**Exchange Rate**") shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;
- (b) if and whenever at any time during the Adjustment Period, the Company shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price (as defined below) on such record date (a "**Rights Offering**"), the Exercise Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by the Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 1(b) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates. "**Current Market Price**" of the Common Shares at any date means the weighted average of the trading price per Common Share for such Common Shares for each day there was a closing price for the twenty (20) consecutive Trading Days ending five (5) days prior to such date on the TSX Venture Stock Exchange or if on such date the Common Shares are not listed on the TSX Venture Stock Exchange, on such stock exchange upon which such Common Shares are listed and as selected by the directors, or, if such Common Shares are not listed on any stock exchange then on such over-the-counter market as may be selected for such purpose by the directors of the Company;
- (c) if and whenever at any time during the Adjustment Period the Company shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, other than Common Shares; (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Rights Offering or a Common Share Reorganization; (iii) evidences of its indebtedness or (iv) any property or

other assets then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the excess, if any, of the fair market value on such record date, as determined by the Company (whose determination shall be conclusive), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Company from the holders of the Common Shares, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price; and Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed;

- (d) if and whenever at any time during the Adjustment Period, there is a reclassification of the Common Shares or a capital reorganization of the Company other than as described in Section 1(a) or a consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity (any such event being herein called a "Capital Reorganization"), any Holder of a Warrant that has not been exercised prior to the effective date of the Capital Reorganization shall be entitled to receive and shall accept, upon the exercise of the Warrants at any time after the effective date of the Capital Reorganization, in lieu of the number of Common Shares (and any other securities or properties to which Holders are entitled upon exercise of the Warrants) to which such Holder was theretofore entitled upon exercise of the Warrants, the number of shares or other securities or property of the Company or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Holder would have been entitled to receive on such Capital Reorganization, if, on the effective date thereof, as the case may be, the Holder had been the registered holder of the number of Common Shares to which prior to such effective date it was entitled to acquire upon the exercise of the Warrants. No Capital Reorganization shall be completed unless all necessary steps shall have been taken so that the holders of Warrants shall thereafter be entitled to receive the number of Common Shares or other securities or property of the Company or of the continuing, successor or purchasing person, as the case may be, under the Capital Reorganization, subject to adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in this Section;
- (e) in any case in which this Section 1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Company may defer, until the occurrence of such event, issuing to the Holder of any Warrant exercised after the record date and prior to completion of such event the additional Common Shares issuable by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Company shall deliver to such Holder an appropriate instrument evidencing such Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of exercise or such later date as such Holder

would, but for the provisions of this Section 1(e), have become the holder of record of such additional Common Shares pursuant to Section 1;

- (f) in any case in which Section 1(a)(iii), Section 1(b) or Section 1(c) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if the Holders of the outstanding Warrants receive, subject to any required stock exchange or regulatory approval, the rights or warrants referred to in Section 1(a)(iii), Section 1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrant having then been exercised into Common Shares at the Exercise Price in effect on the applicable record date or effective date, as the case may be;
 - (g) the adjustments provided for in this Section 1 are cumulative, and shall, in the case of adjustments to the Exercise Price be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 1, provided that, notwithstanding any other provision of this Section, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price then in effect or the number of Warrant Shares issuable upon the exercise of a Warrant changes by at least one one-hundredth of a Common Share; provided, however, that any adjustments which by reason of this Section 1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and
 - (h) after any adjustment pursuant to this Section 1, the term "**Common Shares**" shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 1, the Holder is entitled to receive upon the exercise of his Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Holder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 1, upon the full exercise of a Warrant.
2. All Common Shares or shares of any class or other securities, which a Holder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to Section 1, shall, for the purposes of the interpretation of this Warrant Certificate, be deemed to be Common Shares which such Holder is entitled to acquire pursuant to such Warrant.
 3. Notwithstanding anything in this Warrant Certificate, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made in connection with (a) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Company; or (b) the satisfaction of existing instruments issued at the date hereof.
 4. In the event of any question arising with respect to the adjustments provided for in this Warrant Certificate such question shall be conclusively determined by an independent firm of chartered accountants other than the auditors of the Company, who shall have access to all necessary records of the Company, and such determination shall be binding upon the Company, all Holders and all other persons interested therein.

5. As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Company shall take any action which may, in the opinion of Counsel, be necessary in order that the Company has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Common Shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.
6. The Company shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 1, deliver a certificate of the Company to the Holders specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Company's Auditors verifying such calculation.
7. The Company covenants that, so long as any Warrant remains outstanding, it will give notice to the Holders of its intention to fix a record date that is prior to the Expiry Date for any matter for which an adjustment may be required pursuant to Section 1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Company shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Company shall promptly, after the adjustment is determinable, notify the Holder of the adjustment and the computation of such adjustment.
8. The Company covenants that it will not close its transfer books or take any other corporate action which might deprive the Holder of the opportunity to exercise its right of acquisition pursuant thereto during the period of 14 days after the giving of the certificate or notices set forth in Section 6 and Section 7.
9. If the Company, after the date hereof, shall take any action affecting the Common Shares other than action described in Section 1, which in the reasonable opinion of the directors of the Company would materially affect the rights of Holders, the Exercise Price and/or Exchange Rate, the number of Common Shares which may be acquired upon exercise of the Warrants shall be adjusted in such manner and at such time, by action of the directors, acting reasonably and in good faith, in their sole discretion as they may determine to be equitable to the Holders in the circumstances, provided that no such adjustment will be made unless any requisite prior approval of any stock exchange on which the Common Shares are listed for trading has been obtained.
10. No adjustments shall be made pursuant to this Warrant Certificate if the Holders are entitled to participate in any event described in this Warrant Certificate on the same terms, mutatis mutandis, as if the Holders had exercised their Warrants prior to, or on the effective date or record date of, such event.
11. As used herein, the term "Common Shares" will mean and include the Company's presently authorized Common Shares and will also include any capital stock of any class of the Company hereafter authorized which will not be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of the Company.

12. This Warrant will not entitle the Holder to any rights as a shareholder of the Company, including without limitation, voting rights.
13. This Warrant and all rights hereunder are not transferable.
14. This Warrant is exchangeable, upon the surrender hereof by the Holder at the office of the Company, for new Warrants of like tenor representing in the aggregate the right to subscribe for and purchase the number of shares which may be subscribed for and purchased hereunder, each of such new Warrants to represent the right to subscribe for and purchase such number of Common Shares as will be designated by the Holder at the time of such surrender.

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officers, and this Warrant Certificate to be dated this ● day of ●, 2017.

ENERGOLD DRILLING CORP.

Per: _____
Authorized Signatory

Form of Tranche Two Warrant Certificate

THIS WARRANT WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE 4:30 P.M. (VANCOUVER TIME) ● day of ●, 2020.

ANY COMMON SHARES ISSUED ON EXERCISE OF ALL OR A PART OF THE RIGHTS REPRESENTED BY THIS WARRANT CERTIFICATE ARE SUBJECT TO THE FOLLOWING RESALE RESTRICTION:

Unless permitted under securities legislation, the holder of this security must not trade the security before ● (the "**NI 45-102 Hold Period**");

THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR ANY STATE SECURITIES LAWS. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF ANY U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT) OR PERSON IN THE UNITED STATES, UNLESS (I) THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE HEREOF HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (II) UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE AND, IF THE COMPANY REQUESTS, AN OPINION SATISFACTORY TO THE COMPANY TO SUCH EFFECT HAS BEEN RENDERED BY COUNSEL (the "**U.S. Legend**").

UNTIL THE EXPIRY OF THE APPLICABLE HOLD PERIODS, SHARE CERTIFICATES ISSUED PURSUANT TO THE EXERCISE OF THE RIGHTS REPRESENTED BY THIS WARRANT CERTIFICATE WILL BEAR LEGENDS SETTING OUT THE HOLD PERIOD TERMS.

NON-TRANSFERABLE WARRANTS

to acquire common shares of
ENERGOLD DRILLING CORP.
(Incorporated under the laws of British Columbia)
(the "**Warrants**")

Certificate No. ●

● Warrants

WARRANT CERTIFICATE FOR PURCHASE OF COMMON SHARES

THIS IS TO CERTIFY THAT, for value received, ●, with an address at ● (hereinafter called the "**Holder**") is entitled to subscribe for and purchase ● fully paid and non-assessable Common shares (the "**Common Shares**") in the capital of Energold Drilling Corp. (hereinafter called the "**Company**") at any time prior to 4:30 p.m. (Vancouver Time) on ● day of ●, 2020 (the "**Expiry Date**").

Subject to adjustment upon the terms and conditions hereinafter set forth, the exercise price payable for each Common Share upon the exercise of the Warrants shall be CAD \$0.85 per Common Share (the "**Exercise Price**").

Neither the Warrants nor the Common Shares issuable upon exercise of the Warrants have been registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws of the United States. These Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a U.S. Person unless these Warrants and the Common Shares issuable upon exercise of these Warrants have been registered under the U.S. Securities Act and the

applicable state securities legislation or an exemption from such registration requirements is available. "United States" and "U.S. Person" are as defined by Regulation S under the U.S. Securities Act.

The rights represented by this Warrant Certificate may be exercised by the Holder, in whole or in part (but not as to a fractional share of Common Shares), by completing the subscription form attached hereto as Schedule A and surrendering this Warrant Certificate at the office of the Company's Counsel c/o Norton Rose Fulbright Canada LLP, 1800 – 510 West Georgia Street, Vancouver, BC V6B 0M3, Attention David Hunter, together with a certified cheque, money order or bank draft in lawful money of Canada made payable to the Company in payment of the Exercise Price multiplied by the number of Common Shares subscribed for.

In the event of any exercise of the rights represented by this Warrant Certificate, certificates for the Common Shares so purchased will be delivered to the Holder within a reasonable time, not exceeding five Business Days after the rights represented by this Warrant Certificate will have been so exercised, and, unless this Warrant Certificate has expired, a new Warrant Certificate representing the right to acquire the number of Common Shares, if any, with respect to which the rights represented by this Warrant Certificate will not then have been exercised will also be issued to the Holder within such time.

The Company covenants and agrees that all Common Shares which may be issued upon the exercise of the rights represented by this Warrant Certificate will, upon issuance, be fully paid and non-assessable and free of all liens, charges and encumbrances. The Company further covenants and agrees that during the period within which the rights represented by this Warrant Certificate may be exercised, the Company will at all times have authorized and reserved, a sufficient number of Common Shares to provide for the exercise of such rights.

Terms with initial capitals used but not defined herein have the meanings given to them in the Note Purchase Agreement dated June 9, 2017 by and among, inter alia the Company and Extract Advisors LLC as Administrative Agent.

THE FOLLOWING ARE THE TERMS AND CONDITIONS REFERRED TO IN THIS WARRANT:

15. The subscription rights in effect under the Warrants for Common Shares issuable upon the exercise of the Warrants shall be subject to adjustment from time to time as follows:
- (a) if, at any time during the period from the date of this Warrant Certificate up to and including the Expiry Date (the "**Adjustment Period**"), the Company shall:
 - (i) subdivide, re-divide or change its outstanding Common Shares into a greater number of Common Shares;
 - (ii) reduce, combine or consolidate its outstanding Common Shares into a lesser number of Common Shares; or
 - (iii) issue Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of stock dividend or other distribution (other than, if applicable a dividend paid in the ordinary course or a distribution of Common Shares upon the exercise of Warrants or any outstanding options);

(any of such events in Section 1(a) (i), (ii) or (iii) being called a "**Common**

Share Reorganization") then the Exercise Price shall be adjusted effective immediately after the record date at which the holders of Common Shares are determined for the purposes of the Common Share Reorganization by multiplying the Exercise Price in effect on the record date in respect of the Common Share Reorganization by a fraction, the numerator of which shall be the number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which shall be the number of Common Shares outstanding as of the effective date or record date after giving effect to such Common Shares Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date). Such adjustment shall be made successively whenever any event referred to in this Section 1(a) shall occur. Upon any adjustment of the Exercise Price pursuant to Section 1(a), the number of Common Shares subject to the right of purchase under each Warrant (the "**Exchange Rate**") shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

- (b) if and whenever at any time during the Adjustment Period, the Company shall fix a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible or exchangeable into Common Shares) at a price per Common Share (or having a conversion or exchange price per Common Share) less than 95% of the Current Market Price (as defined below) on such record date (a "**Rights Offering**"), the Exercise Price shall be adjusted immediately after such record date so that it shall equal the amount determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered) by the Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; any Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that no such rights or warrants are exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or, if any such rights or warrants are exercised, to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible or exchangeable into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. Such adjustment will be made successively whenever such a record date is fixed, provided that if two or more such record dates or record dates referred to in this Section 1(b) are fixed within a period of 25 Trading Days, such adjustment will be made successively as if each of such record dates occurred on the earliest of such record dates. "**Current Market Price**" of the Common Shares at any date means the weighted average of the trading price per Common Share for such Common Shares for each day there was a closing price for the

twenty (20) consecutive Trading Days ending five (5) days prior to such date on the TSX Venture Stock Exchange or if on such date the Common Shares are not listed on the TSX Venture Stock Exchange, on such stock exchange upon which such Common Shares are listed and as selected by the directors, or, if such Common Shares are not listed on any stock exchange then on such over-the-counter market as may be selected for such purpose by the directors of the Company;

- (c) if and whenever at any time during the Adjustment Period the Company shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) securities of any class, other than Common Shares; (ii) rights, options or warrants to subscribe for or purchase Common Shares (or other securities convertible into or exchangeable for Common Shares), other than pursuant to a Rights Offering or a Common Share Reorganization; (iii) evidences of its indebtedness or (iv) any property or other assets then, in each such case, the Exercise Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price on such record date, less the excess, if any, of the fair market value on such record date, as determined by the Company (whose determination shall be conclusive), of such securities or other assets so issued or distributed over the fair market value of any consideration received therefor by the Company from the holders of the Common Shares, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price; and Common Shares owned by or held for the account of the Company shall be deemed not to be outstanding for the purpose of any such computation; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed;
- (d) if and whenever at any time during the Adjustment Period, there is a reclassification of the Common Shares or a capital reorganization of the Company other than as described in Section 1(a) or a consolidation, amalgamation, arrangement or merger of the Company with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity (any such event being herein called a "**Capital Reorganization**"), any Holder of a Warrant that has not been exercised prior to the effective date of the Capital Reorganization shall be entitled to receive and shall accept, upon the exercise of the Warrants at any time after the effective date of the Capital Reorganization, in lieu of the number of Common Shares (and any other securities or properties to which Holders are entitled upon exercise of the Warrants) to which such Holder was theretofore entitled upon exercise of the Warrants, the number of shares or other securities or property of the Company or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Holder would have been entitled to receive on such Capital Reorganization, if, on the effective date thereof, as the case may be, the Holder had been the registered holder of the number of Common Shares to which prior to such effective date it was entitled to acquire upon the exercise of the Warrants. No Capital Reorganization shall be completed unless all necessary steps shall have been taken so that the holders of Warrants shall thereafter be entitled to receive the number of Common Shares or other securities or property of the Company or of the continuing, successor or purchasing person, as the case may be, under the Capital Reorganization, subject to

adjustment thereafter in accordance with provisions the same, as nearly as may be possible, as those contained in this Section;

- (e) in any case in which this Section 1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Company may defer, until the occurrence of such event, issuing to the Holder of any Warrant exercised after the record date and prior to completion of such event the additional Common Shares issuable by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Company shall deliver to such Holder an appropriate instrument evidencing such Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the relevant date of exercise or such later date as such Holder would, but for the provisions of this Section 1(e), have become the holder of record of such additional Common Shares pursuant to Section 1;
 - (f) in any case in which Section 1(a)(iii), Section 1(b) or Section 1(c) require that an adjustment be made to the Exercise Price, no such adjustment shall be made if the Holders of the outstanding Warrants receive, subject to any required stock exchange or regulatory approval, the rights or warrants referred to in Section 1(a)(iii), Section 1(b) or the shares, rights, options, warrants, evidences of indebtedness or assets referred to in Section 1(c), as the case may be, in such kind and number as they would have received if they had been holders of Common Shares on the applicable record date or effective date, as the case may be, by virtue of their outstanding Warrant having then been exercised into Common Shares at the Exercise Price in effect on the applicable record date or effective date, as the case may be;
 - (g) the adjustments provided for in this Section 1 are cumulative, and shall, in the case of adjustments to the Exercise Price be computed to the nearest whole cent and shall apply to successive subdivisions, re-divisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section 1, provided that, notwithstanding any other provision of this Section, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price then in effect or the number of Warrant Shares issuable upon the exercise of a Warrant changes by at least one one-hundredth of a Common Share; provided, however, that any adjustments which by reason of this Section 1(g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment; and
 - (h) after any adjustment pursuant to this Section 1, the term "**Common Shares**" shall be interpreted to mean securities of any class or classes which, as a result of such adjustment and all prior adjustments pursuant to this Section 1, the Holder is entitled to receive upon the exercise of his Warrant, and the number of Common Shares indicated by any exercise made pursuant to a Warrant shall be interpreted to mean the number of Common Shares or other property or securities a Holder is entitled to receive, as a result of such adjustment and all prior adjustments pursuant to this Section 1, upon the full exercise of a Warrant.
16. All Common Shares or shares of any class or other securities, which a Holder is at the time in question entitled to receive on the exercise of its Warrant, whether or not as a result of adjustments made pursuant to Section 1, shall, for the purposes of the interpretation of this Warrant Certificate, be deemed to be Common Shares which such Holder is entitled to acquire pursuant to such Warrant.

17. Notwithstanding anything in this Warrant Certificate, no adjustment shall be made in the acquisition rights attached to the Warrants if the issue of Common Shares is being made in connection with (a) any share incentive plan or restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other service providers of the Company; or (b) the satisfaction of existing instruments issued at the date hereof.
18. In the event of any question arising with respect to the adjustments provided for in this Warrant Certificate such question shall be conclusively determined by an independent firm of chartered accountants other than the auditors of the Company, who shall have access to all necessary records of the Company, and such determination shall be binding upon the Company, all Holders and all other persons interested therein.
19. As a condition precedent to the taking of any action which would require an adjustment in any of the acquisition rights pursuant to any of the Warrants, including the number of Common Shares which are to be received upon the exercise thereof, the Company shall take any action which may, in the opinion of Counsel, be necessary in order that the Company has unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the Common Shares which the holders of such Warrants are entitled to receive on the full exercise thereof in accordance with the provisions hereof.
20. The Company shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 1, deliver a certificate of the Company to the Holders specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Company's Auditors verifying such calculation.
21. The Company covenants that, so long as any Warrant remains outstanding, it will give notice to the Holders of its intention to fix a record date that is prior to the Expiry Date for any matter for which an adjustment may be required pursuant to Section 1. Such notice shall specify the particulars of such event and the record date for such event, provided that the Company shall only be required to specify in the notice such particulars of the event as shall have been fixed and determined on the date on which the notice is given. The notice shall be given in each case not less than 14 days prior to such applicable record date. If notice has been given and the adjustment is not then determinable, the Company shall promptly, after the adjustment is determinable, notify the Holder of the adjustment and the computation of such adjustment.
22. The Company covenants that it will not close its transfer books or take any other corporate action which might deprive the Holder of the opportunity to exercise its right of acquisition pursuant thereto during the period of 14 days after the giving of the certificate or notices set forth in Section 6 and Section 7.
23. If the Company, after the date hereof, shall take any action affecting the Common Shares other than action described in Section 1, which in the reasonable opinion of the directors of the Company would materially affect the rights of Holders, the Exercise Price and/or Exchange Rate, the number of Common Shares which may be acquired upon exercise of the Warrants shall be adjusted in such manner and at such time, by action of the directors, acting reasonably and in good faith, in their sole discretion as they may determine to be equitable to the Holders in the circumstances, provided that no such adjustment will be made unless any requisite prior approval of any stock exchange on which the Common Shares are listed for trading has been obtained.

24. No adjustments shall be made pursuant to this Warrant Certificate if the Holders are entitled to participate in any event described in this Warrant Certificate on the same terms, mutatis mutandis, as if the Holders had exercised their Warrants prior to, or on the effective date or record date of, such event.
25. As used herein, the term "Common Shares" will mean and include the Company's presently authorized Common Shares and will also include any capital stock of any class of the Company hereafter authorized which will not be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of the Company.
26. This Warrant will not entitle the Holder to any rights as a shareholder of the Company, including without limitation, voting rights.
27. This Warrant and all rights hereunder are not transferable.
28. This Warrant is exchangeable, upon the surrender hereof by the Holder at the office of the Company, for new Warrants of like tenor representing in the aggregate the right to subscribe for and purchase the number of shares which may be subscribed for and purchased hereunder, each of such new Warrants to represent the right to subscribe for and purchase such number of Common Shares as will be designated by the Holder at the time of such surrender.

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officers, and this Warrant Certificate to be dated this ● day of ●, 2017.

ENERGOLD DRILLING CORP.

Per: _____
Authorized Signatory

**Exhibit D
Purchaser Information Form**

ENERGOLD – EXTRACT – NOTE PURCHASE

TO: ENERGOLD DRILLING CORP.

Pursuant to a Note Purchase Agreement dated June 15, 2017 by and among, *inter alia*, Extract Advisors LLC as Administrative Agent, Energold Drilling Corp., and the undersigned as Noteholder (the “**Purchaser**”), the Purchaser subscribed for and agreed to purchase the aggregate principal amount of Series A Notes or Series B Notes of Energold Drilling Corp. (the “**Company**”) indicated below:

PART A – DETAILS OF NOTES PURCHASED

SERIES A NOTES:	U.S. \$ _____ principal amount of CONVERTIBLE SENIOR SECURED NOTES, SERIES A DUE JUNE 14, 2022
SERIES B NOTES:	CDN \$ _____ principal amount of CONVERTIBLE SENIOR SECURED NOTES, SERIES B DUE JUNE 14, 2022

PART B – LEGAL NAME OF PURCHASER

<u>Non-Individual Subscriber Signature</u>
_____ (Name of Subscriber - please print)
By: _____ (Authorized Signature)
_____ (Official Capacity or Title – please print)
Please print name of individual whose signature appears above on behalf of the non-individual subscriber.

<u>Individual Subscriber Signature</u>
_____ (Family Name - please print)
_____ (First Name – please print)
_____ (Secondary Given Name(s) – please print)
By: _____ (Signature)

OTHER:

[CHECK IF APPROPRIATE]
The Subscriber is a registrant: <input type="checkbox"/>
The Subscriber is an insider of the issuer: <input type="checkbox"/>

PART C – CONTACT INFORMATION OF SUBSCRIBER

<u>Subscriber Information</u>	
(Subscriber's Residential Address)	
(Municipality)	(Province/State)
(Postal Code/Zip Code)	(Country)
(Telephone Number)	
(E-mail Address)	
Number of Securities of the Company currently owned:	

<u>Disclosed Beneficial Subscriber:</u>
<p>If the Subscriber is signing as agent for a principal and is not a trust company, trust corporation, or registered adviser described in paragraph (p) or (q) of the definition of "accredited investor" in section 1.1 of National Instrument 45-106 <i>Prospectus Exemptions</i>, each purchasing on behalf of a fully managed account, complete the following and ensure that Schedules 1, 2 and 3, <u>including, as applicable, all attachments thereto</u>, are completed on behalf of such principal:</p>
(Name of Principal)
(Municipality) (Province/State)
(Postal Code/Zip Code) (Country)
(Telephone Number)
(E-mail Address)

<u>Register the Securities as set forth below:</u>
(Name)
(Account reference, if applicable)
(Address)

<u>Deliver the Securities as set forth below:</u>
<input type="checkbox"/> Same as Registered Address (otherwise complete below)
(Name)
(Account reference, if applicable)
(Contact Name)
(Address)

PART D – NOTEHOLDER PAYMENT DETAILS

All scheduled payments of principal and interest to be made by draft payable to:

_____ [specify delivery address]

_____, Attention: _____,

or wire transfer of immediately available funds to:

Bank: _____

Address: _____

Transit No.: _____

Bank No: _____

Swift Code: _____

Account Name: _____

Account No.: _____

ABA No.: _____

Custody Account: _____

Face Amount: _____

with sufficient information to identify the source and application of such funds, including issuer, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise.

PART E – DETAILS OF EXEMPTION RELIED ON:

Accredited Investor Status:

Please refer to the Accredited Investor Certificate included as Schedule “2” to this Purchaser Information Form for the definition of “accredited investor” and complete the following statement:

The Subscriber satisfies paragraph of the definition of “accredited investor” found in National Instrument 45-106 *Prospectus Exemptions*.

PART E – INFORMATION REQUIRED BY THE TSX-V:

Subscriber Information

(1) The Subscriber, if not an individual, either:
[CHECK APPROPRIATE]

- has previously filed with the TSX Venture Exchange a Form 4C - *Corporate Placee Registration Form*, and represents and warrants that there has been no change to any of the information in the Form 4C previously filed with the TSX Venture Exchange up to the date of this Agreement;

OR

- hereby delivers to the Company a duly signed and completed Form 4C - *Corporate Placee Registration Form*, in the form attached hereto as Schedule "1" for filing with the TSX Venture Exchange.

(2) The Subscriber either: [CHECK APPROPRIATE]

- owns directly or indirectly, or exercises control or direction over, NO common shares or securities convertible into common shares in the capital of the Company (excluding Common Shares or securities exchangeable for Common Shares subscribed for herein);

OR

- owns directly or indirectly, or exercised control or direction over _____ [fill in number] Common Shares and convertible securities entitling the Subscriber to acquire an additional _____ [fill in number] Common Shares in the capital of the Company (excluding Securities exchangeable for Common Shares subscribed for herein).

Subscriber Information

(3) The Subscriber either: [CHECK APPROPRIATE]

- IS AN INSIDER of the Company, as defined in the TSX Venture Exchange policies, namely:
- (i) a director or senior officer of the Company;
 - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Company;
 - (iii) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company;
 - (iv) the Company itself, if it holds any of its own securities;

OR

- WILL BECOME AN INSIDER** of the Company, as defined in the TSX Venture Exchange policies, as a result of the Subscription;

OR

- IS NOT AN INSIDER** of the Company.

(4) After the purchase of Securities subscribed for under this Agreement, the Subscriber either:
[CHECK APPROPRIATE]

- WILL BENEFICIALLY OWN** or control more than 5% of the post-Closing outstanding Common Shares of the Company;

OR

- WILL NOT BENEFICIALLY OWN** or control more than 5% of the post-Closing outstanding Common Shares of the Company

SCHEDULE "1" TO EXHIBIT "D"

[TSX VENTURE EXCHANGE FORM 4C – CORPORATE PLACEE REGISTRATION FORM]



FORM 4C

CORPORATE PLACEE REGISTRATION FORM

This Form will remain on file with the Exchange and must be completed if required under section 4(b) of Part II of Form 4B. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:

- (a) Name: _____
- (b) Complete Address: _____
- (c) Jurisdiction of Incorporation or Creation: _____

2. (a) the Placee purchasing securities as a portfolio manager: (Yes/No)? ____

- (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? _____

If the answer to 2(b) above was "Yes", the undersigned certifies that:

- (c) it is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;
- (d) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;
- (e) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;
- (f) the total asset value of the investment portfolios it manages on behalf of clients is not less than \$20,000,000; and

- (g) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

If the answer to 2(a). above was "No", please provide the names and addresses of Control Persons of the Placee:

Name *	City	Province or State	Country

* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

3. Acknowledgement - Personal Information and Securities Laws

- (a) "Personal Information" means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (i) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and
- (ii) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

- (b) The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated and certified (if applicable), acknowledged and agreed, at _____ on _____

(Name of Purchaser - please print)

(Authorized Signature)

Official Capacity - please print)

(Please print name of individual whose signature appears above)

THIS IS NOT A PUBLIC DOCUMENT

SCHEDULE "2" TO EXHIBIT "D"
CERTIFICATE (ACCREDITED INVESTORS ONLY)

ACCREDITED INVESTOR CERTIFICATE

TO: ENERGO GOLD DRILLING CORP. (THE "ISSUER")

RE: PURCHASE OF SERIES A NOTES AND SERIES B NOTES (THE "SECURITIES") OF THE ISSUER

REPRESENTATIONS AND WARRANTIES

In connection with the purchase by the undersigned (the "Purchaser") of the Securities, the Purchaser hereby represents, warrants and certifies to the Issuer that the Purchaser:

- (a) is purchasing the Securities as principal;
- (b) is resident in or is subject to the laws of the jurisdiction set out under on Part C – Contact Information of Subscriber on page 2 of this Subscriber Information Form Subscriber under "Subscriber Information"
- (c) is an "accredited investor" (as defined in National Instrument 45-106 – Prospectus Exemptions) by virtue of satisfying the indicated criterion on Attachment (I) to this certificate; and
- (d) has not been provided with any offering memorandum (as such term is defined in Attachment (I) to this certificate) in connection with the purchase of the Securities.

IMPORTANT INFORMATION REGARDING THE COLLECTION OF PERSONAL INFORMATION

The Issuer is required to file a report of trade with all applicable securities regulatory authorities containing personal information about the Purchaser and, if applicable, any disclosed beneficial purchaser of the Securities. The Purchaser acknowledges that it has been notified by the Issuer:

- (i) of such delivery of a report of trade containing the full legal name, residential address, telephone number and email address of each Purchaser or disclosed beneficial purchaser, the number and type of Securities purchased, the total purchase price paid for such Securities, the date of the purchase and specific details of the prospectus exemption relied upon under applicable securities laws to complete such purchase, including how the Purchaser or disclosed beneficial purchaser qualifies for such exemption;
- (ii) that this information is collected indirectly by the applicable securities regulatory authority or regulator under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation; and
- (iii) that the Purchaser may contact the applicable securities regulatory authority or regulator by way of the contact information provided in Schedule "4" to this Purchaser Information Form for more information regarding the indirect collection of such information.

By completing this certificate, the Purchaser authorizes the indirect collection of this information by each applicable securities regulatory authority or regulator and acknowledges that such information is made available to the public under applicable securities legislation.

Certified at _____, _____, 2017.

Witness

[Name of Individual Purchaser]

[NAME OF PURCHASER]

By:

Name:

Office or Title:

**ATTACHMENT (I)
to SCHEDULE "2" TO EXHIBIT "D"**

TO ACCREDITED INVESTOR CERTIFICATE

(All underlined words have the meanings set forth at the end of this Attachment (I)).

***** Please note that if the purchaser qualifies as an "accredited investor" under paragraphs (j), (k) or (l), below, a completed and executed Form 45-106F9 must also be obtained – See Attachment (II)*****

Please check the appropriate box:

- (a) a financial institution,
- (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),
- (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,
- (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer,
- (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d),
- (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador),
- (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
- (i) a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada,
- (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1,000,000,

Please mark to indicate that you have returned an executed copy of Form 45-106F9 (See ATTACHMENT (II) to this SCHEDULE "2")

- *Please provide the following information to the best of your knowledge based on the most recent information available to you:*

- Aggregate realizable value of financial assets before taxes C\$ - _____

Related Liabilities

C\$ - _____

- (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000,

- Please provide the following information to the best of your knowledge based on the most recent information available to you:

- Aggregate realizable value of financial assets before taxes C\$ - _____

- Related Liabilities C\$ - _____

- (k) an individual whose net income before taxes exceeded \$200,000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,

Please mark to indicate that you have returned an executed copy of the Risk Acknowledgement Form 45-106F9 (See ATTACHMENT (II) to this SCHEDULE "2")

Please provide the following information (based on your two most recent notices of assessment from the Canada Revenue Agency or equivalent):

Net income before taxes Last year Range - C\$200,000-300,000

Range - C\$300,000-400,000

Range - Greater than C\$400,000

Year prior to last year Range - C\$200,000-300,000

Range - C\$300,000-400,000

Range - Greater than C\$400,000

If applicable, net income before taxes of your spouse Last year Range - C\$300,000-400,000

Range - C\$400,000-500,000

Range - Greater than C\$500,000 +

Year prior to last year Range - C\$300,000-400,000

Range - C\$400,000-500,000

Range - Greater than C\$500,000 +

- (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000,

Please mark to indicate that you have returned an executed copy of the Risk Acknowledgement Form 45-106F9 (See ATTACHMENT (II) to this SCHEDULE "2")

Please provide the following information by subtracting your total liabilities from your total assets (for example, the value your personal residence minus the related liabilities, such as a

mortgage) and note that the value attributed to assets should reasonably reflect their estimated fair value and income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution.

Total Assets	C\$ - _____
Minus - Total Liabilities (including outstanding taxes)	C\$ - _____
Equals = Net Assets	C\$ - _____

- (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements and that has not been created or used solely to purchase or hold securities as an accredited investor as defined in this paragraph (m),
- (n) an investment fund that distributes or has distributed its securities only to
- (i) a person that is or was an accredited investor at the time of the distribution,
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [Minimum amount investment] of NI 45-106, or 2.19 [Additional investment in investment funds] of NI 45-106, or
 - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [Investment fund reinvestment] of NI 45-106,
- (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt,
- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,
- (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction,
- (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,
- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function,
- (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,
- (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser,
- (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor,
- (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited

investor's spouse or of that accredited investor's former spouse.

As used in this Attachment (I), the following terms have the following meanings:

“control person” means

- (a) a person (as defined in the *Securities Act* (British Columbia) who holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, or
- (b) each person in a combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, which holds in total a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer,

and, if a person or combination of persons holds more than 20% of the voting rights attached to all outstanding voting securities of an issuer, the person or combination of persons is deemed, in the absence of evidence to the contrary, to hold a sufficient number of the voting rights to affect materially the control of the issuer;

“director” means

- (a) a member of the board of directors of a company or an individual who performs similar functions for a company, and
- (b) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

“eligibility adviser” means

- (a) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and
- (b) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not
 - (i) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons (as such term is defined in applicable securities legislation), and
 - (ii) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons (as such term is defined in applicable securities legislation) within the previous 12 months;

“executive officer” means, for an issuer, an individual who is

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or

- (c) performing a policy-making function in respect of the issuer;

“financial assets” means

- (a) cash,
- (b) securities, or
- (c) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“financial institution” means,

- (a) other than in Ontario,
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act,
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada; or
 - (iii) a Schedule III bank,
- (b) and in Ontario,
 - (i) a bank listed in Schedule I, II or III to the Bank Act (Canada);
 - (ii) an association to which the Cooperative Credit Association Act (Canada) applies or a central cooperative credit society for which an order has been made under subsection 473(1) of that Act; or
 - (iii) a loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative or credit union league or federation that is authorized by a statute of Canada or Ontario to carry on business in Canada or Ontario, as the case may be.

“founder” means, in respect of an issuer, a person who,

- (a) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
- (b) at the time of the distribution or trade is actively involved in the business of the issuer;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“investment fund” has the same meaning as in National Instrument 81-106 Investment Fund Continuous Disclosure;

“person” includes

- (a) an individual,

- (b) a corporation,
- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

"offering memorandum" means a document, together with any amendments to that document, purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold in a distribution to which section 53 of the *Securities Act* (Ontario) would apply but for the availability of one or more exemptions contained in Ontario securities laws, but does not include a document setting out current information about an issuer for the benefit of a prospective purchaser familiar with the issuer through prior investment or business contacts,

"related liabilities" means

- (a) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
- (b) liabilities that are secured by financial assets;

"Schedule III bank" means an authorized foreign bank named in Schedule III of the Bank Act (Canada);

"spouse" means, an individual who,

- (a) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
- (b) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
- (c) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);

"subsidiary" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

Interpretation

In this Attachment (I), a person (first person) is considered to control another person (second person) if

- (a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation,
- (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or
- (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

ATTACHMENT (II)
to SCHEDULE "2" TO EXHIBIT "D"
RISK ACKNOWLEDGEMENT FORM – FORM 45-106F9 [FOR CERTAIN CATEGORIES OF
ACCREDITED INVESTORS ONLY)]

Form 45-106F9
Form for Individual Accredited Investors

WARNING!

This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment.

SECTION 1 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITYHOLDER	
1. About your investment	
Type of securities: Notes	Issuer: Energold Drilling Corp.
Purchased from: Energold Drilling Corp.	
SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your initials
Risk of loss – You could lose your entire investment of: \$ _____.	
Liquidity risk – You may not be able to sell your investment quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement). The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your initials
<ul style="list-style-type: none"> • Your net income before taxes was more than C\$200,000 in each of the 2 most recent calendar years, and you expect it to be more than C\$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) 	
	Your initials
<ul style="list-style-type: none"> • Your net income before taxes combined with your spouse's was more than C\$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than C\$300,000 in the current calendar year. 	
<ul style="list-style-type: none"> • Either alone or with your spouse, you own more than C\$1 million in cash and securities, after subtracting any debt related to the cash and securities. 	
<ul style="list-style-type: none"> • Either alone or with your spouse, you have net assets worth more than C\$5 million. (Your net 	

assets are your total assets (including real estate) minus your total debt.)	
4. Your name and your signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and last name (please print):	
Signature:	Date:
SECTION 5 TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
For Note purchasers dealing directly with Energold use:	
<p>Frederick (Fred) Davidson, Energold Drilling Corp. President, CEO and Director 1100 - 543 Granville Street, Vancouver, BC, V6C 1X8 Canada E: fdavidson@energold.com P: (604) 681-9501 W: http://www.energold.com</p>	
Otherwise, deleted and replace as appropriate	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
SECTION 6 TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY	
6. For more information about this investment, contact:	
For Note purchasers dealing directly with Energold use:	
<p>Steven (Steve) Gold, Energold Drilling Corp. Chief Financial Officer 1100 - 543 Granville Street, Vancouver, BC, V6C 1X8 Canada E: SGold@energold.com P: (604) 681-9501 W: http://www.energold.com</p>	
Otherwise, deleted and replace as appropriate	
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca	

SCHEDULE "3" TO EXHIBIT "D"
PRIVATE PLACEMENT AND REPORT OF EXEMPT DISTRIBUTION QUESTIONNAIRE

To be completed by each proposed private placement purchaser of convertible notes ("**Convertible Notes**") of Energold Drilling Corp. (the "**Company**") pursuant to the terms and conditions of a Note Purchase Agreement dated June 15, 2017 (the "**Note Purchase Agreement**") by and among, *inter alia*, Extract Advisors LLC as Administrative Agent, Energold Drilling Corp., and the Noteholders from time to time party thereto.

TO: **ENERGOLD DRILLING CORP.** (the "**Company**")

Capitalized terms not specifically defined in this Schedule "3" have the meanings ascribed to them in the Note Purchase Agreement and the Purchaser Information Form to which this Schedule "3" is attached. The collection of the information contemplated by this schedule and the use and disclosure of such information is undertaken pursuant to and in compliance with the rules of the TSX and NI 45-106 – Prospectus Exemptions. In particular, such information will be used by the Company to complete a Report of Exempt Distribution (on Form 45-106F1).

In connection with the proposed purchase of Convertible Notes of the Company, the undersigned Purchaser confirms on its own behalf and on behalf of any Beneficial Purchaser for whom it is acting as trustee or agent, the accuracy of the following statements in respect of it and each Beneficial Purchaser, if any, for whom it is acting as agent or trustee:

4. Present Ownership of Securities

- (a) The Purchaser (or, if applicable, the Beneficial Purchaser for whom it is acting as agent or trustee) owns directly or indirectly, or exercises control or direction over, common shares of the Company, securities convertible into common shares of the Company or other securities of the Company: **[check appropriate box]**

Yes

No

- (b) If the response to question 2(a) above is yes, complete the following for each Purchaser and each Beneficial Purchaser that owns securities of the Company: **[check appropriate box] [if insufficient space please attach a schedule]**

_____ [name] owns directly or indirectly, or exercises control or direction over, _____ [number] common shares of the Company.

_____ [name] owns directly or indirectly, or exercises control or direction over _____ [number] convertible securities (including warrants and options) entitling _____ [name] to acquire an additional _____ [number] common shares of the Company.

_____ [name] owns directly or indirectly, or exercises control or direction over _____ [number] securities (other than as listed above) of the Company.

5. **Insider Status**

(a) The Purchaser or any Beneficial Purchaser for whom it is acting as agent or trustee, is an insider of the Company: **[check appropriate box]**

Yes

No

(b) If the response to question 3(a) above is yes, please name the insider and describe the insider's relationship to the Company:

6. **Registrant Status**

The Purchaser or any Beneficial Purchaser for whom it is acting as agent or trustee, is a registrant **[check appropriate box]**.

Yes

No

For the purposes of this questionnaire, the following definitions apply:

“insider” has the meaning ascribed to it in subsection 1(1) of the *Securities Act* (Ontario);

“registrant” has means a person or company registered or required to be registered under applicable securities legislation.

The foregoing representations and warranties are true and accurate as of the date of this Schedule and will be true and accurate as of the Closing Date of the Offering of Convertible Notes pursuant to the Note Purchase Agreement. If any such representation or warranty shall not be true and accurate prior to the Closing Date, the undersigned shall give immediate written notice of such fact to the Company.

Dated: _____, 201__.

Signed: _____

Witness (If Purchaser is an Individual)

Print Name of Purchaser

Print Name of Witness

**If Purchaser is other than an individual,
Print Name and Title of
Authorized Signing Officer**

SCHEDULE "4" TO EXHIBIT "D"
PERSONAL INFORMATION

1. TMX Group Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (in this Schedule 4 collectively referred to as the "Exchange") collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:
- (a) to conduct background checks;
 - (b) to verify the Personal Information that has been provided about each individual;
 - (c) to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant;
 - (d) to consider the eligibility of the Issuer or Applicant to list on the Exchange;
 - (e) to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates;
 - (f) to conduct enforcement proceedings; and
 - (g) to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations service providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed

- (h) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (i) on the Exchange's website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

2. The Commissions may indirectly collect the Personal Information under the authority granted to them by securities legislation. The Personal Information is being collected for the purposes of the administration and enforcement of the securities legislation of the jurisdiction of each such Commission.

For questions about the collection of Personal Information by the Securities Commission in your province of residence as set out below.

SECURITIES COMMISSION CONTACTS FOR PERSONAL INFORMATION INQUIRIES

Alberta Securities Commission

Suite 600, 250 – 5th Street SW
 Calgary, Alberta T2P 0R4
 Telephone: (403) 297-6454
 Toll free in Canada: 1-877-355-0585
 Facsimile: (403) 297-2082

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
 701 West Georgia Street
 Vancouver, British Columbia V7Y 1L2
 Inquiries: (604) 899-6854
 Toll free in Canada: 1-800-373-6393
 Facsimile: (604) 899-6581
 Email: inquiries@bcsc.bc.ca

The Manitoba Securities Commission

500 – 400 St. Mary Avenue
 Winnipeg, Manitoba R3C 4K5
 Telephone: (204) 945-2548
 Toll free in Manitoba 1-800-655-5244
 Facsimile: (204) 945-0330

Financial and Consumer Services Commission (New Brunswick)

85 Charlotte Street, Suite 300
 Saint John, New Brunswick E2L 2J2
 Telephone: (506) 658-3060
 Toll free in Canada: 1-866-933-2222
 Facsimile: (506) 658-3059
 Email: info@fcnbc.ca

Government of Newfoundland and Labrador

Financial Services Regulation Division
 P.O. Box 8700, Confederation Building
 2nd Floor, West Block, Prince Philip Drive
 St. John's, Newfoundland and Labrador A1B 4J6
 Attention: Director of Securities
 Telephone: (709) 729-4189
 Facsimile: (709) 729-6187

Government of the Northwest Territories

Office of the Superintendent of Securities
 P.O. Box 1320
 Yellowknife, Northwest Territories X1A 2L9
 Attention: Deputy Superintendent, Legal & Enforcement
 Telephone: (867) 920-8984
 Facsimile: (867) 873-0243

Nova Scotia Securities Commission

Suite 400, 5251 Duke Street
 Duke Tower, P.O. Box 458
 Halifax, Nova Scotia B3J 2P8
 Telephone: (902) 424-7768
 Facsimile: (902) 424-4625

Government of Nunavut

Department of Justice
 Legal Registries Division
 P.O. Box 1000, Station 570
 1st Floor, Brown Building
 Iqaluit, Nunavut X0A 0H0
 Telephone: (867) 975-6590
 Facsimile: (867) 975-6594

Ontario Securities Commission

20 Queen Street West, 22nd Floor
 Toronto, Ontario M5H 3S8
 Telephone: (416) 593- 8314
 Toll free in Canada: 1-877-785-1555
 Facsimile: (416) 593-8122
 Email: exemptmarketfilings@osc.gov.on.ca
 Public official contact regarding indirect collection of information: Inquiries Officer

Prince Edward Island Securities Office

95 Rochford Street, 4th Floor Shaw Building
 P.O. Box 2000
 Charlottetown, Prince Edward Island C1A 7N8
 Telephone: (902) 368-4569
 Facsimile: (902) 368-5283

Autorité des marchés financiers

800, Square Victoria, 22e étage
 C.P. 246, Tour de la Bourse
 Montréal, Québec H4Z 1G3
 Telephone: (514) 395-0337 or 1-877-525-0337
 Facsimile: (514) 873-6155 (For filing purposes only)
 Facsimile: (514) 864-6381 (For privacy requests only)
 Email: financementdesocietes@lautorite.qc.ca (For corporate finance issuers); fonds_dinvestissement@lautorite.qc.ca (For investment fund issuers)

Financial and Consumer Affairs Authority of Saskatchewan

Suite 601 - 1919 Saskatchewan Drive
 Regina, Saskatchewan S4P 4H2
 Telephone: (306) 787-5879
 Facsimile: (306) 787-5899

Government of Yukon

Department of Community Services

Law Centre, 3rd Floor
 2130 Second Avenue
 Whitehorse, Yukon Y1A 5H6
 Telephone: (867) 667-5314
 Facsimile: (867) 393-6251

Exhibit E
Conversion Notice

TO: Energold Drilling Corp. ("the "Company")

The undersigned holder of the convertible senior secured note (the "Note") dated June 15, 2017 in the principal amount of \$[●] bearing Certificate No. _____ irrevocably elects to convert such Note (or \$_____ principal amount thereof*) in accordance with the terms of the Note Purchase Agreement referred to in such Note and tenders herewith the Note, and, if applicable, directs that the Common Shares of the Company issuable upon a conversion be issued and delivered to the person indicated below. (For holders who were offered Notes other than in the United States, or are a U.S. Person, if Common Shares are to be issued in the name of a person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

The undersigned acknowledges and agrees that in connection with the conversion as contemplated herein, all amounts owing by the Company to the undersigned pursuant to the Note shall have been satisfied in full and the undersigned releases the Company from any obligations owing by the Company to the undersigned pursuant to the Note.

Capitalized terms used but not defined in this Conversion Notice have the meanings given to them in the Note Purchase Agreement.

DATED this __ day of _____, _____

[NOTEHOLDER]

Per: _____
Authorized Signing Officer

* If less than the full principal amount of the Note, indicate in the space provided the principal amount (which must be \$1,000.00 or integral multiples thereof).

NOTE: For holders who were offered Notes other than in the United States, or are a U.S. Person if Common Shares are to be issued in the name of a person other than the holder, the signature must be guaranteed by one of the following methods:

Canada and the USA: A Medallion Signature Guarantee obtained from a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). Many commercial banks, savings banks, credit unions, and all broker dealers participate in a Medallion Signature Guarantee Program. The Guarantor must affix a stamp bearing the actual words "Medallion Guaranteed".

Canada: A Signature Guarantee obtained from a major Canadian Schedule I chartered bank. The Guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature Guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of a Medallion Signature Guarantee Program.

Registration Details:

(Print name in which Common Shares are to be issued, delivered and registered)

Name: _____

Address _____

City, Province and Postal Code _____

Name of guarantor: _____

Authorized signature: _____

Exhibit F
U.S. Purchaser Information Form

For Purchasers Resident in the United States of America

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION. THERE ARE FURTHER RESTRICTIONS ON THE TRANSFERABILITY OF THE SECURITIES DESCRIBED HEREIN. THE PURCHASE OF THE SECURITIES INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE CONSIDERED ONLY BY PERSONS WHO CAN BEAR THE RISK OF THE LOSS OF THEIR ENTIRE INVESTMENT.

TO: ENERGOLD DRILLING CORP.

Pursuant to a Note Purchase Agreement dated May 9, 2017 by and among, *inter alia*, Extract Advisors LLC as Administrative Agent, Energold Drilling Corp., and the undersigned as Noteholder (the "Purchaser"), the Purchaser subscribed for and agreed to purchase the aggregate principal amount of Series A Notes or Series B Notes of Energold Drilling Corp. (the "Company") indicated below:

PART A - DETAILS OF NOTES PURCHASED

<u>SERIES A NOTES:</u>	U.S. \$ _____ principal amount of CONVERTIBLE SENIOR SECURED NOTES, SERIES A DUE JUNE [13], 2022
<u>SERIES B NOTES:</u>	CDN \$ _____ principal amount of CONVERTIBLE SENIOR SECURED NOTES, SERIES B DUE JUNE [13], 2022

PART B - LEGAL NAME OF PURCHASER

<u>Non-Individual Subscriber Signature</u>
_____ (Name of Subscriber - please print)
By: _____ (Authorized Signature)
_____ (Official Capacity or Title - please print)
_____ Please print name of individual whose signature appears above on behalf of the non-individual subscriber.

<u>Individual Subscriber Signature</u>
_____ (Family Name - please print)
_____ (First Name - please print)
_____ (Secondary Given Name(s) - please print)
By: _____ (Signature)

OTHER:

[CHECK IF APPROPRIATE]	
The Subscriber is a registrant:	<input type="checkbox"/>
The Subscriber is an insider of the issuer:	<input type="checkbox"/>

PART C – CONTACT INFORMATION OF SUBSCRIBER

Subscriber Information

(Subscriber's Residential Address)

(Municipality) (Province/State)

(Postal Code/Zip Code) (Country)

(Telephone Number)

(Email Address)

Number of Securities of the Corporation currently owned:

Disclosed Beneficial Subscriber:

If the Subscriber is signing as agent for a principal that is a U.S. Person, complete the following and ensure that Schedules [●, ● and ●], as applicable, are completed on behalf of such principal:

(Name of Principal)

(Municipality) (Province/State)

(Postal Code/Zip Code) (Country)

(Telephone Number)

(Email Address)

Register the Securities as set forth below:

(Name)

(Account reference, if applicable)

(Address)

Deliver the Securities as set forth below:

Same as Registered Address (otherwise complete below)

(Name)

(Account reference, if applicable)

(Contact Name)

(Address)

PART D – NOTEHOLDER PAYMENT DETAILS

All scheduled payments of principal and interest by draft payable to ●, [Address] [Telephone] [Fax], or wire transfer of immediately available funds to:

- Bank:
- Address:
- Transit No.:
- Bank No:
- Swift Code:
- Account Name:
- Account No.:
- ABA No.:
- Custody Account:
- Face Amount:

with sufficient information to identify the source and application of such funds, including issuer, interest rate, maturity and whether payment is of principal, interest, make whole amount or otherwise.

PART E – ADDITIONAL REPRESENTATIONS AND WARRANTIES:

The Purchaser and any Disclosed Beneficial Purchaser represents and warrants to the Company and the Administrative Agent the following:

- (1) It understands and acknowledges that none of the Securities (including any Common Shares acquirable upon conversion of the Notes or upon exercise of the Warrants) have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States, and that the offer and sale of Notes to it are being made in reliance upon Rule 506(b) of Regulation D and/or Section 4(a)(2) under the U.S. Securities Act and similar exemptions under applicable state securities laws.
- (2) It has had access to such financial and other information concerning the Company and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Company.
- (3) It has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Notes and is able to, and agrees to, bear the economic risk of loss of its investment and is an accredited investor, as defined in Rule 501 of the U.S. Securities Act and as indicated on the U.S. Accredited Investor Certificate attached hereto in Part F.
- (4) It is an accredited investor, as defined in Rule 501 of the U.S. Securities Act and as indicated on the U.S. Accredited Investor Certificate attached hereto in Part F, and is acquiring the Notes as principal for its own account, for investment purposes, and not with a view to any resale, distribution or other disposition of the Notes, in violation of United States federal or state securities laws.
- (5) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Company and is not acting on behalf of an affiliate of the Company.
- (6) It understands and acknowledges that the Securities (including any Common Shares acquirable upon conversion of the Notes or upon exercise of the Warrants) are "restricted securities" within the meaning of Rule 144, and that, if in the future it decide to offer, resell, pledge or otherwise transfer any of the Securities (including any Common Shares acquirable upon conversion of for the Notes or upon exercise of the Warrants), they may be offered, sold, pledged or otherwise transferred only (a) to the Company; (b) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable Canadian local laws and regulations; (c) within the United States, in accordance with (i) Rule 144A to a Person the seller reasonably believes is a Qualified Institutional Buyer that is purchasing for its own account or for the account of one or more Qualified Institutional Buyers and to whom notice is given that the offer, sale, pledge or transfer is being made in reliance upon Rule 144A, or (ii) Rule 144, if available, and in compliance with any applicable state securities laws of the United States; or (d) in another transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws of the United States after the Purchaser has, in the case of (c) and (d) above, furnished the Company an opinion of counsel or other evidence of exemption, in either case reasonably satisfactory to the Company.
- (7) It understands and acknowledges that any certificates representing the Securities (including any Common Shares acquirable upon conversion of the Notes or upon exercise of the Warrants), and all certificates issued in exchange for or in substitution of such certificates will bear restrictive legends including the below upon the original issuance of the Securities and until the legend is no

longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF ENERGOLD DRILLING CORP. (THE "COMPANY") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE COMPANY, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) WITHIN THE UNITED STATES PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS AFTER THE HOLDER HAS, IN THE CASE OF (C) OR (D) ABOVE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE COMPANY."

(8) It understands and acknowledges that the Company is not obligated to file and has no present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of resales of any of the Securities in the United States.

(9) It acknowledges that it has not purchased the Notes as a result of any form of general solicitation or advertising, including but not limited to: (1) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television, radio or the internet or (2) any seminar or meeting whose attendees were invited by any general solicitation or general advertising.

(9) It understands and agrees that there may be material tax consequences to it of an acquisition, holding or disposition of the Notes. The Company gives no opinion and makes no representation with respect to the tax consequences to it under United States, state, local or foreign tax law of the undersigned's acquisition, holding or disposition of such Notes and it acknowledges that it is solely responsible for determining the tax consequences of its investment. In particular, no determination has been made whether the Company is, or will be, a "passive foreign investment company" within the meaning of Section 1297 of the *United States Internal Revenue Code of 1986*, as amended.

(10) It represents and warrants to the Company and the Administrative Agent that (a) the funds representing the purchase price for the Notes which will be advanced by it to the Company will not represent proceeds of crime for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA

PATRIOT) Act (the "PATRIOT Act"), and it acknowledges that the Company or the Administrative Agent may in the future be required by law to disclose its name and other information relating to the offering of the Notes and its subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act, and (b) no portion of the purchase price to be provided by it (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity that has not been identified to or by it, and it shall promptly notify the Company and the Administrative Agent if it discovers that any of such representations ceases to be true and provide the Administrative Agent and the Company with appropriate information in connection therewith.

PART F: U.S. ACCREDITED INVESTOR CERTIFICATE

TO: **ENERGOLD DRILLING CORP.** (the "Corporation")

Reference is made to the Note Purchase Agreement between the Corporation and the undersigned (referred to herein as the "Purchaser") dated as of the date hereof (the "Purchase Agreement"). Upon execution of this U.S. Accredited Investor Certificate ("Certificate") by the Purchaser, this Certificate shall be incorporated into and form a part of the Purchase Agreement. Capitalized terms used herein and not defined have the meanings ascribed thereto in the Purchase Agreement. All references to dollar amounts in this Certificate are to the lawful currency of the United States.

The Purchaser hereby certifies to the Corporation that it, or any person for whom it is contracting, is an accredited investor as that term is defined in Rule 501 of Regulation D under the U.S. Securities Act, pursuant to the category or categories checked below and acknowledges that the Corporation is relying on this certificate in determining to sell securities to the Purchaser:

- Category 1 a bank as defined in Section 3(a)(2) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; or
- Category 2 a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act, whether acting in its individual or fiduciary capacity; or
- Category 3 a broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; or
- Category 4 an insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; or
- Category 5 an investment company registered under the U.S. Investment Company Act of 1940; or
- Category 6 a business development company as defined in Section 2(a)(48) of the U.S. Investment Company Act of 1940; or
- Category 7 a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; or
- Category 8 a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan

- has total assets in excess of \$5,000,000; or
- Category 9 an employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; or
 - Category 10 a private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940; or
 - Category 11 an organization described in Section 501(c)(3) of the Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Notes, with total assets in excess of \$5,000,000; or
 - Category 12 a director or executive officer of the Corporation; or
 - Category 13 a natural person whose individual net worth, or joint net worth with that person's spouse, at the time of the person's purchase exceeds \$1,000,000 (for purposes of calculating net worth: (i) the person's primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability); or
 - Category 14 a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
 - Category 15 a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Notes, whose purchase is directed by a sophisticated person, being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment; or
 - Category 16 an entity in which all of the equity owners meet one or more of the

categories set forth above.

Dated:

Signed _____

Print the name of Purchaser

If Purchaser is a corporation, print name and
title of Authorized Signing Officer

**Schedule 2.1(1)
Note Purchasers**

NUMBER OF NOTES AND WARRANTS TO BE ISSUED

A. EXTRACT PURCHASERS

U.S. \$10,314,342 CONVERTIBLE SENIOR SECURED NOTES, SERIES A DUE JUNE 14, 2022				
Name and Address of Extract Purchaser	Principal Amount of Notes (U.S. \$)	Principal Amount of Notes in Cdn. \$⁽¹⁾	Number of First Tranche Warrants	Number of Second Tranche Warrants
Extract Capital Master Fund Ltd. 89 Nexus Way Camana Bay Grand Caymans KY1-9007 Cayman Islands	\$514,342	\$680,680	136,136	4,987
Extract Lending LLC 55 Fifth Ave New York, NY 10003 USA	\$7,700,000	\$10,190,180	2,038,036	74,653
Loinette Company Leasing Ltd. 2 nd Fl., O'Neal Marketing Associates Building, Wickham's Cay II, P.O. Box 3174, Road Town, Tortola, British Virgin Islands	\$2,000,000	\$2,646,800	529,360	19,390
Ethan Park 96 Glebemount Ave Toronto, ON M4C 3R8 Canada	\$100,000	\$132,340	26,468	970
Total:	U.S. \$10,314,342	Cdn. \$13,650,000	2,730,000	100,000

(1) Calculated based on the noon rate of exchange posted by Bloomberg on its website at: <https://www.bloomberg.com/quote/USDCAD:CUR> on the Business Day on the Business Day immediately prior to Closing.

B. PURCHASERS OF SERIES B NOTES

CDN \$6,350,000 CONVERTIBLE SENIOR SECURED NOTES, SERIES B DUE JUNE 14, 2022		
Name and Address of Purchaser	Principal Amount of Notes (Cdn. \$)	Number of First Tranche Warrants
SPZA Sprott Bull/Bear RSP Fund	\$50,000	10,000

SPZ1 Sprott Hedge Fund	\$542,000	108,400
SPZ2 Sprott Hedge II Fund	\$250,000	50,000
Jayvee & Co CU5F0003002 Carleton Bursary	\$95,000	19,000
Acct 774030 Sprott Gold and Precious Minerals I	\$1,461,000	292,200
ITF 5J5895 Sprott Global Master Fd LP	\$127,000	25,400
SBU1 Brown Cayman I Brown University Endowment Fund	\$240,000	48,000
SPLQ SII Investment LP	\$85,000	17,000
ITF 5J5731 Sprott Credit Income Opportunities Fund	\$500,000	100,000
NBCN Inc. ITF Pierre Lassonde Family Trust	\$150,000	30,000
Brian and Derrell Bertrem Trust	\$1,000,000	200,000
Mark Anthony Corra	\$200,000	40,000
Investor Company ITF Mark Corra 852188s	\$50,000	10,000
Fred Davidson	\$160,000	32,000
Linda Woody	\$50,000	10,000
Cindy Krins (Corra)	\$50,000	10,000
Jerry Huang	\$50,000	10,000
Vertex One	\$250,000	50,000
Edwin Bergshoeff	\$150,000	30,000
Douglas Casey	\$150,000	30,000
Haywood Securities Made up of the following: 50,000 Linda Woody 40,000 Fred Davidson	\$190,000	38,000

100,000 Dorothy Atkinson		
JC Advisors Inc.	\$300,000	60,000
James Coleman	\$250,000	50,000
Total:	Cdn \$6,350,000	1,270,000

**Schedule 2.2(2)(a)
Term Sheet**

(See Attached.)



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13th
February 13, 2017

Mr. Fred Davidson, Chief Executive Officer
Energold Drilling Corp.
543 Granville St. Suite 1100
Vancouver, BC V6C 1X8

RE: BINDING TERM SHEET FOR DEBT PROPOSAL

Dear Mr. Davidson:

Extract Advisors LLC or its affiliates or designees (together with its affiliates or designees, "Extract" or the "Lender") is pleased to submit this binding term sheet (this "Binding Term Sheet") for your review and consideration. Outlined below are the general terms and conditions of the proposed Term Loan (as defined below). This Binding Term Sheet shall be superseded by a mutually acceptable definitive loan agreement (the "Agreement") to be entered into between the parties hereto on the Closing Date (as defined below).

Borrower and Guarantors

Energold Drilling Corp., as borrower (the "Borrower" or the "Company"), and all of its existing and future principal subsidiaries (the "Principal Borrower Subsidiaries") as guarantors (the "Guarantors", and together with the Borrower, the "Loan Parties"), which shall not include the excluded subsidiaries listed on Schedule "A" hereto and any future subsidiary of the Borrower organized outside of North America or Europe, as long as the book value of the assets of such subsidiary do not exceed C\$7,500,000 at any time as per quarterly financial statements to be provided by the Borrower (collectively, the "Excluded Subsidiaries").

Loan

The Lender shall provide up to C\$15,000,000 (fifteen million Canadian dollars) loan denominated in US Dollars (the "Facility") (representing approximately US\$11.1 million as at the date hereof), in addition to the Insider Participation described below. The Lender agrees that the loan amount may be reduced to C\$13,000,000 at the Borrower's request.

The Full Facility, including participation of the Insiders, shall not exceed C\$20,000,000.

Term

The Facility shall have a term of sixty (60) months, provided that 75.0% of the outstanding principal amount of the Loan must be repaid within thirty six (36) months.

Term Loan Interest Rate

Cash interest shall be payable on the Facility monthly, in arrears within 5 business days following the end of each month, in cash and computed on a monthly basis at (i) for the first thirty six (36) months of the term, U.S. 12-month

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LIBOR ("LIBOR") plus 750 basis points per annum of the outstanding amount on the basis of a 360-day year and (ii) for the remainder of the term, LIBOR plus 1,100 basis points per annum of the outstanding amount on the basis of a 360-day year (the "Interest Rate").

LIBOR shall have a minimum of 200 bps for the calculation of the Interest Rate.

Closing Date

The Closing Date is targeted for on or about forty five (45) days following the date on which this Term Sheet is signed by the Company, but in any event not occurring until the date on which the definitive documents for the Loan and underlying security are executed and delivered, all conditions precedent for the benefit of the Lender are satisfied or waived by the Lender (in its sole discretion), all conditions precedent for the benefit of the Borrower are satisfied or waived by the Borrower, and the Loan is funded.

Convertible Feature

The Facility, at the Lender's option, may be converted, in part or in full, at any time, to common shares of the Borrower ("Shares") at a price to be fixed on the last business day prior to the Closing Date at the lesser of: 1) \$0.85 per Share and 2) 130% of the 20-day VWAP of the Shares for the 20 trading days ending on the last business day prior to the Closing Date, provided that in no event will such conversion price will not be less than the Market Price for the Borrower's Shares on the Price Reservation Date (the terms "Market Price" and "Price Reservation Date" having the meanings given to them in Policy 4.1 of the Corporate Finance Policies of the TSX Venture Exchange (the "TSXV")).

Arrangement Fee

In respect of the Lender's \$15,000,000 portion of the total loan commitment, the Borrower will pay a loan commitment and processing fee (the "Arrangement Fee") of \$450,000, which shall, subject to the acceptance of the TSXV and to a pro-rata reduction in the amount of the Arrangement Fee to the extent that the Lender's total principal advance under the facility is less than \$15,000,000, be paid from proceeds of Drawdown on the Closing Date. No such fee is payable in respect of the remaining portion of the total loan commitment.

First Tranche Warrants

The total number of "first tranche non-transferable warrants" ("First Tranche Warrants") to be issued will be equal to 25% of the dollar value the total loan commitment up to \$20,000,000 made by, and the First Tranche Warrants will be issued to, lenders forming part of the syndicate of lenders, other than the Lender (representing a maximum of 4,000,000 first tranche non-transferable warrants).

The strike price of the First Tranche Warrants will be C\$1.50 having 60 months validity, from the Closing Date.

The Borrower will have the option to force the exercise of the First Tranche Warrants when the 20-day VWAP of the share price is C\$3.00 or higher.

Second Tranche Warrants

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The Borrower will issue to the Lender 100,000 new non-transferable warrants having 36 months validity ("Second Tranche Warrants"), from the Closing Date. The strike price of the Second Tranche Warrants will be at the same price as the convertible feature.

Security and Guarantee

Perfected senior, first ranking security interest in all present and future assets of the Loan Parties, including without limitation, all cash, cash equivalents, bank accounts, physical assets, equities held for investment purposes, all receivables, contract rights (including but not limited to, to the extent permitted by the underlying licenses or leases granting such rights to the Loan Parties, inventory, instruments, documents, securities (whether or not marketable), patents, trade names, trademarks, copyrights, intellectual property, general intangibles, investment property, inter-company debt, and stock pledges of 100% of the equity of all domestic and foreign subsidiaries, except, in all cases, for Permitted Liens; "Permitted Liens" shall include: (i) liens in respect of accounts receivable granted to a domestic bank or a foreign bank regulated by the Canadian Office of the Superintendent of Financial Institutions (<http://www.osfi-bsif.gc.ca>) (a "Canadian Commercial Bank") or any other bank acceptable to the Lender pursuant to the Margin Line (as hereinafter defined), so long as so long as the secured party under the Margin Line shall enter into an intercreditor agreement in form and substance satisfactory to the Lender; (ii) security granted for performance and bid bonds, so long as the applicable secured party shall enter into a subordination agreement in form and substance satisfactory to the Lender; (iii) purchase money mortgages securing capital leases permitted hereunder; (iv) liens granted to Bertram Family Trust ("Bertram") in connection with the Bertram Loan (as hereinafter defined), so long as Bertram shall enter into a subordination agreement in form and substance satisfactory to the Lender; (v) liens granted in respect of certain assets in Mexico to Export Development Canada ("EDC") in connection with the EDC Loan (as hereinafter defined), so long as EDC shall enter into an intercreditor agreement in form and substance satisfactory to the Lender and (vi) such other liens and encumbrances as may be agreed to by the Lender. The definitive Facility documentation will include a customary list of permitted liens including provisions for immaterial liens to be to be agreed upon between the Borrower and the Lender in the future.

All security arrangements shall be in form and substance reasonably satisfactory to the Lender, and will include, without limitation, perfection of all deposit and securities accounts by control, and shall be accompanied by an opinion or letter of counsel to the Loan Parties containing customary assurances of validity and enforceability.

Use of Proceeds

The proceeds of the loan will be used for repayment of the \$13.5 million principal amount of 12.85% secured convertible debentures due July 2017, certain loans held by a Canadian Commercial Bank (or any other bank acceptable to the Lender) pursuant to the Margin Line, EDC, general corporate purposes, payment of the Arrangement Fee and the Lender's Expenses (as defined under "Out-of-Pocket Expenses" below).

Insider Participation

CS\$2.25 million invested by the insiders ("Insider Investment") as a loan at pari-passu to the Facility, with the agent being Extract Advisors LLC.

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Mandatory Prepayments on the Term Loan

The Lender may require the Borrower to make mandatory payments on the Facility, as is customary for loan transactions and investments of a similar nature, including but not limited to: (i) the net proceeds received from any non-ordinary course sale or other disposition of assets, (ii) the net proceeds received from any sale of its investments (excluding shares received by customers in lieu of cash for drilling or other services), and (iii) the net proceeds from any debt (excluding seller notes related to acquisitions that are subordinate to the Loan) or equity issuances of the Loan Parties, unless otherwise approved by Extract. A full proceed from sale of assets outside the normal course of business of the Loan Parties shall be subject to mandatory repayment unless a waiver is provided by the Lender.

Voluntary Prepayments

For the first thirty six (36) months of the term, the Borrower may not prepay at any time all or any part of the outstanding principal of the Loan, except: (i) as otherwise required by the Lender, or (ii) for amounts of the Loan principal that are proposed to be transferred by a Lender to a non-affiliated third party where the Borrower has elected, as it is permitted to do pursuant to the "Transferability" terms set out below, to pre-pay such amount. For the remainder of the term, the Borrower may prepay at any time all or part of the outstanding principal of the Loan.

Anti-dilution

Standard anti-dilution language to be added as mutually agreed.

Board Seat

The Lender shall be entitled, pursuant to the terms of a nomination rights agreement to be entered into with the Borrower on the Closing Date, to nominate one Board member to be included on the slate for the Board of Directors of the Borrower presented to the shareholders of the Borrower, while limiting such nominee to one of the partners of the Lender. The Lender's nominee shall resign their position from the Board in the event that the Lender ceases to hold its investment in the Loan or in the event that TSXV determines that that Lender's nominee is not suitable to serve as a director of the Borrower.

Affirmative Covenants

The Agreement shall include such affirmative covenants of the Loan Parties as are typical for similar financing and such other covenants as are requested by Lender, including but not limited to maintenance of appropriate insurance coverage, entry into and maintenance of employment with key management and ownership personnel, scheduled financial reporting, and timely response to all unscheduled inquiries by the Lender.

Covenants

Financial Covenants:

Extract Capital

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85 KUM SE E, Suite 304, Toronto, ON M5C 1B5

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- a) Minimum net working capital of CAD\$5,000,000, defined on a consolidated basis as the sum of: (i) cash on hand, (ii) trade receivables outstanding for less than 120 days (or otherwise considered standard in the normal course of business), and (iii) work-in-progress amount as part of regular courses of business, less trade payables but for clarity excluding (x) the current portion of long-term debt, and (y) Margin Line debt outstanding.
- b) The below ratios to be met on a quarterly basis:
- (i) Average quarterly revenue in 2017 of C\$17 million, representing 85% of the Borrower's forecasted revenue for the 2017 fiscal period.
 - (ii) Beginning in the first quarter of 2018 and until the end of the term of the loan:
 - (x) Average quarterly EBITDA less CapEx to Interest Coverage Ratio (Calculated by EBITDA less CapEx divided by interest) of greater than 2.0;
 - (y) Asset Coverage Ratio (Calculated by Assets less Intangible Assets less current liabilities less short term debt) divided by total debt of greater than 2.75;
 - (z) Debt to Equity Ratio (calculated by Total Debt less Cash divided by Fully Diluted Market Capitalization) of less than 0.75.

In the event of any breach of a financial covenant, the Borrower shall have the right, subject to obtaining the Lender's consent which shall be in the Lender's sole discretion, to cure such a breach by raising up to \$5,000,000 in equity. Anti-dilution provisions shall be enforced in such case.

Other Covenants:

The documentation for the Loan shall contain covenants of the Loan Parties customary for loan transactions and investments of a similar nature, including but not limited to, the following:

- a) No transactions with or payments to affiliates, subsidiaries, equity owners, insiders, or related parties outside of the ordinary course of business and on terms no less favorable than would be offered to or obtained at arm's length to third parties; management and employee compensation to be consistent with past practice and existing contractual obligations and designed to avoid raising a reasonable doubt with respect to the Company's ability to meet its Business Plan;
- b) No indebtedness, liens, guarantees, or negative pledges for the benefit of any third parties, with the exception of: (i) Permitted Liens; (ii) the accounts receivable loan between the Borrower and any Canadian Commercial Bank (or any other bank acceptable to the Lender) of up to a maximum amount of C\$5.0 million in respect of the Borrower's North American oil and gas business (the "Margin Line"); (iii) C\$675,000 loan made by Bertram to the Borrower and a promissory note issued by the Borrower in favor of Bertram in the amount of \$119,000 (together, the "Bertram Loan"); (iv) loan made by EDC to the Borrower due 2019 in the amount US\$2.0 million (the "EDC Loan"); (v) capital leases in the normal course of business, subject to a limit of C\$2.0 million of additional capital leases per annum, unless a waiver is provided by the Lender; (vi) and any other debt instruments, including but not limited to letters of credit and performance bonds, made in the ordinary course of business as part of a transaction related to the sale of goods and services, up to a maximum value of \$250,000 per instrument, with a maximum allowable cumulative amount of C\$2,500,000;

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- c) No changes in corporate structure or jurisdiction of incorporation unless such change benefits the Borrower and is in accordance with existing financial and legal obligations;
- d) No purchases or sales of material corporate assets outside the ordinary course of business without the permission of the Lender; and
- e) No mergers or acquisitions or change of control transactions outside of the ordinary course of business unless payment in full of the Loan and all obligations hereunder and termination of the Loan is a condition precedent to the acquisition or merger.

Defaults

The Agreement shall include such defaults as are customary for loan transactions and investments of a similar nature, including but not limited to the following events (unless waived by the Lender in its sole and absolute discretion) (for greater clarity, a default is considered to have occurred after the applicable cure period, if any, has expired):

- a) Winding up, dissolution, insolvency, filing for protection under the Companies' Creditors Arrangement Act or similar insolvency law or statute or regulation, or substantial impairment of business operations of any Loan Party;
- b) Material misrepresentation or breach of representations or warranties;
- c) Failure to make payments in respect of the Facility when due, in which case the Borrower will have a cure period of five business days to remedy the breach following the day in which the Borrower was made aware of such breach;
- d) Failure to comply with or observe financial covenants, as defined above, in which case the Lender will have the right to require the Borrower to proceed expeditiously, and in any event within not more than 120 days, to augment its financial position by raising additional equity of up to CAD\$5.0M. Anti-dilution provisions shall be enforced in such case;
- e) Failure to comply with affirmative covenants, which shall be subject to a cure period to be agreed upon between the Loan Parties;
- f) Defaults under other material agreements or instruments of indebtedness, other than defaults existing and approved by the Lender and fully scheduled as of the Closing Date;
- g) Final and non-appealable judgments in excess of C\$10,000,000; and
- h) The security interest in a material portion of the collateral of a Loan Party ceases to be valid and perfected.

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Default Interest

Following the occurrence of a default (i) the interest rates on the Loan shall be increased by six percent (6%) per annum with respect to the Loan; and (ii) the principal of the Loan will be due at 110% to par amount plus accrued interest, subject to a yield protection and voluntary prepayment provision. Once the default is cured, the loan will revert to the regular rate and principal amount.

Closing Conditions

Closing of the Loan shall be subject to various conditions precedent customary for transactions of this size and nature, including but not limited to:

- a) Legal Due Diligence: Completion of and satisfaction with legal due diligence;
- b) Regulatory Approvals: TSXV acceptance of the herein described convertible loan transaction, including, without limitation, the warrant terms and conditions, the Arrangement Fee, the warrant issuance and conversion terms of the Loan and the warrants, and all other regulatory approvals;
- c) Satisfactory Documentation: Loan and security documents that pertain to this loan shall be prepared by counsel to the Lender and shall be in form and substance satisfactory to the Lender in its reasonable discretion;
- d) Security: The Lender shall have perfected security interests (subject only to Permitted Liens) in all assets to the extent described above under the heading "Security" in form and substance satisfactory to the Lender in its reasonable discretion;
- e) Compliance with Laws: The Loan Parties shall be in compliance, in all material respects, with all applicable U.S., Canada, foreign, provincial, state and local laws and regulations, including all applicable employment, health and safety, and environmental laws and regulations;
- f) Consents and Approvals: All necessary governmental, Loan Parties' Board of Directors, and any third party approvals in connection with the Loan, the transactions contemplated by the Loan and otherwise referred to herein shall have been obtained and remain in effect;
- g) Payments of Amounts Due: All fees and reasonable costs and expenses (including, without limitation, legal and consulting fees and expenses, title premiums, survey charges and recording taxes and fees) and other compensation contemplated hereby payable to the Lender, and legal and investment banking fees with respect to this transaction, shall have been paid to the extent due. The Lender shall bear responsibility should it not be able to close the transaction for reasons unrelated to the Borrower;
- h) Capital Structure: All agreements relating to the corporate structure of the Company and its affiliates and all organizational documents of such entities shall be satisfactory to the Lender in its reasonable discretion;
- i) Closing Documents: All documents required to be delivered under the definitive financing documents, including a nomination rights agreement, customary legal opinions, corporate records and documents from public officials and officers' certificates, shall have been delivered;
- j) Material Contracts and Agreements: All material contracts and licensing agreements, if applicable, shall be satisfactory to the Lender in its reasonable discretion; and
- k) No New Information: The Lender shall not have become aware of any new or inconsistent information or other matter not previously disclosed to the Lender relating to the Company or the contemplated

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transactions which in any event the Lender, in its reasonable judgment, deems material and adverse relative to the information or other matters previously disclosed.

- l) No Shareholder Approvals: The approval of the Facility will not require any approvals of the Borrower's shareholders.

Out-of-Pocket Expenses

The Borrower shall reimburse Lender (whether or not the proposed transaction is consummated) for all reasonable out-of-pocket costs and expenses (including reasonable expenses of outside legal counsel) incurred by the Lender in connection with the lender's due diligence, site visit and the Agreement, including, but not limited to, costs and expenses incurred by Lender in connection with the preparation, execution and closing of this financing transaction, and the perfection of liens and security interests (collectively, "Lender Expenses").

Confidentiality

This letter and the financing arrangements described herein are delivered with the understanding that the Borrower shall not disclose this letter or the substance of the proposed financing arrangements to any person or entity outside of the Borrower's organization, except to those professional advisors who are in a confidential relationship with the Borrower and require knowledge thereof to perform their duties (such as legal counsel, accountants and financial advisors), or where disclosure is required by law or by the Corporate Financing Policies of the TSXV.

Control Person Status

The Lender agrees to limit its voting share position to no more than 15.0% of the issued and outstanding shares of the Borrower. The Lender may, from time to time, dispose of its shares and then convert all or any portion of the Loan, or exercise warrants, to acquire Shares provided the Lender does not breach the 15.0% limit as described. The Lender will deliver to the Borrower and the TSXV an undertaking of the Lender, in a form acceptable to the Borrower and the TSXV, confirming its agreement to abide by such limit on its voting share position, and such limit will be incorporated into the definitive Loan documentation. In addition, the Parties agree to consider all legal structures to ensure acceptance at regulatory bodies, and the individual control persons/guiding minds of the Lead Lender will complete and file TSXV Form 2A-PIFs concurrently with and in support of the Borrower's TSXV filing in respect of the Facility as required to permit the TSXV to conduct customary due diligence on such individuals.

Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario, Canada.

Transferability

The Loan, the warrants and any shares issued upon the conversion of the Loan or exercise of the warrants, will be subject to hold periods and trading restrictions imposed under the Canadian and US securities laws applicable to

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the Lender and the Borrower, and any certificates representing such securities may bear legends describing such hold periods and restrictions.

In addition, the securities being distributed in this matter will not be subsequently qualified under a prospectus in Canada or registered in the US, nor will they, other than the Borrower's common shares issued on the conversion of the loans or exercise of the warrants, be listed for trading on any public securities market or exchange.

Subject to the foregoing, the Loan and the Lender's interest therein shall be freely transferable by the Lender to its capital partners, affiliates, and to other financial institutions (by assignment or participation), provided that in the case of any proposed transfer to non-affiliated third party:

- a) such transfer does not create or potentially create, upon conversion, a control position by the new holder of the Loan;
- b) such transfer is permitted under applicable securities laws and TSXV policies without requiring the Borrower to prepare a prospectus, registration statement or similar document, and the transferor and the transferee comply with the any requirement associated with the transfer that might be imposed by the TSXV; and
- c) at least 10 business days prior to the transfer, the Lender proposing the transfer has given a written notice to the Borrower of the material terms of the proposed transfer, including the identity of the proposed transferee, and the Borrower has NOT, within such 10-day business notice period, given a written notice to Lender in reply confirming its agreement to prevent the transfer by repaying, within 3 business days, the portion of the Loan proposed to be transferred.

In any event, the Lender shall provide notice to Borrower promptly following any transfer of interests to non-affiliates.

Representations and Warranties

The documentation for the Loan and related collateral matters shall contain such representations and warranties (limited to actual knowledge, where customary and appropriate) as are customary for loan transactions and investments of a similar nature, including but not limited to, due organization and authorization; execution; delivery and enforceability of the Agreement (confirmed by legal opinions); financial condition of the Company; title to properties; liens; litigation; payment of taxes; no material adverse agreements; principal place of business of the Loan Parties; environmental related matters; other debts; leases and other material contracts; accuracy and completeness of information provided, including but not limited to accuracy and completeness of information related to the Company's subsidiaries, affiliates, and management's background and experience; validity, ownership, and non-impairment of intellectual property; no side agreements; no affiliate transactions; compliance with laws; no brokers; solvency; and consents and approvals reasonably required by the Lender. Any exceptions or caveats to "clean" reps and warranties shall be described in reasonable detail by the Borrower in schedules to the Agreement, and be subject to the Lender's approval.

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Indemnification

The Company shall indemnify and hold harmless the Lender and its respective affiliates and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, any reasonable fees and actual disbursements of counsel), that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with any investigation, litigation or proceeding or the preparation of a defense in connection therewith), arising out of or in connection with or by reason of the transactions contemplated hereby, except to the extent arising from an Indemnified Party's willful misconduct and/or gross negligence. In the case of an investigation, litigation or other proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Company, any of its directors, security holders or creditors, an Indemnified Party or any other person or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated.

No Indemnified Party shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Company, any of its affiliates or any of their respective members, security holders or creditors for or in connection with the transactions contemplated hereby, except for direct damages (as opposed to special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings) determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's willful misconduct or gross negligence.

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If the foregoing is acceptable, please indicate the Borrower's acceptance by signing and returning to us the enclosed copy of this letter not later than the close of business on February 7, 2017.

Should you have any questions or comments, please feel free to contact us at any time.

Very truly yours,

Extract Advisors LLC

By: [Signature]

Name: Ethan Pak

Title: Partner

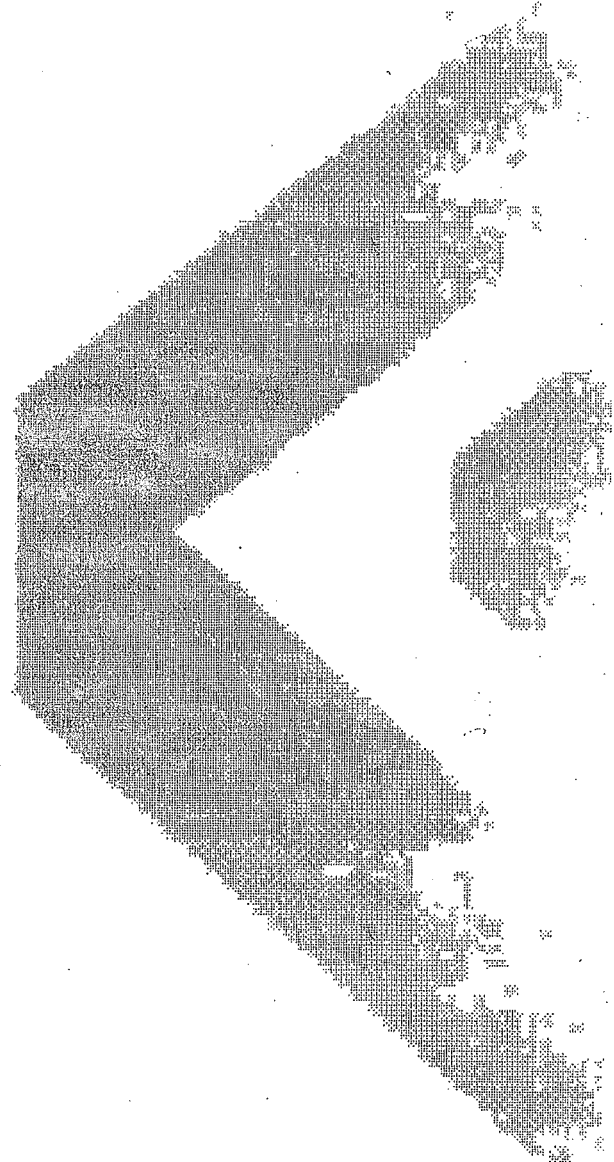
Read and Agreed to:

ENERGOLD DRILLING CORP.

By: [Signature]

Name: FREDERICK W. J. DANIELSON

Title: PRESIDENT & CEO



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Schedule "A"Excluded Subsidiaries

Bertram International Water Drilling Services Ltd (Canada)
 Casa Real SRL (DR)
 Energold Perfuracoes Ltda (Brazil)
 Omniterra Energy Ltd (Canada)
 Omniterra Energy Ltd (Colombia Branch)
 E&E Services International Inc (Canada)
 E&E Services International Inc (Colombia Branch)
 Energold Drilling Peru, SAC (Peru)
 Energold Drilling Peru, SAC (Bolivia Branch)
 Silver Servicios de Personal S de RL de CV (Mexico)
 Energold de Panama SA (Panama)
 Industrial Processes Chihuahua SA de CV (Mexico)
 Bertram Drilling Ltd (Alaska, USA)
 Bertram Begahzhu Drilling Ltd (Canada)
 OroEnergy SA (Chile)
 Energold de Colombia SAS (Colombia)
 Energold Drilling Dominicana SRL (DR)
 2390847 Ontario Corp (Canada)
 Exploraciones Yuna (EXYU) SRL (DR)
 2396763 Ontario Corp. (Canada)
 Exploraciones Nizao (EXNI) SRL (DR)
 E Drilling de Nicaragua SA (Nicaragua)
 Energold Drilling Philippines Corporation (Philippines)
 Energold Argentina S.A.
 E Global Drilling Africa Pty Ltd (Botswana)
 E Global Drilling Pty Ltd (Namibia)
 E Global Drilling Africa Pty Ltd (Tanzania Branch)
 Afriwest Services UK Ltd (UK)
 E Drilling Ghana Ltd (Ghana)
 Energold Senegal SUARL (Senegal)
 Energold SL Ltd (Sierra Leone)
 CNF Enterprises Ltd (Kosovo Branch)
 Afriwest DRC SARL (DRC)
 Norex Services Madagascar (Madagascar)
 Dando Drilling Services Ltd (UK)
 Energold Zambia Ltd (Zambia)
 Energold Libera Ltd (Liberia)
 Energold Djibouti (Djibouti)

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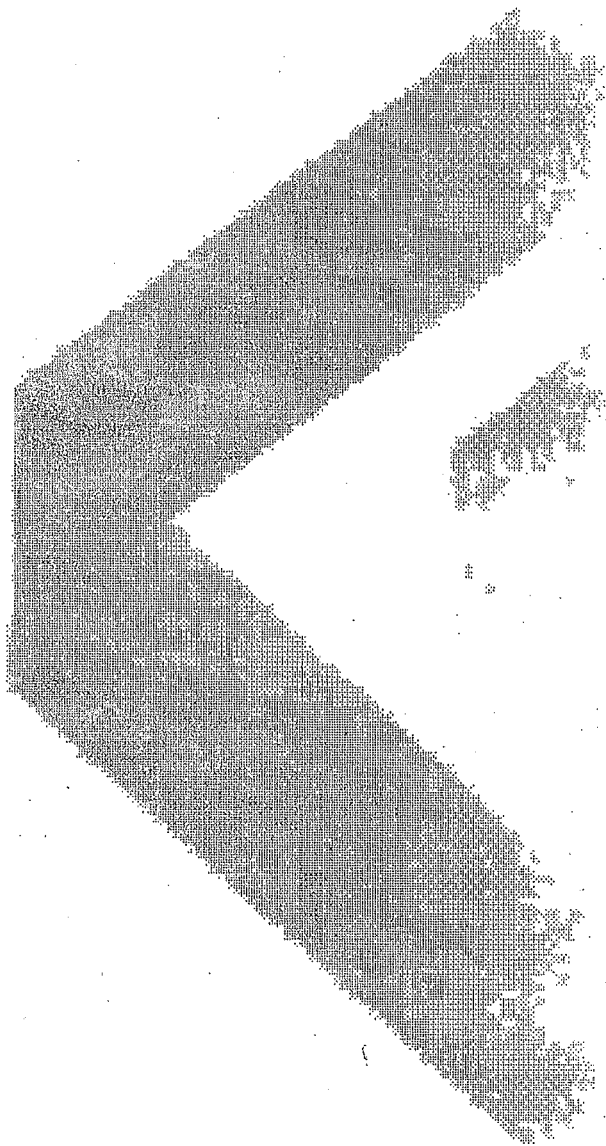


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Norex Services Guinea

Dando Drilling Services Togo SARL U

EGD comments v. 2.0.08 Feb, 2017



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Schedule 8.1(a)
Jurisdiction of Incorporation

Company:

Entity	Jurisdiction of Formation
Energold Drilling Corp.	British Columbia, Canada

Included Subsidiaries:

Entity	Jurisdiction of Formation
EGD Services Ltd.	British Columbia, Canada
Omniterra International Drilling Inc.	Alberta, Canada
Cros-Man Direct Underground Ltd.	Manitoba, Canada
Bertram Drilling Corp.	Alberta, Canada
Energold Drilling (EMEA) Limited	United Kingdom
Dando Drilling International Limited	United Kingdom
E Global Drilling Corp.	Barbados
Bertram Drilling, Inc.	Wyoming, USA
Energold de Mexico, S.A. de C.V.	Mexico

Excluded Subsidiaries:

Entity	Jurisdiction of Formation
Energold Argentina S.A.	Argentina
Bertram International Water Drilling Services Ltd.	Alberta, Canada
Casa Real, S.R.L.	Dominican Republic
Energold Perfuracoes Ltda.	Brazil
Omniterra Energy Ltd.	Alberta, Canada
E&E Services International Inc.	Alberta, Canada
Energold Drilling Peru, S.A.C.	Peru
Silver Servicios de Personal, S. de R.L. de C.V.	Mexico
Industrial Processes Chihuahua S.A. de C.V.	Mexico

Bertram Drilling Ltd.	Alaska, USA
Bertram-Begahzhu Drilling Ltd.	Alberta, Canada
OroEnergy, S.A.	Chile
Energold de Colombia S.A.S.	Colombia
Energold Drilling Dominicana, S.R.L.	Dominican Republic
E Drilling de Nicaragua, S.A.	Nicaragua
2390847 Ontario Corp.	Ontario, Canada
2396763 Ontario Corp.	Ontario, Canada
Exploraciones Yuna (EXYU), S.R.L.	Dominican Republic
Exploraciones Nizao (EXN), S.R.L.	Dominican Republic
E Global Drilling Africa Pty Limited	Botswana
E Global Drilling Pty Limited	Namibia
Afriwest Services UK Ltd.	United Kingdom
E Drilling Ghana Limited	Ghana
Norex Services Guinea	Guinea
Energold Senegal SUARL	Senegal
Energold SL Limited	Sierra Leone
Afriwest DRC SARL	Democratic Republic of the Congo
Norex Services Madagascar	Madagascar
Dando Drilling Services Limited	United Kingdom
Energold Zambia Limited	Zambia
Energold Liberia Limited	Liberia
Energold Djibouti	Republic of Djibouti
Energold Drilling Philippines Corporation	Philippines
Energold de Panama	Panama

Schedule 8.1(l)
Owned Properties and Leased Properties

Owned Properties:

Nil.

Leased Properties:

Lessee	Leased Property
Energold Drilling Corp.	Suite 1100 – 543 Granville Street Vancouver, British Columbia V6C 1X8 Suite 900 – 543 Granville Street Vancouver, British Columbia V6C 1X8
Cros-Man Direct Underground Ltd.	215 4th Street Reston, Manitoba R0M 1X0
EGD Services Ltd.	#125 – 14271 Knox Way Richmond, British Columbia V6V 2Z4
Bertram Drilling Corp.	347 Caradoc Avenue Carbon, Alberta T0M 0L0 #1, S.E. ¼ SEC.30 TWP.29 R.23 W4, Carbon, Kneehill, Alberta T0M 0L0
Bertram Drilling, Inc.	510 Klenck Lane Billings, Montana 59101
Dando Drilling International Limited	Old Customs House, Wharf Road, Littlehampton West Sussex, BN17 5DD, UK
Energold Drilling (EMEA) Limited	11 Dene Valley Business Park, Brookhampton Lane, Kineton Warwick, CV35 0JD, UK
Dando Drilling International Limited	Units G1 and G2, Ford Airfield Industrial Estate West Sussex, BN18 0HY, UK
Energold de Mexico, S.A. de C.V.	Jaime Blames N° 11"D" 3er Piso, Col. Los Morales Polanco, CP 11510 Ciudad de México, México
Energold de Mexico, S.A. de C.V.	Av. Homero N° 512, Interior Complejo Industrial Chihuahua Chihuahua, Mexico

**Schedule 8.1(r)
Environmental Compliance**

Nil.

Schedule 8.1(w)
Accounts

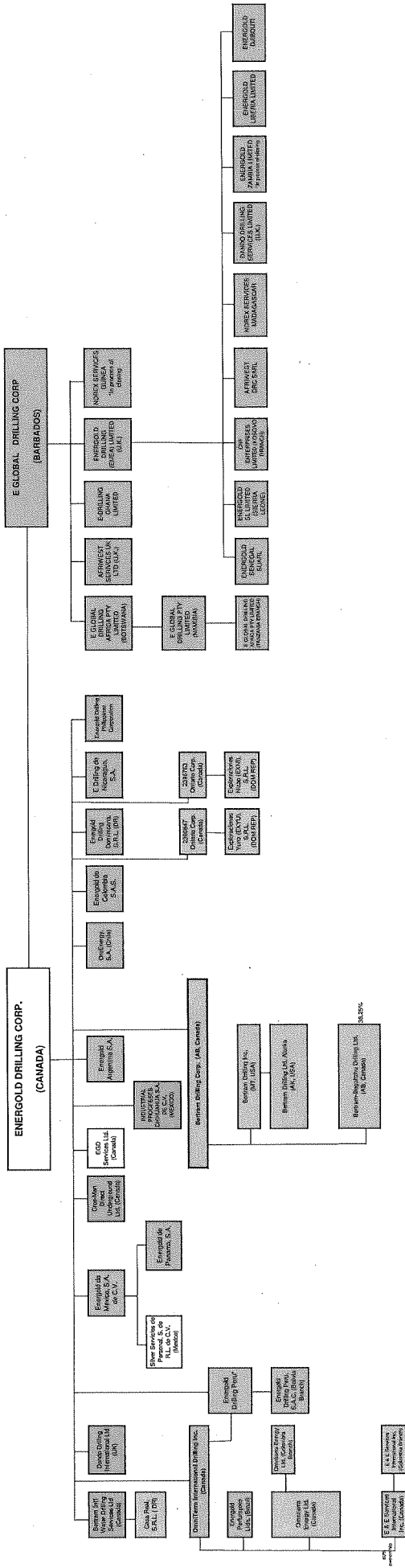
OBLIGOR	BANK	ACCOUNT NUMBER
Energold Drilling Corp.	The Bank of Nova Scotia	01420-11378-16
Energold Drilling Corp.	The Bank of Nova Scotia	01420-11499-11
Energold Drilling Corp.	The Bank of Nova Scotia	03020-04312-14
Energold Drilling Corp.	HSBC Bank	020-269757-020 (Confidential) CDN
Energold Drilling Corp.	HSBC Bank	020-269757-002 USD
Energold Drilling Corp.	HSBC Bank	020-269757-320 USD Term Deposit Account
Energold Drilling Corp.	Haywood Securities Inc.	VC1-5119-C Securities Account CAD
Cros-Man Direct Underground Ltd.	The Bank of Nova Scotia	03020 014955 18 CAD
Cros-Man Direct Underground Ltd.	Royal Bank of Canada	06397 100-371-4 CAD Savings Account
Cros-Man Direct Underground Ltd.	TD Canada Trust	7285-5201210 CAD Savings Account
EGD Services Ltd.	The Bank of Nova Scotia	030202656817 CAD
EGD Services Ltd.	The Bank of Nova Scotia	030202075113 USD
Omniterra International Drilling Inc.	The Bank of Nova Scotia	01420-13023-10 CAD
Omniterra International Drilling Inc.	The Bank of Nova Scotia	01420-11493-18 USD
Energold de Mexico, S.A. de C.V.	The Bank of Nova Scotia	03020-13903-17 USD
Energold de Mexico, S.A. de C.V.	The Bank of Nova Scotia	03020-14483-15 CAD
Energold de Mexico, S.A. de C.V.	Scotiabank Inverlat S.A.	107201613 USD
Energold de Mexico, S.A. de C.V.	Scotiabank Inverlat S.A.	107196881 USD
Energold de Mexico, S.A. de C.V.	Scotiabank Inverlat S.A.	106462979 MXN

OBLIGOR	BANK	ACCOUNT NUMBER
Energold de Mexico, S.A. de C.V.	Scotiabank Inverlat S.A.	104994434 MXN
E Global Drilling Corp.	The Bank of Nova Scotia	800293 USD
E Global Drilling Corp.	The Bank of Nova Scotia	800382 USD (Confidential)
E Global Drilling Corp.	The Bank of Nova Scotia	011401 BBD
E Global Drilling Corp.	The Bank of Nova Scotia	011933 BBD (Confidential)
Energold Drilling (EMEA) Limited	HSBC Bank PLC	82270013 (GBP) Sort Code 40-27-06
Energold Drilling (EMEA) Limited	HSBC Bank PLC	32410222 (GBP) Sort Code 40-27-06 (Confidential)
Energold Drilling (EMEA) Limited	HSBC Bank PLC	73987441 (USD) Sort Code 40-05-15
Energold Drilling (EMEA) Limited	HSBC Bank PLC	73988700 (EUR) Sort Code 40-05-15
E Global Drilling Corp.	HSBC Bank PLC	71016086 USD
E Global Drilling Corp.	HSBC Bank PLC	82200317 GBP
E Global Drilling Corp.	HSBC Bank PLC	400515-73865330 EUR
E Global Drilling Corp.	HSBC Bank PLC	71774997 CAD

OBLIGOR	BANK	ACCOUNT NUMBER
Dando Drilling International Limited	HSBC Bank PLC	316299221 GBP
Dando Drilling International Limited	HSBC Bank PLC	67787282 USD
Dando Drilling International Limited	HSBC Bank PLC	67787290 EUR
Dando Drilling International Limited	Santander UK PLC	09-02-22 - 10349623 (Securities - GBP)
Dando Drilling International Limited	Santander UK PLC	09-07-15 - 00023163 (Securities - USD)
Dando Drilling International Limited	Santander UK PLC	09-07-15 - 00023176 (Securities - EUR)
Bertram Drilling Corp.	The Bank of Nova Scotia	03020 32019 10 CAD
Bertram Drilling Corp.	Royal Bank of Canada	1014406 CAD (Transit 00319)
Bertram Drilling Corp.	Mountain View Credit Union Ltd.	507029505512 CAD (Transit 51319-899)
Bertram Drilling, Inc.	First Interstate Bank	1250228754 USD (chequing account)
Bertram Drilling, Inc.	First Interstate Bank	1230025254 USD (savings account)
Bertram Drilling, Inc.	First Interstate Bank	1250228960 USD (payroll account)

**Schedule 8.1(x)
Corporate Structure**

(Attached.)



Mining Exploration
 Energy
 Manufacturing, Water, Horizontal Directional Drilling
 Service Companies
 Holding Companies

*Energold Drilling, Inc. is owned 50% by Energold Drilling Corp. and 50% by Dominion International Drilling, Inc.

Schedule 8.1(cc)(i)
Location of Assets and Business

Company:

Entity	Jurisdiction
Energold Drilling Corp.	British Columbia, Canada

Included Subsidiaries:

Entity	Jurisdiction
EGD Services Ltd.	British Columbia, Canada
Omniterra International Drilling Inc.	Alberta, Canada and British Columbia, Canada
Cros-Man Direct Underground Ltd.	Manitoba, Canada
Bertram Drilling Corp.	Alberta, Canada
Energold Drilling (EMEA) Limited	United Kingdom
Dando Drilling International Limited	United Kingdom
E Global Drilling Corp.	Barbados
Bertram Drilling, Inc.	Montana, USA
Energold de Mexico, S.A. de C.V.	Mexico

Excluded Subsidiaries:

Entity	Jurisdiction
Energold Argentina S.A.	Argentina
Bertram International Water Drilling Services Ltd.	Alberta, Canada
Casa Real, S.R.L.	Dominican Republic
Energold Perfuracoes Ltda.	Brazil
Omniterra Energy Ltd.	Alberta, Canada
E&E Services International Inc.	Alberta, Canada
Energold Drilling Peru, S.A.C.	Peru, Bolivia
Silver Servicios de Personal, S. de R.L. de C.V.	Mexico

Industrial Processes Chihuahua S.A. de C.V.	Mexico
Bertram Drilling Ltd.	Alaska, USA
Bertram-Begahzhu Drilling Ltd.	Alberta, Canada
OroEnergy, S.A.	Chile
Energold de Colombia S.A.S.	Colombia
Energold Drilling Dominicana, S.R.L.	Dominican Republic
E Drilling de Nicaragua, S.A.	Nicaragua
2390847 Ontario Corp.	Ontario, Canada
2396763 Ontario Corp.	Ontario, Canada
Exploraciones Yuna (EXYU), S.R.L.	Dominican Republic
Exploraciones Nizao (EXN), S.R.L.	Dominican Republic
E Global Drilling Africa Pty Limited	Botswana, Tanzania
E Global Drilling Pty Limited	Namibia
Afriwest Services UK Ltd.	United Kingdom
E Drilling Ghana Limited	Ghana
Norex Services Guinea	Guinea
Energold Senegal SUARL	Senegal
Energold SL Limited	Sierra Leone
Afriwest DRC SARL	Democratic Republic of the Congo
Norex Services Madagascar	Madagascar
Dando Drilling Services Limited	United Kingdom
Energold Zambia Limited	Zambia
Energold Liberia Limited	Liberia
Energold Djibouti	Republic of Djibouti

Energold Drilling Philippines Corporation	Philippines
Energold de Panama	Panama

**Schedule 8.1(cc)(ii)
Material Authorizations**

Nil.

**Schedule 8.1(cc)(iii)
Intellectual Property**

Canadian Intellectual Property Office:

Company Party	Trademark Registration Number	Trademark Registration Date
Energold Drilling Corp.	TMA949,046	September 12, 2016
Energold Drilling Corp.	TMA950,532	September 27, 2016
Energold Drilling Corp.	TMA799711	October 6, 2011
Energold Drilling Corp.	TMA885735	September 12, 2014

United States Patent and Trademark Office:

Company Party	Trademark Registration Number	Trademark Registration Date
Energold Drilling Corp.	4,881,899	January 5, 2016

European Union Intellectual Property Office (formerly, Office for Harmonization in the Internal Market):

Company Party	Community Trademark Registration Number	Community Trademark Registration Date
Energold Drilling Corp.	011404654	May 2, 2013

Schedule 8.1(cc)(iv)
Actions, Suits, Arbitrations, Proceedings

Nil.

**Schedule 8.1(cc)(v)
Material Contracts**

Nil.

E

This is Exhibit "E" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 26th, 2019

A handwritten signature in cursive script, appearing to read "Derek [unclear]", is written over a solid horizontal line.

A Commissioner for taking Affidavits
for British Columbia

FORBEARANCE AGREEMENT

Forbearance agreement dated as of April 24, 2019 made among Energold Drilling Corp. (the "**Borrower**"), each of the guarantors (collectively, the "**Guarantors**", and together with the Borrower, the "**Obligors**") party to the Note Purchase Agreement (as defined below), each of the noteholders party hereto and Extract Advisors LLC, as administrative agent (the "**Agent**") for the noteholders party to the Note Purchase Agreement (collectively, the "**Noteholders**").

RECITALS:

- (a) The Borrower issued convertible secured notes in the aggregate amount of Cdn. \$20,000,000 (collectively, the "**Notes**") to the Noteholders pursuant to a note purchase agreement dated as of June 17, 2017 among the Obligors, the Agent and the Noteholders (the "**Note Purchase Agreement**").
- (b) The Borrower is in breach of certain payment and other obligations contained in the Note Purchase Agreement;
- (c) On March 18, 2019, the Agent issued a letter to the Borrower setting out, among other things, certain defaults that have occurred under the Note Purchase Agreement; and
- (d) The Borrower has requested and the Agent and the Noteholders have agreed to (i) temporarily waive the Specified Defaults solely during the Forbearance Period, and (ii) forbear from exercising any default-related rights or remedies against the Obligors under the Financing Documents as a result of the Specified Defaults during the Forbearance Period, all on the terms and conditions contained in this Agreement.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions.

As used in this Agreement, the following terms have the following meanings:

"Agreed Block Trade Market Price" means 50% of the 10 day volume weighted average price for the Impact Silver Shares on the TSXV.

"Agreement" means this forbearance agreement.

"Business Day" means any day other than Saturday, Sunday or a statutory holiday when banks are not open in Vancouver, British Columbia and Toronto, Ontario.

"Cash Flow" means a rolling 13-week cash flow forecast with respect to the business of the Borrower and its Subsidiaries which shall be satisfactory to the Agent in form in its sole discretion, and in substance in its reasonable discretion.

"Collection Account" means the Borrower's Canadian dollar account No. 269757 020 with HSBC Bank Canada.

"Financing Documents" has the meaning specified in the Note Purchase Agreement and includes this Agreement.

"Forbearance Costs and Expenses" means all actual and out-of-pocket expenses, costs and charges of every kind incurred by or on behalf of the Agent in connection with the Specified Defaults or any Default or Event of Default, including the preparation of this Agreement and any other documents, the engagement and services of legal counsel and the Consultant and the enforcement of any rights under the Financing Documents. Forbearance Costs and Expenses of legal counsel and the Consultant shall be reasonable, it being agreed by the Obligors that any and all fees charged at standard rates for time recorded and reported in accord with the professional's ordinary course shall be presumed by the parties and any trier of fact in the event of a dispute to be reasonable.

"Forbearance Effective Date" means the date on which (i) this Agreement has been executed and delivered by all of the Parties and (ii) all conditions of effectiveness set out in Section 3.2 have been satisfied by the Borrower or waived by the Agent.

"Forbearance Event of Default" means one or more events provided for in Section 7.1.

"Forbearance Period" has the meaning given to it in Section 3.1.

"Impact Blocked Account Agreement" means a blocked account agreement, in form and substance satisfactory to the Agent, to be executed by HSBC Bank Canada and the Borrower in favour of the Agent with respect to the Collection Account.

"Impact Silver Shares" means all of the issued and outstanding shares of IMPACT Silver Corporation held by the Borrower.

"Indebtedness" means all of the amounts set forth in Section 2.1 and Section 2.2.

"Note Purchase Agreement" has the meaning specified in the recitals hereto.

"Parties" means any one or more of the parties referred to in this Agreement, as the context may require.

"Private Placement" means the sale of shares of the Borrower to raise working capital for the Obligors to fund working capital and other expenses related to this Agreement.

"RBC" means Royal Bank of Canada.

"Specified Defaults" means those Defaults and Events of Defaults that have occurred prior to the Forbearance Effective Date and are continuing as of the date hereof, that are more particularly set out in Schedule "A".

"TSXV" means TSX Venture Exchange.

Section 1.2 Interpretation.

- (1) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Note Purchase Agreement.
- (2) In this Agreement the words **"including"**, **"includes"** and **"include"** mean **"including (or includes or include) without limitation"**. The expressions **"Article"**, **"Section"** and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (3) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (5) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (6) Except as otherwise provided in this Agreement, any reference to this Agreement, the Note Purchase Agreement or any other Financing Document refers to this Agreement or the Note Purchase Agreement or Financing Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

ARTICLE 2 INDEBTEDNESS

Section 2.1 Acknowledgement of Indebtedness.

The Borrower acknowledges that, in respect of the Notes, as of April 24, 2019, the Borrower is indebted to the Noteholders in the amounts set out hereto at Schedule "B".

Section 2.2 Interest, etc.

Interest on the amounts referred to in Section 2.1 above, as well as all Forbearance Costs and Expenses, shall continue to accrue and are added to and are deemed to form part of the Indebtedness.

Section 2.3 Default Interest.

The Borrower acknowledges and agrees that the Agent and Noteholders are entitled as a consequence of the Specified Defaults to charge an additional 6% interest in accordance with Section 2.5 of the Note Purchase Agreement and that, upon the occurrence of and during the continuance of a Forbearance Event of Default, without further notice, such increase shall immediately become effective with effect retroactively from March 18, 2019.

**ARTICLE 3
FORBEARANCE****Section 3.1 Forbearance Period.**

- (1) Each of the Agent and the Noteholders shall forbear from exercising default-related rights or remedies against the Borrower or any other Obligor in respect of the Specified Defaults during the period (the "Forbearance Period") commencing on the Forbearance Effective Date and ending on the earliest of the following:
 - (a) September 30, 2019, unless extended with the prior written consent of the Agent;
 - (b) the date on which the Agent delivers a termination notice (in accordance with Section 3.3) based upon any Forbearance Event of Default that has occurred and is then continuing; and
 - (c) the date on which (i) the full and indefeasible payment of the Indebtedness and performance of the other obligations under the Note Purchase Agreement have occurred, and (ii) all financing commitments under the Note Purchase Agreement have expired or terminated.
- (2) Each of the Obligors acknowledges that this Agreement does not release it from any obligations under the Note Purchase Agreement, except as provided by this Agreement, or any of the other Financing Documents and does not constitute a waiver of any of the Specified Defaults at any time after the expiration or termination of the Forbearance Period. During the Forbearance Period, each of the Obligors shall comply with all of its obligations under the Financing Documents, except as provided by this Agreement. At the expiration of the Forbearance Period none of the Agent and the Noteholders has any obligation to continue to forbear and may exercise any default-related rights or remedies in respect of the Specified Defaults.
- (3) For greater certainty, except for the Specified Defaults, this Agreement does not apply to any other Default or Event of Default which may exist or which may occur in the future. Upon the occurrence of a Forbearance Event of Default and in any case upon the termination or expiration of the Forbearance Period, the Agent and the Noteholders may immediately exercise all rights and remedies under the Financing Documents.

- (4) Subject to Section 3.1(6), payment of any interest due and owing under the Notes as of the date hereof (the "**Deferred Interest**") is hereby deferred with effect from the Forbearance Effective Date and will become due and, as a condition to the forbearance provided for under Section 3.1(1), must be paid by the Borrower to the Agent and the Noteholders by no later than July 31, 2019. For greater certainty, any interest payment that becomes due by the Borrower under the Notes after the date hereof shall continue to be due as of the applicable Interest Payment Date and shall not be deferred. Any interest payment referred to in this paragraph (4) (whether with respect to Deferred Interest or otherwise) which becomes due during the Forbearance Period (the "**Interest Owing**") shall be paid by the Borrower when due either (i) in cash or (ii) by transferring to the Agent and Noteholders that number of Impact Silver Shares equal to the quotient determined by dividing (x) the Interest Owing, by (y) the Agreed Block Trade Market Price, rounding down to the nearest whole Impact Silver Share.
- (5) The Borrower agrees not to sell any Impact Silver Shares at a price less than Cdn. \$0.20 per share (or such other price agreed to by the Agent, in its sole discretion).
- (6) Notwithstanding anything contained in the Note Purchase Agreement to the contrary, the Borrower shall forthwith deposit or cause to be deposited all net proceeds received by the Borrower or any other Obligor from the sale of any Impact Silver Shares in the Collection Account. The Borrower acknowledges and agrees that all amounts deposited in the Collection Account will be remitted by it to the Agent as soon as the balance in the Collection Account reaches \$100,000 and will continue to be remitted by it to the Agent on a regular basis as funds in the Collection Account are available in increments of \$50,000, for application to the Indebtedness then outstanding.

Section 3.2 Conditions to Effectiveness.

This Agreement does not become effective until satisfaction of all of the following conditions precedent:

- (a) the representations and warranties made by the Obligors in this Agreement and in the Note Purchase Agreement and other Financing Documents are true and correct as of the date of this Agreement and the Forbearance Effective Date (except where such representation or warranty expressly relates to a prior date, in which case such representation and warranty shall be true and correct as of such date) and the Borrower has executed and delivered a certificate of a senior officer to that effect;
- (b) no Default or Event of Default under the Note Purchase Agreement or any other Financing Document has occurred and is continuing other than the Specified Defaults, and the Borrower has executed and delivered a certificate of a senior officer to that effect; and,
- (c) each of the Obligors has delivered or caused to be delivered to the Agent an executed copy of this Agreement.

In the event that any of these conditions precedent to the Agent and the Noteholders agreeing to forbear have not been satisfied, each of the Agent and the Noteholders may elect to rely upon its rights and remedies under the Note Purchase Agreement or any other Financing Documents.

Section 3.3 Termination of Forbearance.

The Agent may, in its sole discretion, and shall, at the request of the Required Holders, immediately terminate the Forbearance Period by notice in writing to the Borrower if, at the time of such notice, a Forbearance Event of Default has occurred. Upon termination of the Forbearance Period, each of the Agent and the Noteholders may elect to rely upon its rights and remedies under the Note Purchase Agreement and any other Financing Documents.

**ARTICLE 4
BORROWER'S COVENANTS**

Section 4.1 Covenants.

The Borrower covenants and agrees with the Agent and the Noteholders that:

- (a) The Borrower shall reimburse the Agent and the Noteholders for any Forbearance Costs and Expenses incurred up to the date hereof on the earlier of (i) the date of receipt of sufficient proceeds from the Private Placement, and (ii) 90 days from the date hereof.
- (b) The Borrower shall reimburse the Agent and the Noteholders for any additional Forbearance Costs and Expenses incurred after the date hereof based on standard payment terms.
- (c) The Borrower shall deliver to the Agent and the Noteholders by close of business on Wednesday of each week (i) a Cash Flow (ii) a summary of weekly results together with a written variance report and a working capital summary (including a current aged AP register), in form and substance satisfactory to the Agent, and (iii) a weekly update with respect to the Proposed Sale (as defined below).
- (d) Each of the Obligors shall operate its business in accordance with, and take any action that may be necessary to achieve the Cash Flow and shall ensure that the actual total disbursements for any week compared to the total disbursements as set out in the Cash Flow for such week shall not have a variance of more than 10% (unless agreed to by the Agent in writing).
- (e) The Borrower shall meet the following milestones to the satisfaction of the Agent:
 - (i) on or before April 30, 2019, completion of a full evaluation of the selling, general and administrative costs and delivery to the Agent of a

cost reduction plan, acceptable to the Agent acting reasonably, prepared by management of the Borrower with the assistance of EY or another accounting firm selected by the Borrower and approved by the Agent, acting reasonably;

- (ii) from time to time at the request of the Agent, delivery to the Agent of updated financial projections for the Borrower (the Agent acknowledges receipt of financial projections dated April 1, 2019);
- (iii) on or before April 18, 2019, delivery to the Agent of an engagement letter between EY and the Borrower with respect to the proposed sale of assets by certain Obligor (the "Proposed Sale");
- (f) Upon request by the Agent, the Borrower shall deliver to the Agent and the Noteholders such other current financial or operational information as may be required by the Agent or its Consultant, all in form and substance satisfactory to the Agent acting reasonably;
- (g) As soon as reasonably practicable and in any event, by no later than 30 days from the date hereof, subject to the approval of the TSXV:
 - (i) the Borrower shall complete the issuance of 10 million common share purchase warrants by the Borrower in the same form as the Warrants, each warrant exercisable for one common share in the capital of the Borrower ("Common Share") at a price per Common Share equal to the lesser of (i) 3 times the lowest price per Common Share at which Common Shares, if any, are issued through a private placement during the Forbearance Period, and (ii) Cdn. \$0.75; and
 - (ii) the Borrower shall deliver to the Agent evidence satisfactory to the Agent that the Conversion Price at which the Notes may be converted has been reduced to Cdn. \$0.30 per Common Share, subject to adjustment as set out in Section 7.4 of the Note Purchase Agreement;
- (h) The Borrower shall comply with the requirements of all Applicable Laws, including securities laws and regulations;
- (i) The Borrower shall give notice to the Agent immediately of any new obligation, commitment or expenditure of any Obligor in an amount in excess of Cdn. \$100,000;
- (j) Each Obligor agrees to pay or cause to be paid when due all source deductions, harmonized sales taxes and other Taxes;
- (k) Each relevant Obligor shall use its best efforts not to borrow from RBC under any credit facility more than an amount equal to 95% of the maximum amount available under such credit facility (the "95% Cap") and agrees to give notice

to the Agent if any 95% Cap has been exceeded within one Business Day of such 95% Cap having been exceeded;

- (l) The Borrower shall, within 15 days from the date hereof, deliver to the Agent the Impact Blocked Account Agreement;
- (m) Each of the Obligors shall use commercially reasonable best efforts to deliver, within 30 days from the date hereof, to the Agent and Noteholders a blocked account agreement or deposit account control agreement (or equivalent agreement outside of Canada and the United States), in form and substance satisfactory to the Agent with respect to each of its material bank accounts (the "**Additional Blocked Account Agreements**"). The Agent agrees that it will not exercise control under the Impact Blocked Account Agreement or the Additional Blocked Account Agreements unless and until the occurrence of a Forbearance Event of Default or any default under any other written agreements between the Parties. Each of the Obligors acknowledges and agrees that upon the occurrence of a Forbearance Event of Default, the Agent may, in its sole discretion, deliver notice to the applicable cash management bank pursuant to any Additional Blocked Account Agreement or the Impact Blocked Account Agreement that such cash management bank shall no longer take instructions from the applicable Obligor with respect to the applicable bank accounts, and shall instead take instructions only from the Agent. Such instructions from the Agent may include directing each cash management bank to deliver to the Agent, on a daily basis, all balances in each applicable bank account for application to the Indebtedness then outstanding; and
- (n) Each of the Obligors shall observe all of its covenants and perform all of its obligations under the Note Purchase Agreement and other Financing Documents, as modified or amended by this Agreement.

Section 4.2

For greater certainty, all of the covenants in this Agreement are in addition to and not in substitution for the covenants of the Obligors in the Financing Documents.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties.

Each of the Obligors represents and warrants as follows to the Agent and the Noteholders and acknowledges and agrees that each of the Agent and the Noteholders is relying upon such representations and warranties in connection with the forbearance:

- (a) This Agreement has been duly authorized, executed and delivered by the Obligors and this Agreement and the Note Purchase Agreement as amended hereby and other Financing Documents constitute legal, valid and binding

obligations of the Obligors enforceable against the Obligors party thereto in accordance with their respective terms.

- (b) The Borrower is in compliance with all Applicable Laws including securities laws and regulations.
- (c) The representations and warranties of the Obligors set forth in the Note Purchase Agreement and other Financing Documents are true and correct as of the date of this Agreement, except where any such representation or warranty expressly relates to a prior date, in which case such representation or warranty is true and correct as at such date.
- (d) As at the date of this Agreement, except in relation to any Specified Defaults, each of the Obligors is in full compliance with its covenants in the Note Purchase Agreement and other Financing Documents and, other than Specified Defaults, no other Default or Event of Default has occurred and is continuing.

ARTICLE 6 APPOINTMENT OF CONSULTANT

Section 6.1 Appointment of Consultant.

The Agent may at any time appoint FTI Consulting (or such other person as the Agent in its sole discretion may appoint) as its consultant (“Consultant”), to review and assess all business plans of the Borrower, the financial performance of the Borrower, financial and other reports relating to the Borrower, and all documentation required to be provided by the Borrower to the Agent and the Noteholders under the Note Purchase Agreement or any other Financing Documents. The Borrower and each of the other Obligors shall provide to the Consultant access to the Collateral and the books and records of the Obligors, and shall cooperate fully with the Consultant in order that it may fulfil the terms of its appointment. Each of the Obligors acknowledges that the engagement of the Consultant by the Agent does not in any way constitute the Agent, the Noteholders or the Consultant being in control of the assets or business operations of the Obligors.

ARTICLE 7 DEFAULT

Section 7.1 Forbearance Events of Default.

Each of the following events constitutes a Forbearance Event of Default:

- (a) any of the Obligors fails to perform any covenant under this Agreement;
- (b) any representation or warranty of the Obligors is untrue as of the date such representation or warranty was made or given;

- (c) in addition to the Event of Default under Section 9.1(f) of the Note Purchase Agreement, any event of default occurs under a credit facility provided by RBC to any of the Obligor that has not been cured; or
- (d) any Default or Event of Default other than the Specified Defaults occurs.

Section 7.2 Remedies on Default.

Upon the occurrence of a Forbearance Event of Default:

- (a) the Agent may, and at the Request of the Required Holders, shall immediately terminate its agreement to forbear as set forth in Section 3.1; and
- (b) each of the Agent and the Noteholders may immediately enforce its rights under this Agreement, the Note Purchase Agreement and any other Financing Documents, including appointing a receiver, receiver and manager, interim receiver or agent of all or any part of the Collateral pursuant to the Security, all without further notice, demand or request for payment being made upon the Borrower or any other Obligor.

Section 7.3 Waiver of Forbearance Event of Default.

The Agent, with the consent of the Required Holders may waive in writing any Forbearance Event of Default, in their sole discretion, but no such waiver will constitute a waiver of any other or subsequent Default or Event of Default.

**ARTICLE 8
GENERAL**

Section 8.1 Waiver and Release.

- (1) Each of the Obligor acknowledges that the actions of the Agent and the Noteholders up to the date of execution of this Agreement in connection with the Note Purchase Agreement and in entering into this Agreement have been fair and reasonable. Each of the Obligor confirms that it has had the benefit of independent legal advice in connection with the preparation and negotiation of this Agreement and the other Financing Documents. Further, in executing and delivering this Agreement, each of the Obligor acknowledges that it is acting freely and without duress.
- (2) In consideration of this Agreement and for other good and valuable consideration, each of the Obligor, on its own behalf and on behalf of its respective successors, assigns, heirs, executors or administrators, absolutely, unconditionally and irrevocably releases, remises and forever discharges the Agent and each of the Noteholders, and each of their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, legal counsel, employees, agents and other representatives, and their respective successors and assigns (the Agent and the Noteholders and such other Persons being hereinafter referred to collectively as the "Releasees" and individually as a "Releasee"), of and from all

demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities (individually, a "Claim" and collectively, "Claims") known or unknown, both at law and in equity, which an Obligor or any of its respective successors, assigns, heirs, executors or administrators may now or later have or claim against any of the Releasees by reason of any circumstance, action, cause or thing which may have arisen at any time on or prior to the Forbearance Effective Date, on account of, or in relation to, or in any way in connection with, any of the Financing Documents or transactions under or related to the Financing Documents;

Section 8.2 Financing Documents in Effect.

The Note Purchase Agreement and the other Financing Documents continue in full force and effect and all obligations of the Obligors under the Note Purchase Agreement and the other Financing Documents are hereby ratified and confirmed and continue in full force and effect.

Section 8.3 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 8.4 Notices.

Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Note Purchase Agreement. In addition, the Parties hereby agree that all notices, demands or other communications to be given or delivered to the Company or any other Obligor shall be delivered to:

Energold Drilling Corp.
543 Granville St. Suite 1100
Vancouver, BC
V6C 1X8

Attention: Mr. Frederick Davidson
Telephone: 604-681-9501
Email: fdavidson@energold.com

With a copy to :

Borden Ladner Gervais LLP
1200 Waterton Centre
200 Burrard St., P.O. Box 48600
Vancouver, BC, Canada
V7X 1T2

Attention: Mr. Magnus Verbrugge
Telephone: 604-640-4198
Email: MVerbrugge@blg.com

Section 8.5 Successors and Assigns.

Each of this Agreement and the other Financing Documents is binding upon the Parties and enures to the benefit of the Agent, the Noteholders and their successors and assigns. None of the Obligors may assign, transfer or convey its rights, benefits, obligations or duties under this Agreement or under any of the other Financing Documents without the prior express written consent of the Agent and the Noteholders. Each of the Agent and the Noteholders may assign, transfer or convey its rights, benefits, obligations or duties under this Agreement and the other Financing Documents in accordance with the assignment provisions of the Note Purchase Agreement.

Section 8.6 Further Assurances.

Each of the Obligors will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Agent or any of the Noteholders may request to more completely and effectively carry out the intent of this Agreement, including taking all further steps relating to the Indebtedness that the Agent or any of the Noteholders may require.

Section 8.7 Governing Law.

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Section 8.8 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Agent, and each of the Obligors.

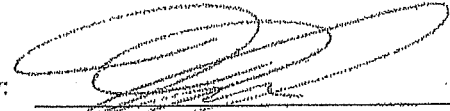
Section 8.9 Counterparts

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together constitute one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF the Parties have executed this Forbearance Agreement.

ENERGOLD DRILLING CORP.

By: 

Authorized Signing Officer

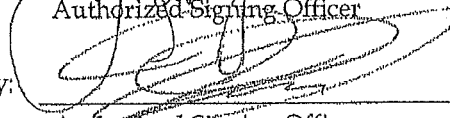
By: _____
Authorized Signing Officer

AS GUARANTOR

CROS-MAN DIRECT UNDERGROUND LTD.

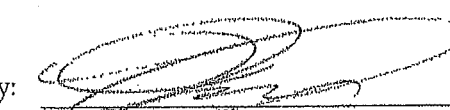
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Authorized Signing Officer

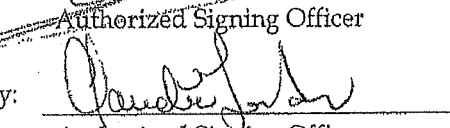
By: 

Authorized Signing Officer

EGD SERVICES LTD.

By: 

Authorized Signing Officer

By: 

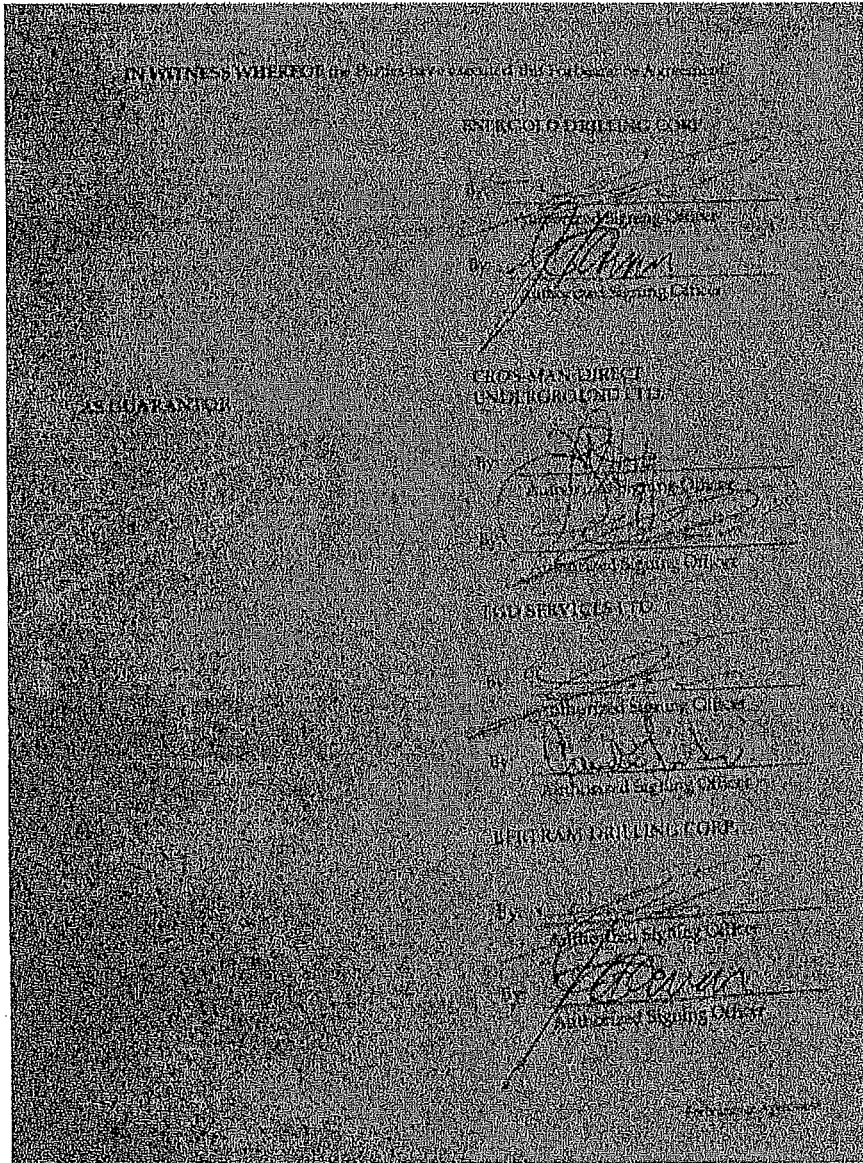
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BERTRAM DRILLING CORP.

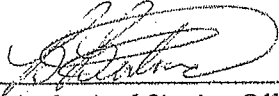
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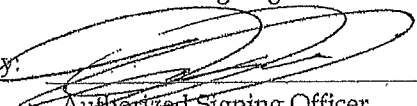
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Authorized Signing Officer

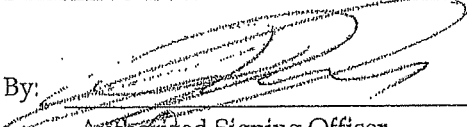


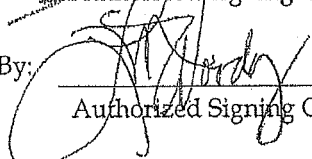
BERTRAM DRILLING, INC.

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

**OMNITERRA INTERNATIONAL
DRILLING INC.**

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

E GLOBAL DRILLING CORP.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

**ENERGOLD DRILLING (EMEA)
LIMITED**

By: _____
Authorized Signing Officer

By: 
Authorized Signing Officer

BERTRAM DRILLING, INC.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

**OMNITERRA INTERNATIONAL
DRILLING INC.**

By: _____
Authorized Signing Officer

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**ENERGOLD DRILLING (EMEA)
LIMITED**

By: _____
Authorized Signing Officer

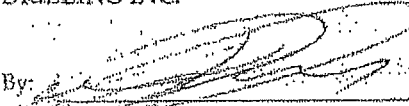
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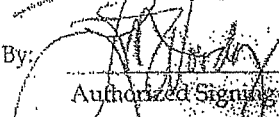
BERTRAM DRILLING, INC.

By: _____
Authorized Signing Officer

By: 
Authorized Signing Officer

OMNITERRA INTERNATIONAL
DRILLING INC.

By: 
Authorized Signing Officer

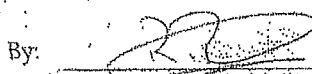
By: 
Authorized Signing Officer


GLOBAL DRILLING CORP.

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

EMERGOLD DRILLING (EMEA)
LIMITED

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer


DANDO DRILLING
INTERNATIONAL LIMITED

By: 
Authorized Signing Officer

By: 
Authorized Signing Officer

ENERGOLD DE MEXICO, S.A. DE
C.V.

By: 
Authorized Signing Officer

By: 
Authorized Signifig Officer

ADMINISTRATIVE AGENT:

**EXTRACT ADVISORS LLC, as
Administrative Agent**

By: [Signature]

Title

By: Managing Member

Title

NOTEHOLDER:

**EXTRACT CAPITAL MASTER FUND
LTD.**

By: [Signature]

Title

By: Managing Member

Title

NOTEHOLDER:

EXTRACT LENDING LLC

By: [Signature]

Title

By: Managing Member

Title

NOTEHOLDER:

[Signature]

Witness

[Signature]

Ethan Park

NOTEHOLDER:

LOINETTE COMPANY LEASING LTD.

By:

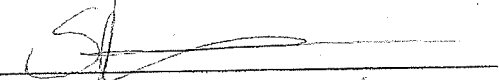
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Title - *DIRECTOR*

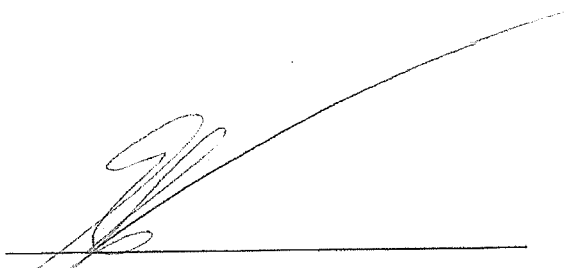
By:

Title

NOTEHOLDER:



Witness S.M. Neckerbiel



Edwin Bergshoeff

NOTEHOLDER:

Witness

Cindy Krins

NOTEHOLDER:

Witness

Mark Anthony Corra

NOTEHOLDER:

Witness

Frederick Davidson

NOTEHOLDER:

Witness

Linda Woody

NOTEHOLDER:

Witness

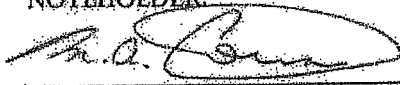
Jerry Huang

NOTEHOLDER:

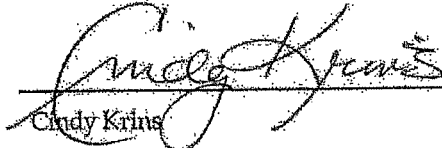
Witness

Edwin Bergshoeff

NOTEHOLDER:

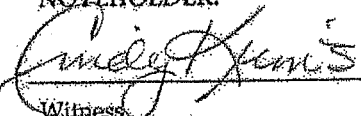


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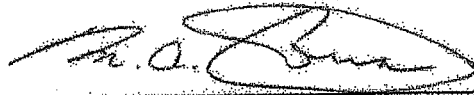


Cindy Krins

NOTEHOLDER:



Witness



Mark Anthony Corra

NOTEHOLDER:

Witness

Frederick Davidson

NOTEHOLDER:

Witness

Linda Woody

NOTEHOLDER:

Witness

Jerry Huang

NOTEHOLDER:

Witness

Edwin Bergshoeff

NOTEHOLDER:

Witness

Cindy Krins

NOTEHOLDER:

Witness

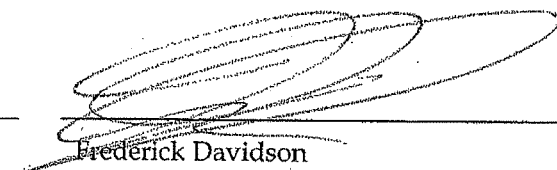
Mark Anthony Corra

NOTEHOLDER:

Witness

Luisa Masaro

Frederick Davidson

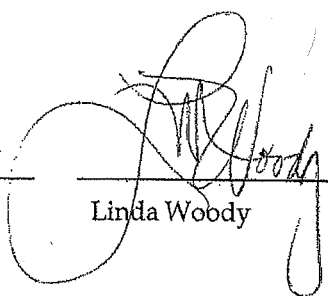


NOTEHOLDER:

Witness

Luisa Masaro

Linda Woody

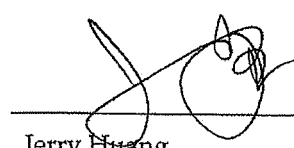


NOTEHOLDER:

Witness

Luisa Masaro

Jerry Huang



NOTEHOLDER:

Thom Cough

Witness

Dorothy Atkinson

Dorothy Atkinson

NOTEHOLDER:

Linda Hunt
Witness

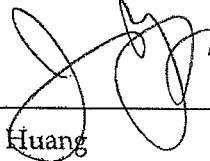
M.A. Corra

Mark Anthony Corra

NOTEHOLDER:

Luisa Musari

Witness

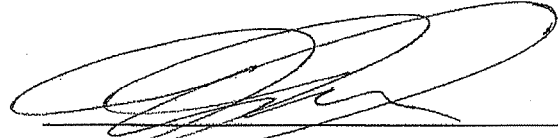


Jerry Huang

NOTEHOLDER:

Laura Masaro

Witness

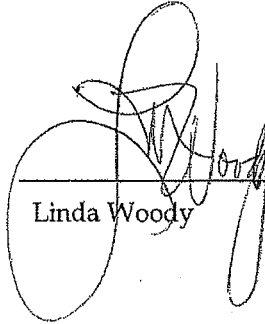


Frederick Davidson

NOTEHOLDER:

Luisa Masaro

Witness

A handwritten signature in black ink, appearing to read "Linda Woody", written over a horizontal line. The signature is stylized with large loops and a vertical stroke.

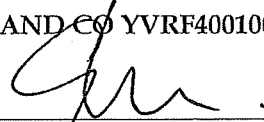
Linda Woody

NOTEHOLDER:

JAYVEE AND CO YVRF4001002

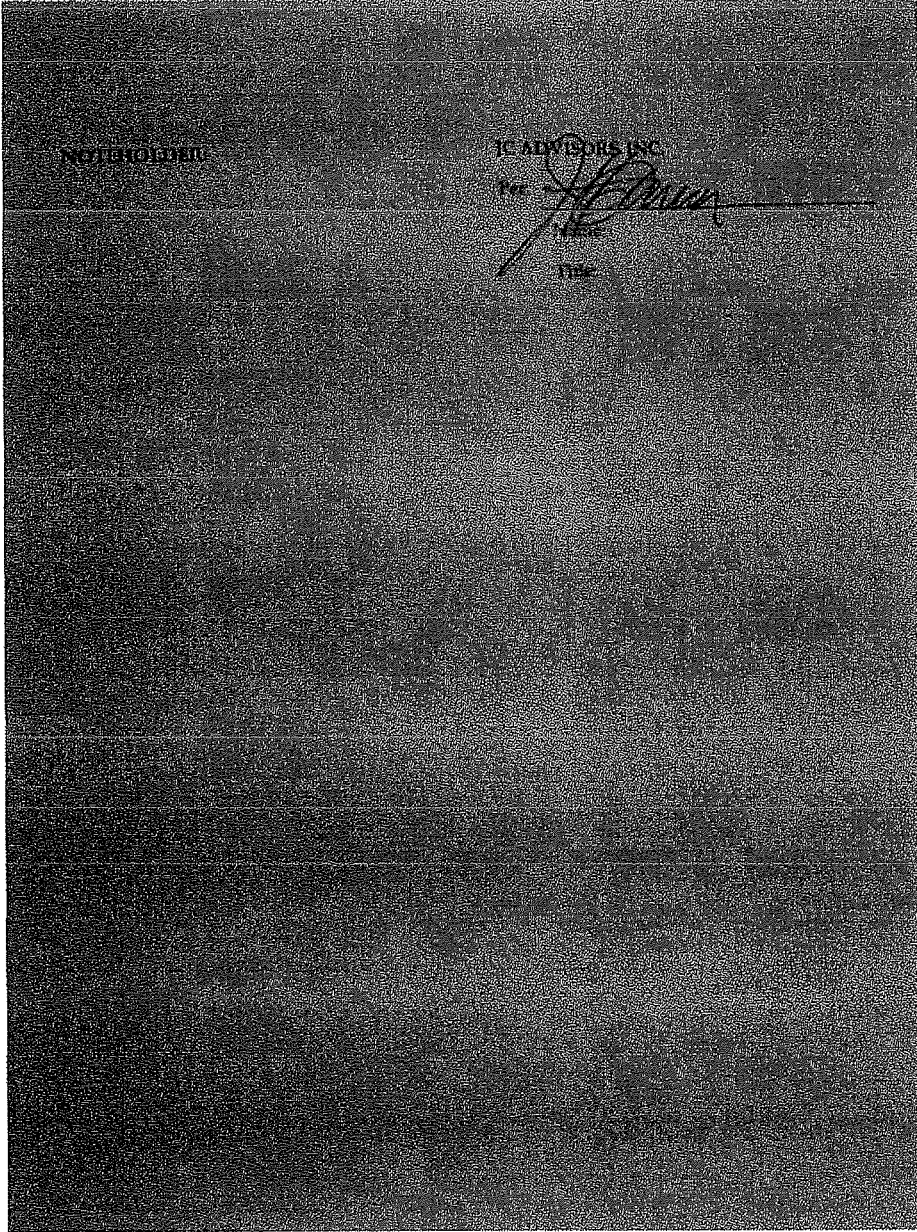
April 26/2019

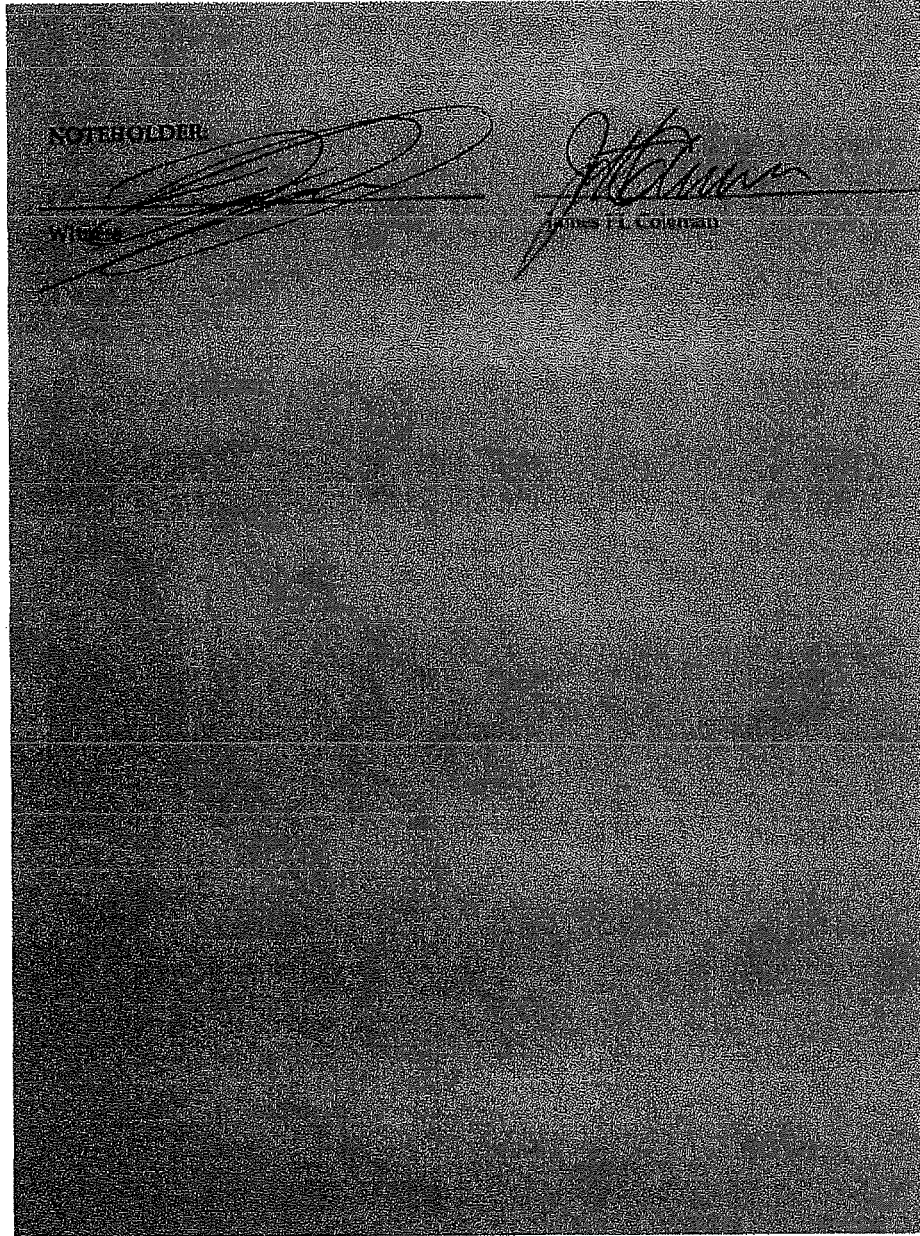
Per:



Name: EMILY WHEELER

Title: PORTFOLIO MANAGER



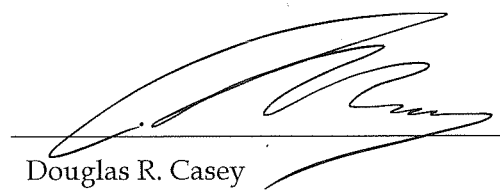


NOTEHOLDER:



Witness

John Hunt, MD 04/21/19



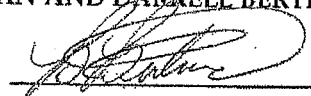
Douglas R. Casey

04/21/19

NOTEHOLDER:

BRIAN AND DABRELL BERTRAM TRUST

Per:



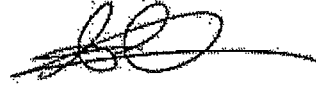
Name: Brian Bertram

Title: Trustee

NOTEHOLDER:

**SPROTT ASSET MANAGEMENT L.P. AS
SUB-ADVISOR FOR NINEPOINT GOLD &
PRECIOUS MINERALS FUND**

Per:



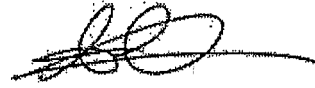
Name: Ahsan Ahmed

Title: Chief Compliance Officer

NOTEHOLDER:

SPROTT ASSET MANAGEMENT L.P. AS
SUB-ADVISOR FOR SII INVESTMENT LP

Per:



Name: Ahsan Ahmed

Title: Chief Compliance Officer

NOTEHOLDER:

INVESTOR COMPANY ITF 5J5731
NINEPOINT CREDIT INCOME
OPPORTUNITIES FUND

Per:



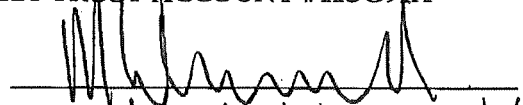
Name: WARREN STEINWALL

Title: M. D. INVESTMENT OPS.

NOTEHOLDER:

NBCN INC. ITF PIERRE LASSONDE
FAMILY TRUST ACCOUNT #41SG91A

Per:



Name: Mark Wisniewski

Title: Partner, NPP LP
on behalf of Lassonde
Family Trust

SCHEDULE "A"
DEFAULTS AND EVENTS OF DEFAULTS

1. Section 9.1 of the Note Purchase Agreement due to the failure by the Borrower to pay interest due on the Notes with respect to the months ending on January 31, 2019, February 28, 2019 and March 31, 2019.
2. Failure to comply with the financial covenants set out in Sections 6.2(1)(a) and 6.2(1)(c)(i), (ii) and (iii) of the Note Purchase Agreement.

SCHEDULE "B"
INDEBTEDNESS

See attached.

1.33

Series A (USD)	USD Principal	Jan Int (USD)	Feb Int (USD)	Mar Int (USD)	Apr Int (USD)	Total Per Egt	Total Per Egt	Monthly Cash Interest			
								Jan Int Per Egt	Feb Int Per Egt	Mar Int Per Egt	Apr Int Per Egt
		Jan. Int	Feb. Int	Mar. Int	Apr. Int			1.28%	1.43%	1.43%	1.43%
Extract Capital Master Fund Ltd	514,342.00	7,307.94	6,584.72	7,254.79	2,316.83	23,486.28	23,486.28	2.88%	2.88%	2.88%	2.88%
Extract Lending LLC	7,700,000.00	109,404.17	98,577.11	106,698.50	34,714.17	391,403.94	391,403.94	7.50%	7.50%	7.50%	7.50%
Loirette Company Leasing Ltd	2,660,000.00	28,416.67	25,604.44	28,210.00	9,016.67	91,247.78	91,247.78	6.00%	6.00%	6.00%	6.00%
Ethan Park	133,000.00	1,420.83	1,280.22	1,410.50	450.83	4,562.39	4,562.39	16.33%	16.33%	16.33%	16.33%
	10,314,342.00	146,549.61	132,046.50	145,483.79	46,500.49	470,580.39	470,580.39	0.05%	0.05%	0.05%	0.05%
								10	10	10	10
								0.45%	0.45%	0.45%	0.45%

Series B (CAD)	CAD Principal	Jan Int (CAD)	Feb Int (CAD)	Mar Int (CAD)	Apr Int (CAD)	Total Per Egt	Total Per Egt	Monthly Cash Interest			
								Jan Int Per Egt	Feb Int Per Egt	Mar Int Per Egt	Apr Int Per Egt
		Jan. Int	Feb. Int	Mar. Int	Apr. Int			1.28% <th>1.43% <th>1.43% <th>1.43% </th></th></th>	1.43% <th>1.43% <th>1.43% </th></th>	1.43% <th>1.43% </th>	1.43%
SPZA Sprout Bull/Bear RSP Fund	50,000.00	710.42	640.11	705.25	225.42	2,281.19	2,281.19	7.00%	7.00%	7.00%	7.00%
SPZL Sprout Hedge Fund	542,000.00	7,700.92	6,938.80	7,644.91	2,443.52	24,726.15	24,726.15	7.50%	7.50%	7.50%	7.50%
SPZ Sprout Hedge II Fund	250,000.00	3,552.08	3,200.56	3,526.25	1,127.08	11,405.97	11,405.97	6.00%	6.00%	6.00%	6.00%
Jayvee & Co CUSF003002 Carleton Bursary	95,000.00	1,348.79	1,216.21	1,339.98	428.29	4,334.27	4,334.27	16.33%	16.33%	16.33%	16.33%
Acc 774030 Sprout Gold and Precious Minerals I	1,462,000.00	20,758.38	18,704.05	20,607.41	6,586.68	66,656.50	66,656.50	0.85%	0.85%	0.85%	0.85%
ITF 515895 Sprout Global Master FALP	127,000.00	1,804.46	1,625.88	1,791.34	572.56	5,794.23	5,794.23	10	10	10	10
SBUI Brown Cayman I Brown University Endowment Fund	240,000.00	3,410.00	3,072.53	3,385.20	1,082.00	10,948.73	10,948.73				
SPLO SII Investment LP	85,000.00	1,207.71	1,088.19	1,198.93	383.21	3,878.03	3,878.03				
ITF 515731 Sprout Credit Income Opportunities Fund	627,000.00	8,908.63	8,026.99	8,843.84	2,826.73	28,606.18	28,606.18				
Ninepoint Gold & Precious Minerals I #774030	2,303,000.00	32,717.79	29,483.52	32,483.82	10,381.69	105,071.82	105,071.82				
NBCN Inc ITF Pierre Lassonde Family Trust	150,000.00	2,131.25	1,920.33	2,115.75	676.25	6,843.58	6,843.58				
Verex One	250,000.00	3,552.08	3,200.56	3,526.25	1,127.08	11,405.97	11,405.97				
Douglas Casey	150,000.00	2,131.25	1,920.33	2,115.75	676.25	6,843.58	6,843.58				
Dorothy Adrison (Haywood)	150,000.00	2,131.25	1,920.33	2,115.75	676.25	6,843.58	6,843.58				
Brian and Dorell Bertram Trust	100,000.00	1,420.83	1,280.22	1,410.50	450.83	4,562.39	4,562.39				
Fred Davidson	1,000,000.00	14,208.33	12,802.22	14,105.00	4,508.33	45,623.89	45,623.89				
Jerry Huang	400,000.00	5,683.33	5,120.98	5,626.80	1,833.33	18,259.82	18,259.82				
IC Advisors Inc	300,000.00	4,262.50	3,840.67	4,231.50	1,357.50	13,687.17	13,687.17				
James Coleman	250,000.00	3,552.08	3,200.56	3,526.25	1,127.08	11,405.97	11,405.97				
Linda Woody	50,000.00	710.42	640.11	705.25	225.42	2,281.19	2,281.19				
Linda Woody (Haywood)	50,000.00	710.42	640.11	705.25	225.42	2,281.19	2,281.19				
Mark Anthony Corra	200,000.00	2,841.67	2,560.44	2,821.00	901.67	9,124.78	9,124.78				
Investor Company ITF Mark Corra	50,000.00	710.42	640.11	705.25	225.42	2,281.19	2,281.19				
Cindy Krins (Corra)	50,000.00	710.42	640.11	705.25	225.42	2,281.19	2,281.19				
	6,350,000.00	90,222.92	81,294.11	89,586.75	28,627.92	289,711.69	289,711.69				

F

This is Exhibit "F" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 22nd, 2019

A handwritten signature in cursive script, appearing to read "John Bell", is written over a solid horizontal line.

A Commissioner for taking Affidavits
for British Columbia



Darin Milmeister
 Managing Partner
 T. +1 212 255 0972
 darin@extractcapital.com

June 19, 2019

Energold Drilling Corp.
 1100 - 543 Granville Street
 Vancouver, British Columbia
 V6C 1X8

Attention: Frederick W. Davidson
Chief Executive Officer

Dear Mr. Davidson:

Re: C\$20 million Convertible Secured Notes (the "**Notes**") maturing on June 14, 2022, issued under that certain Note Purchase Agreement dated June 17, 2017 (the "**Agreement**") by and between Energold Drilling Corp. ("**Energold**" or the "**Company**"), the guarantors from time to time party thereto, Extract Advisors LLC, as administrative agent (the "**Agent**"), and the noteholders from time to time party thereto (the "**Noteholders**")

Re: The Forbearance Agreement dated as of April 24, 2019 (the "**Forbearance**") made among the Company, each of the guarantors party to the Agreement (together with the Borrower, the "**Obligors**"), each of the Noteholders and the Agent

We write in connection with your request that the Agent waive certain defaults under the Forbearance and the Agreement.

As of January 31, 2019 of this year, Energold was in default under (a) section 9.1(a) of the Agreement for non-payment of interest due under the Notes on January 31, 2019 and February 28, 2019, and (b) the financial covenants set out in Sections 6.2(1)(a) and 6.2(1)(c)(i), (ii) and (iii) of the Agreement. Energold requested that the Agent consider deferring the interest payments due under the Notes for the first six months of 2019. In response, in a letter from the Agent to the Company dated March 18, 2019, the Agent laid out a framework to allow the parties to work constructively towards an accommodation. As part of this accommodation, the Noteholders agreed to forbear from exercising their rights under the Agreement on a day to day basis until the Forbearance was entered into, and the Noteholders have continued to forbear from exercising remedies to this date.

Pursuant to the Forbearance, the Company agreed, *inter alia*, that:

1. Notwithstanding the deferral of any interest due and owing under the Notes as of the date of the Forbearance until July 31, 2019, any interest payment that became due after the date of the Forbearance shall continue to be due as of the applicable Interest Payment Date (as defined in the Forbearance) and shall not be deferred. Any interest payment which becomes due during the Forbearance Period (as defined in the Forbearance) shall be paid by the Company either in cash or by transferring to the Agent and Noteholders a certain number of shares of IMPACT Silver Corporation (the "**Impact Silver Shares**"); [Section 3.1(4)]
2. The Company shall deposit all net proceeds received from the sale of any Impact Silver Shares in the Collection Account (as defined in the Forbearance) and remit such proceeds to the Agent for application to the principal and interest then outstanding under the Notes; [Section 3.1(6)]



**EXTRACT
CAPITAL**

Darin Milmeister
Managing Partner
T. +1 212 255 0972
darin@extractcapital.com

3. The Company shall deliver to the Agent and the Noteholders by the close of business on Wednesday of each week (a) a rolling 13-week cash flow forecast with respect to the business of the Company and its subsidiaries which shall be satisfactory to the Agent in form in its sole discretion, and in substance in its reasonable discretion, (b) a summary of weekly results together with a written variance report and a working capital summary in form and substance satisfactory to the Agent, and (c) a weekly update with respect to the Proposed Sale (as defined in the Forbearance); [Section 4.1(c)]
4. The Company shall, on or before April 30, 2019, complete a full evaluation of the selling, general and administrative costs and deliver to the Agent a cost reduction plan, acceptable to the Agent acting reasonably, prepared by management of the Company with the assistance of an accounting firm; [Section 4.1(e)(i)]
5. The Company shall, within 15 days from the date of the Forbearance, deliver to the Agent, the Impact Blocked Account Agreement (as defined in the Forbearance); [Section 4.1(l)]
6. Each of the Obligors shall use commercially reasonable efforts to deliver the Additional Blocked Account Agreements (as defined in the Forbearance) within 30 days of the date of the Forbearance; [Section 4.1(m)] and
7. Each of the Obligors shall observe all of its covenants and perform all of its obligations under the Agreement. [Section 4.1(n)]

Energold is now in default under:

1. Section 3.1(4) of the Forbearance and section 9.1(a) of the Agreement for non-payment of interest due under the Notes on April 30, 2019 and May 31, 2019;
2. Section 3.1(6) of the Forbearance for failing to deposit all net proceeds received from the sale of Impact Silver Shares in the Collection Account and remit such proceeds to the Agent;
3. Section 4.1(c) of the Forbearance for failing to deliver to the Agent and the Noteholders by the close of business on Wednesday of each week (a) a rolling 13-week cash flow forecast with respect to the business of the Company and its subsidiaries which is satisfactory to the Agent in form in its sole discretion, and in substance in its reasonable discretion, (b) a summary of weekly results together with a written variance report and a working capital summary in form and substance satisfactory to the Agent, and (c) a weekly update with respect to the Proposed Sale;
4. Section 4.1(e)(i) of the Forbearance for failing to complete a full evaluation of the selling, general and administrative costs and deliver a cost reduction plan, acceptable to the Agent acting reasonably, on or before April 30, 2019;
5. Section 4.1(i) of the Forbearance for failing to give notice to the Agent immediately of any new obligation, commitment or expenditure of any Obligor in an amount in excess of C\$100,000;
6. Section 4.1(l) of the Forbearance for failing to deliver the Impact Blocked Account Agreement to the Agent within 15 days of the date of the Forbearance;



**EXTRACT
CAPITAL**

Darin Milmeister
Managing Partner
T. +1 212 255 0972
darin@extractcapital.com

7. Section 4.1(m) of the Forbearance for failing to use commercially reasonable efforts to deliver the Additional Blocked Account Agreements within 30 days of the Forbearance; and
8. Sections 6.2(1)(a) and 6.2(1)(c)(i), (ii) and (iii) of the Agreement for failing to comply with the financial covenants in the Agreement.

You have informed us that the Company and its key subsidiaries are facing a material liquidity crisis.¹ It was an underlying premise of the Agent's agreement to forbear that the Company would provide the Agent and the Noteholders with full financial and operational transparency. However, the information provided by management to our financial advisor to date has not adequately explained the Company's financial situation or its cash requirements for the near term. Notwithstanding these breaches of the Forbearance and your description of the troubled financial condition in which the Company finds itself (including the potential inability to meet certain payroll obligations), the Noteholders continue to believe that it is in the best interests of all of the Company's stakeholders to work cooperatively to stabilize the business to the extent possible while it pursues an austerity program and simultaneously works with Ernst & Young to market all or any portion of the Company and its assets. The Noteholders have indicated to you a willingness to consider extending further credit to the Company, but only if the Company can present a credible plan backed up by rigorous financial analysis demonstrating that any further infusions of capital are in fact likely to increase the value of the Company and its assets for the benefit of its stakeholders. To that end, and in light of what you have reported are the Company's extremely limited human resources in finance and operations, we have discussed and come to a consensus with you and the Company's Board of Directors (as discussed with Jim Coleman, the Company's Chairman of the Board), that the Company and its stakeholders will be best served through the expeditious retention of an experienced Chief Restructuring Officer to guide it through its present crisis. We understand that Mr. Coleman has identified and interviewed one potential candidate, and at his request we have received recommendations of and vetted, to the best of our ability under these time constrained circumstances, approximately six potential candidates (both individuals and firms). We will send our findings and thoughts on those candidates under separate cover.

With the aforementioned in mind, and while reserving all our rights, claims, privileges and remedies available to us at law, equity and under and in connection with the Agreement and the Forbearance, the Noteholders present intention is to continue to forbear from exercising our remedies on a day to day basis and continue to work cooperatively with the Company and its Board to allow the Company to promptly retain a CRO, work with EY to further the sales process, and work to provide the Noteholders and their retained financial advisor at FTI with information regarding the Company's financial and operational performance and conditions.

Yours truly,

Darin Milmeister
Managing Partner

Extract Capital
55 Fifth Ave., Suite 1702 New York, NY 10003
34 King St. E., Suite 1102 Toronto, ON M5C 2X8

¹ Notwithstanding the existence of the defaults under the Forbearance and the apparent insolvency of the Company and certain of its subsidiaries, we note that the Company does not appear to have made any public disclosure of these facts. We leave it to you to seek appropriate legal advice from your counsel regarding any legal requirement to do so.



Darin Milmeister
Managing Partner
T. +1 212 255 0972
darin@extractcapital.com

cc: Jim Coleman, Chairman of the Board, Energold Drilling Corp.
Gary Katz, Downtown Capital Partners, LLC
Derek Cranson, Loinette Capital

G

This is Exhibit "G" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 22nd, 2019

A handwritten signature in cursive script, appearing to read "John A. ...", is written over a solid horizontal line.

A Commissioner for taking Affidavits
for British Columbia



June 21, 2019

Delivered by Email

Extract Capital
55 Fifth Ave, Suite 1702
New York NY 10003

Attention: Darin Milmeister

Dear Sir:

Re: C\$20 million Convertible Secured Notes (the "Notes") maturing on June 14, 2022, issued under that certain Note Purchase Agreement dated June 17, 2017 (the "Agreement") by and between Energold Drilling Corp. ("Energold" or the "Company"), the guarantors from time to time party thereto, Extract Advisors LLC, as administrative agent (the "Agent"), and the noteholders from time to time party thereto (the "Noteholders")

and

The Forbearance Agreement dated as of April 24, 2019 (the "Forbearance") made among the Company, each of the guarantors party to the Agreement (together with the Borrower, the "Obligors"), each of the Noteholders and the Agent

We write in response to our various discussions in respect of the path forward for Energold and its subsidiaries and your letter of June 19, 2019.

Your letter of June 19 asserts various defaults under the Forbearance Agreement. We do not think that it is productive or necessary to respond to each default asserted in your letter or debate which terms have, or have not, been met under the Forbearance Agreement. Energold has done its utmost to comply with the Forbearance Agreement in good faith, and to identify in advance any constraints affecting its obligations under the Agreement.

Energold's focus is firmly on the path forward and working with Extract on a turnaround to ensure the future success of the Company. As we have discussed, we believe that with Extract's support, this will be possible.

However, we wish to note that certain items asserted as being in default have been met. In particular, with the assistance of Ernst & Young Inc. ("EY"), Energold has provided Extract's advisor, FTI

Consulting (“FTI”) with the 13-week cash flow statement on a weekly basis, along with a comparison of the previous week’s forecast to actual with an explanation of any variances. Energold has also provided Extract with a cost-reduction plan, including a report from EY regarding the reduction of G&As.

We also wish to note that Energold and its subsidiaries have not incurred any new obligations, commitments or expenditures in excess of \$100,000 without notice to Extract. We understand that this comment may relate to the payrolls for Bertram Drilling Corp. and Energold Drilling (EMEA). However, this is an expense in the ordinary course of business and was disclosed in the 13-week cash flow provided. Further, while the cumulative payroll obligation exceeds \$100,000, the individual amounts are significantly less.

We are happy to hear that Extract and the Noteholders remain inclined to work cooperatively to stabilize the business while Energold reduces costs and markets all, or certain portions, of the Company and its assets (including subsidiaries). We believe that as Energold’s primary secured creditor, Extract and Energold’s interests are aligned in preferring an efficient way to restructure or sell the business.

We note your comments that Extract has not been satisfied with the information provided to-date. However, Energold has made efforts in good faith to respond to information requests, and to answer any questions raised by Extract or FTI. As you know, Energold had extensive meetings with a representative of FTI in Energold’s offices and gave FTI complete access to Energold’s information and personnel. Energold has also provided, among other things, monthly operational reports including revenue, potential contracts by jurisdiction, meters drilled and location of drills; weekly accounts payable by Obligor; aged accounts receivables listings; and employee lists for each Obligor, including position, salary and start date.

Energold has done its best to be transparent and to respond to requests and any resulting questions, but, as you know, it has limited capacity and resources to produce information. We have suggested alternative solutions, including having a representative from FTI handle certain requests, in an effort to address these limitations. These options have not yet been accepted.

Energold agrees with the appointment of Chief Restructuring Officer (“CRO”) to assist the Company through this process, and to provide additional comfort to Extract and the Noteholders. As you know, Energold is in the process of identifying a suitable candidate, but does not have sufficient funds for this engagement and we appreciate the support shown by Extract in offering to assist with the cost of engaging a CRO.

In short, Energold is doing its utmost to provide the information requested and to work cooperatively with Extract and its representatives and will continue to do so. However, we are concerned that it may be unable to satisfy all of Extract’s requests in light of present limitations, of which you are fully apprised.

As you will appreciate from the 13-week cash flow, Energold has an immediate cash need over the next 10 days. The cumulative shortfall is approximately \$460,000. The enclosed spreadsheet particularizes the expenses, but in summary, the funds are required for:

1. Payroll for Bertram Drilling Corp., Cros-Man Direct Underground Ltd. and Energold;
2. Insurance;
3. Taxes; and
4. Rent for Bertram Drilling Corp., Cros-Man Direct Underground Ltd., EGD Services Ltd. and Energold.

It is possible that Energold will receive funds to cover these expenses, or portions of them, but the timing of these receipts is unreliable. Accordingly, Energold is asking for Extract's support in meeting these critical payments so that we can continue to work together to address the issues and implement the various measures discussed, including appointment of a CRO.

As we have discussed, and as noted above, Energold is committed to working with Extract and the Noteholders regarding the path forward, including a process for future funding. As you will appreciate, Energold will not be able to do so if it cannot meet its critical obligations.

Unfortunately, Energold has reached a point where it will need to seek creditor protection under the *Companies' Creditors Arrangement Act* and obtain interim financing unless Extract is prepared to support the Company through an advance of funds to address critical payments. This is not the Company's preference, but it may be necessary because of its financial position. If this step is required, Energold would seek to have its application heard in British Columbia on or before June 28, 2019, subject to Court availability.

Please contact me at your convenience should you wish to discuss.

Yours truly,

ENERGOLD DRILLING CORP.



Frederick W. Davidson

cc: Gary Katz, Downtown Capital Partners LLC
Derek Cranson, Loinette Capital

H

This is Exhibit "H" referred to
in the Affidavit #1 of Frederick W. Davidson
made before me on August 22nd, 2019

A handwritten signature in cursive script, appearing to read "Simon M. [unclear]", is written over a solid horizontal line.

A Commissioner for taking Affidavits
for British Columbia



Mr. Jim Coleman
 Chairman
 Energold Drilling Corp.
 543 Granville Street, Suite 1100
 Vancouver, BC
 Canada V6C1X8

Re: Agreement for the Provision of Interim Management Services

Dear Mr. Coleman:

This letter, together with the attached Schedule(s), Exhibit and General Terms and Conditions, sets forth the agreement (this "Agreement") between Portage Point Partners, LLC ("Portage Point") and Energold Drilling Corp. (the "Company") for the engagement of Portage Point to provide certain temporary resources to the Company to assist it in its restructuring as described below.

All defined terms shall have the meanings ascribed to them in this Agreement. The Company and Portage Point are each a "party," and together the "parties."

The engagement of Portage Point, including any Portage Point employees, ICs, agents or other personnel who serve in Executive Officer positions, shall be under the ultimate supervision of the board of directors of the Company (the "Board").

OBJECTIVE AND TASKS

Subject to: (i) confirmation that the Company has a D&O Insurance policy, satisfactory to Portage Point and in accordance with Section 7 of the General Terms and Conditions, and (ii) a copy of the signed Board resolution (or similar document) as official confirmation of both the appointment Portage Point and the terms and conditions of this Agreement, Portage Point will provide Mark Berger to serve as the Company's Chief Restructuring Officer ("CRO") and other Portage Point Staff (as defined below) as required to achieve the objectives and tasks. The CRO will report to the Board and in addition to all responsibilities, duties, and authorizations described below, will have the authority of the Company's COO and CFO. Portage Point Staff will report to the CRO. Working collaboratively with the senior management team, the Board and other Company professionals, the Portage Point team will assist the Company in evaluating and implementing strategic and tactical initiatives throughout the operational and financial restructuring process.

In addition to the ordinary course duties of the COO and CFO, the responsibilities, duties and authorization of the CRO and Portage Point will be as follows:

- Assist with steps as are reasonably necessary for the preservation and protection of the assets of the Company (the "Property") and the value of the Property.
- Assist in working with and negotiating with lender group to address its short-term liquidity requirements, including but not limited to meeting with lenders, developing presentations, and providing the Board with financial analytical assistance necessary to facilitate such negotiations.



- Assist in evaluating and developing a short-term cash flow forecasting tool and related methodologies and to assist to further identify and implement both short-term and long-term liquidity generating initiatives.
- Assist in working with and negotiating with prospective capital providers to refinance current lenders, including but not limited to meeting with capital providers, developing presentations, and providing the Board with financial analytical assistance necessary to facilitate such negotiations.
- Assist in the development of an operational plan to reflect the Company's current operational and financial environment.
- Assist with the development of a business plan, and such other related forecasts as may be required by lenders in connection with negotiations or by the Company for other corporate purposes.
- Assist with the development and distribution of information required by the Company's various constituents, including customers, vendors, lenders and investors.
- To negotiate and, with the approval of the Board, enter into agreements on behalf of the Company with respect to the sale of the Property.
- Provide recommendations to the Board and the Company's management in respect of distribution of any sales proceeds received by the Company with respect to Property or otherwise.
- Assist with the preparation required for an insolvency or other court supervised proceeding in the event covenant relief is not obtained through an amendment process.
- Assist in planning, overseeing and implementing any insolvency or corporate reorganization filing, as authorized by the Board.
- Assist in obtaining and presenting information required by parties in interest in the event of the Company's insolvency process including the Court itself.
- Assist in other business and financial aspects of any insolvency or corporate reorganization proceeding, including, but not limited to, development of a plan of reorganization or sales or investment process.
- To coordinate with and assist the Company's advisors regarding all of the foregoing.
- To provide information to the Company's secured lenders regarding the business and affairs of the Company.
- Assist with such other matters as may fall within Portage Point expertise and that are mutually agreeable between the CRO and the Board.

STAFFING

Portage Point will provide the individuals set forth on Exhibit A ("Portage Point Staff"), subject to the terms and conditions of this Agreement, with the titles, pay rates and other descriptions set forth therein.



The Portage Point Staff may be assisted by or replaced by other professionals at various levels, as required, who shall also become Portage Point Staff. Portage Point will keep the Company informed as to Portage Point staffing and will not add additional Portage Point Staff to the assignment without first consulting with the Company to obtain Company concurrence that such additional resources are required and do not duplicate the activities of other employees or professionals. The Company hereby agrees that any additional services or Portage Point Staff not outlined in this Agreement including, without limitation, Exhibit A shall be provided pursuant to the terms and conditions of Schedule 1.

TIMING AND FEES

Portage Point will commence this engagement on or about June __, 2019 ("Effective Date") after receipt of a copy of the Agreement executed by the Company and confirmation of the Company's compliance with the requirements set forth in the first paragraph of the Objective and Tasks section above.

The Company shall compensate Portage Point for its services and reimburse Portage Point for expenses, as set forth on Schedule 1 and Exhibit A.

RELEASE AND INDEMNITY

The Company agrees that Portage Point, including its directors, officers and employees, including the CRO and other Portage Point Staff (collectively, the "Released Parties") shall be released and discharged from any and all liability arising from the provision of services in respect of this engagement, except in the event that the obligation or liability was incurred as a direct result of the Released Parties' gross negligence or wilful misconduct. The Company further agrees to indemnify and save harmless the Released Parties from any and all claims arising out of or connected to the performance of their services hereunder, except in the event that the obligation or liability was incurred as a direct result of the Released Parties' gross negligence or wilful misconduct, and the Company shall, to the extent permissible and practicable under the terms of the applicable insurance policies, extend their directors and officers liability coverage to include the Released Parties.

* * *

In the event the Company seeks protection under any insolvency or similar statute or process in Canada or the United States, the Company will promptly apply to the Court to obtain approval of this Agreement and the Portage Point retention and Retainer nunc pro tunc to the date of filing.

If these terms are acceptable, please sign and return this Agreement at your earliest convenience. We look forward to our work together.

Sincerely,

Portage Point Partners, LLC

Matthew D. Ray



Energold Drilling Corp.

By: M.A. [Signature]

Its: Director

Date: June 28, 2019



EXHIBIT A

**PORTAGE POINT STAFF
INDIVIDUALS WITH EXECUTIVE OFFICER POSITIONS**

Name	Description	Hourly Rate ¹
Matthew Ray	Managing Partner / Team Leader	\$725
Mark Berger	Chief Restructuring Officer	\$525

The parties agree that Exhibit A can be amended by Portage Point from time to time to add or delete staff. Portage Point Staff providing services to the Company may also work with other Portage Point clients in conjunction with unrelated matters.

¹ Hourly Rates may change in the future from time to time and are typically adjusted annually to reflect advancing experience, capabilities and seniority of our professionals as well as general economic factors.

All fees and compensation will be paid by the Company to Portage Point and not directly to any of the Portage Point Staff.



SCHEDULE 1

FEES AND EXPENSES

1. **Fees:** The Company shall pay Portage Point based on the hours spent at the hourly rate fees set forth below. On or prior to 14 days from the Effective Date, the parties shall mutually agree to a discounted Fee and Success Fee structure.

Title	Hourly Rate ¹
Managing Partner	\$725
Managing Director	\$650
Senior Director	\$525
Vice President	\$425
Senior Associate	\$350
Associate	\$300

¹ Discounted Rates may change in the future from time to time and are typically adjusted annually to reflect advancing experience, capabilities and seniority of our professionals as well as general economic factors.

2. **Success Fee:** On or prior to 14 days after the Effective Date, the parties shall mutually agree to a discounted Fee and Success Fee structure.
3. **Expenses:** In addition to the Fees set forth in Exhibit A and this Schedule 1, the Company shall reimburse Portage Point for all direct external project related expenses incurred in connection with this engagement (i.e., data sets, reports, outside copy services, travel, lodging, meals, services of outside vendors, etc) plus an amount equal to three percent (3%) of Portage Point's professional fees to cover internal expenses which are not billed through as direct reimbursable expenses (i.e. memoranda production costs, courier, database and information services, administrative support, research and other similar expenses as well as other overhead expenses such as technology (including information security), telecommunications, supplies, photocopies and other incidental expenses that are not readily itemized). Portage Point will provide a reasonably itemized statement of expenses incurred on this engagement and shall provide copies of original invoice or other documentation on itemized expenses over \$75 upon request. The Company shall reimburse Portage Point for reasonable itemized expenses less than \$75 without a copy of the original invoice or other documentation.
4. **Retainer:** The Company will pay a retainer in the amount of \$100,000 ("Retainer") to Portage Point prior to commencement of the engagement. The Retainer will be applied against Fees and Expenses as set forth in this Schedule and in accordance with Section 2 of the General Terms and Conditions. The Company shall periodically replenish the Retainer immediately upon receipt of notice such requirement by Portage Point.
5. **Payment:** Portage Point will submit invoices from time to time setting forth the services rendered and expenses incurred. All invoices shall be due and payable immediately upon receipt and paid via wire transfer. No discount is provided for prompt payment, and none shall be taken, but interest on any invoices paid late shall accrue in accordance with Section 2 of the General Terms and Conditions. Portage Point wire instructions are provided below.

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.

PETITIONERS

AFFIDAVIT #1 OF FREDERICK W. DAVIDSON

BORDEN LADNER GERVAYS LLP
1200 Waterfront Centre
200 Burrard Street
P.O. Box 48600
Vancouver, BC V7X 1T2
Telephone: (604) 632-3544
Attn: Lisa Hiebert
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File: 035456/000004