



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

NOTICE OF APPLICATION

(STAY EXTENSION)

Name of Applicants: The Petitioners

On Notice to: The Service List, a copy of which is attached hereto as Schedule "A"

TAKE NOTICE that an application will be made by the Applicants to the Honourable Mr. Justice Milman at the courthouse at 800 Smithe Street, Vancouver, British Columbia, on November 28, 2019 at 9:00 a.m., for an Order as set out in Part I below.

PART I – ORDERS SOUGHT

1. An Order substantially in the form attached hereto as Schedule "B".

PART II – FACTUAL BASIS

Background

1. Defined terms used in this Application and not otherwise defined have the meaning set out in Affidavit #1 of Matthew Freeman sworn on November 22, 2019.
2. On September 13, 2019, the Honourable Mr. Justice Milman granted the Initial Order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") granting,

among other things, a stay of proceedings in favour of the Petitioners until the initial Return Date of October 11, 2019.

3. On September 13, 2019, the Honourable Mr. Justice Milman also granted orders:
 - (a) authorizing and directing Energold Drilling Corp., in its capacity as the sole shareholder of Bertram Drilling Corp. (“**Bertram Drilling**”) to enter into an asset disposition agreement with Century Services Corp. for the sale of certain assets of Bertram Drilling and to conclude the transactions contemplated by that Agreement (the “**Auction Order**”); and
 - (b) authorizing and directing the Petitioners to carry out the sale solicitation process (the “**SSP**”) to solicit offers to purchase all or any part of the property, assets and undertakings of the Petitioners (the “**SSP Order**”).
4. On October 10, 2019, the Honourable Mr. Justice Milman granted an order extending the Stay Period to November 29, 2019.

Update on Petitioners’ Activities

5. Since October 10, 2019, the Petitioners have taken significant steps to further advance the restructuring under this CCAA proceeding. These steps include, among other things:
 - (a) substantially completing the Century Auctions in accordance with the Auction Order, which the Petitioners expect to result in net proceeds of approximately \$6,000,000;
 - (b) completing the conditions precedent to the second tranche of the Interim Financing (as defined in the Initial Order) in the aggregate amount of \$2,400,000, and ultimately repaying all of the Interim Financing to the Interim Lender in-full;
 - (c) working with the Financial Advisor, Monitor, and other stakeholders, to implement and complete the SSP in accordance with the SSP Order (including assisting the Financial Advisor to hold an auction with respect to the BDI Unit and EMEA Unit), which resulted in Extract being the successful bidder of each Energold Unit;
 - (d) working with Extract and its legal counsel (in consultation with the Monitor) to formulate a proposed plan of arrangement or compromise pursuant to Part I of the CCAA

(the “**Plan**”), with an aim to complete the resulting sale transactions of Energold Units pursuant to the SSP Order in an expeditious manner;

- (e) facilitating Bertram Drilling’s efforts to collect its remaining outstanding accounts receivable (including, in particular, those owed by Syncrude);
- (f) continuing to communicate with various lenders, employees and other stakeholders regarding the status of these CCAA proceedings;
- (g) cooperating and working with the Monitor to facilitate its monitoring of the business and operations of the Petitioners;
- (h) working to continue the operations of the Petitioners’ business in the ordinary course, including communicating with suppliers and service providers; and
- (i) seeking to reduce expenses where possible, including terminating and disclaiming redundant contracts.

Extension of Stay Period

6. The Petitioners seek an extension of the stay of proceedings under the Initial Order to allow them to, among other things: (a) collect the remaining proceeds of the auctions contemplated by the Auction Order; (b) collect on various remaining accounts receivable of Bertram Drilling (including the accounts receivable from Syncrude); and (c) conclude the transactions resulting from the SSP, including the proposed Plan which Extract expects to provide shortly.
7. The Petitioners will have sufficient liquidity to meet their obligations during the proposed extension, evidenced by the cash flow statement prepared in consultation with the Monitor.
8. The Petitioners have been, and are, acting in good faith and with due diligence throughout these CCAA proceedings.

Sale of Shares

9. Energold currently owns shares (the “**Shares**”) in the following eight (8) reporting issuers:

Name of Reporting Issuer	Number and Class of Shares	Approximate Market Price (as of November 22, 2019)	Estimated Value (as of November 22, 2019)
IMPACT Silver Corp.	4,559,501 Common shares	\$0.31	\$1,413,445
Candente Copper Corp.	1,837,803 Common shares	\$0.03	\$55,134
Avrupa Minerals Ltd.	700,000 Common shares	\$0.035	\$24,500
Eagle Graphite Incorporated	7,499 Common shares	\$0.07	\$525
Everton Resources Inc.	260,200 Common shares	\$0.022	\$5,724
Latin Metals Inc.	43,500 Common shares	\$0.12	\$5,220
Voyageur Minerals Ltd.	668,667 Common shares	\$0.02	\$40,120
Nortec Minerals Corp.	327,000 Common shares	\$0.02	\$4,905
TOTAL	---	----	\$1,549,574

10. The Shares are publicly-traded, though not widely-traded, and the markets for trading the Shares is relatively illiquid. Further, the Shares are of little strategic or practical value to Energold beyond their apparent liquidation value.
11. Energold (in consultation with the Monitor) is of the view that it is in the best interests of the Petitioners and their stakeholders that Energold be permitted to liquidate the Shares by way of arms' length sale on the applicable stock exchange. Such a liquidation will provide working capital to the Petitioners that will assist in funding the completion of the restructuring under these proceedings, and will monetize unneeded assets for the benefit of the Petitioners' stakeholders.

PART III – LEGAL BASIS

1. The Petitioners rely on:
- (a) the CCAA, Sections 11.02 (2), 11.02 (3) and 36;
 - (b) *Supreme Court Civil Rules*, in particular Rules 8-1 and 13-1;
 - (c) The inherent and equitable jurisdiction of this Honourable Court; and,
 - (d) Such further and other legal bases and authorities as counsel may advise and this Honourable Court may permit.

Extending the Stay of Proceedings

2. Subsection 11.02(2) of the CCAA provides that the Petitioners may apply for an extension of the Stay Period for an additional period that the Court considers necessary on any terms that the Court

may impose. The Petitioners must satisfy the court that: (a) circumstances exist that make the order appropriate; and (b) they have acted, and are acting, in good faith and with due diligence.

CCAA, s. 11.02

3. In determining whether the appropriate circumstances exist to extend the Stay Period, the question before the Court is whether the order sought will usefully advance the remedial purpose of the CCAA.

North American Tungsten Corp. (Re), 2015 BCSC 1376, at para. 25, citing *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60, at para. 70.

4. The Petitioners submit the extension of the relief granted by the Initial Order, including the Stay Period, is appropriate and necessary so that the Petitioners can: (a) collect the remaining proceeds of the auctions contemplated by the Auction Order; (b) collect on various remaining accounts receivable of Bertram Drilling (including the accounts receivable from Syncrude); and (c) conclude the transactions resulting from the SSP, including the proposed Plan.
5. The Petitioners have been working in good faith and with due diligence in these proceedings.

Sale of Shares

6. The Shares are not required for the operation of the Petitioners' business, and the Petitioners submit that they are not material assets. Accordingly, the Petitioners seek authority to liquidate the Shares through sales on the applicable stock exchange, with the approval of the Monitor and Extract, as the secured creditor affected by the proposed sales.
7. To the extent that the CCAA section 36 applies to the proposed sale of the Shares, the Petitioners submit the proposed sale meets the requirements of section 36 and *Soundair*, and that the proposed sales are in the best interests of the Petitioners and their stakeholders.

CCAA s.36.1

Royal Bank v. Soundair Corp., 1991 CarswellOnt 205, 4 O.R. (3d) 1 (Ont. C.A.), at para. 16.

8. In particular:
 - (a) the process for the proposed sale is reasonable in the circumstances – the Shares are publicly listed reporting issuers, and will be traded on the applicable stock exchange at the

prevailing market rates, where the Petitioners, Monitor and Extract agree the price is reasonable;

- (b) the Monitor approves of the proposed process for disposition;
- (c) Extract, as the secured creditor affected by the proposed sales, has been consulted with respect to the proposed sales and form of order;
- (d) the proposed sale will benefit the Petitioners' creditors by providing additional liquidity for the estate; and
- (e) since the Shares will be sold on the open market, with the approval of the Monitor and Extract, the Petitioners submit that the consideration will be commercially reasonable and that this is a provident approach to realize the value of the Shares.

CCAA, s. 36

Royal Bank v. Soundair Corp., 1991 CarswellOnt 205, 4 O.R. (3d) 1 (Ont. C.A.), at para. 16.

PART IV – MATERIALS TO BE RELIED

1. Affidavit #1 of Matthew Freeman, sworn on November 25, 2019;
2. The Order made September 13, 2019 in respect of the Century Services Corp. auction;
3. The Order made September 13, 2019 in respect of the Sale and Solicitation Process;
4. The Order made on October 10, 2019 extending the Stay Period to November 29, 2019;
5. The Second Report of the Monitor (to be filed); and
6. Such further and other materials as counsel may advise and this Honourable Court may allow.

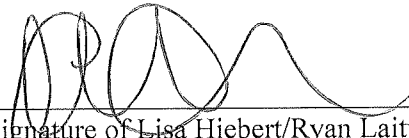
The Applicant estimates that the application will take 15 minutes.

- This matter is within the jurisdiction of a master.
- This matter is not within the jurisdiction of a master. Mr. Justice Milman is seized of these proceedings, and the date and time of this application has been confirmed with Court Scheduling.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: November 25, 2019



 Signature of Lisa Hiebert/Ryan Laity
 applicant lawyer for applicants

<i>To be completed by the court only:</i>	
Order made	
<input type="checkbox"/>	in the terms requested in paragraphs _____ of Part 1 of this notice of application
<input type="checkbox"/>	with the following variations and additional terms:
_____ _____ _____	
Date:	_____
Signature of <input type="checkbox"/> Judge <input type="checkbox"/> Master	

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matters concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts
- other

Schedule "A"

SERVICE LIST

Please see attached.

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PETITIONERS

SERVICE LIST

[as at October 16, 2019]

<p>Borden Ladner Gervais LLP 1200 Waterfront Centre 200 Burrard Street Vancouver, BC V7X 1T2 Tel: (604) 687-5744</p> <p>Attn: Lisa C. Hiebert and Ryan Laity</p> <p>Email: lhiebert@blg.com rlaity@blg.com</p> <p>Counsel for the Petitioners</p>	<p>FTI Consulting Canada Inc. 555 Burrard Street Vancouver, BC V7X 1M8 Tel: (604) 484-9525</p> <p>Attn: Tom Powell and Toni Vanderlaan</p> <p>Email: toni.vanderlaan@fticonsulting.com tom.powell@fticonsulting.com robert.kleebaum@fticonsulting.com craig.munro@fticonsulting.com</p> <p>Monitor</p>
<p>Cassels Brock & Blackwell LLP Suite 2200 HSBC Building 885 West Georgia Street Vancouver, BC V6C 3E8 Tel: (604) 691-6100</p> <p>Attn: H. Lance Williams and Mary I.A. Buttery, Q.C.</p> <p>Email: lwilliams@casselsbrock.com mbuttery@casselsbrock.com sdanielisz@casselsbrock.com</p> <p>Counsel for the Monitor</p>	<p>Gowling WLG 550 Burrard Street Suite 2300-Bentall 5 Vancouver, BC V6C 2B5 Tel: (604) 683-3558</p> <p>Attn: Jonathan B. Ross and Jeffrey Bradshaw</p> <p>Email: jonathan.ross@gowlingwlg.com jeffrey.bradshaw@gowlingwlg.com michele.hay@gowlingwlg.com</p> <p>Counsel for Export Development Canada</p>

<p>Clark Wilson LLP 900 – 885 West Georgia Street Vancouver, BC V6C 3H1 Tel: (604) 643-3176</p> <p>Attn: Christopher Ramsay and Katie Mak</p> <p>Email: cramsay@cwilson.com kmak@cwilson.com dhamann-trou@cwilson.com</p> <p><i>Counsel for Extract Advisors LLC as administrative agent to the secured Noteholders</i></p>	<p>McCarthy Tétrault LLP 421 7th Avenue SW Suite 4000 Calgary, AB T2P 4K9 Tel: (403) 260-3500</p> <p>Attn: Pantelis Kyriakakis</p> <p>Email: pkyriakakis@mccarthy.ca</p> <p><i>Counsel for Royal Bank of Canada</i></p>
<p>Stikeman Elliott LLP 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9 Tel: (416) 869-5500</p> <p>Attn: Ashley Taylor and Marie Garneau</p> <p>Email: ataylor@stikeman.com mgarneau@stikeman.com</p> <p><i>Counsel for Energold DIP Lender, LLC</i></p>	<p>Ernst & Young Inc. Pacific Centre, 700 West Georgia Street Vancouver, BC V7Y 1C7 Tel: (604) 891-8200</p> <p>Attn: Mike Bell and Rob Withers</p> <p>Email: mike.bell@ca.ey.com robert.withers@ca.ey.com</p> <p><i>Financial Advisor for the Petitioners</i></p>
<p>Portage Point Partners LLC 300 North LaSale, Suite 4925 Chicago, IL 60654</p> <p>Attn: Mark Berger and Ryan Williams</p> <p>Email: mberger@pppllc.com rwilliams@pppllc.com</p> <p><i>Chief Restructuring Officer</i></p>	<p>Extract Advisors LLC Suite 423, 379 West Broadway New York, NY 10012</p> <p>Attn: Darin Milmeister</p> <p>Email: darin@extractcapital.com</p> <p><i>Administrative agent to the secured Noteholders</i></p>
<p>Downtown Capital Partners, LLC Suite 1110, 360 Hamilton Avenue White Plains, NY 10601</p> <p>Attn: Gary Katz</p> <p>Email: gkatz@downtownlp.com</p>	

Schedule "B"

DRAFT ORDER

Please see attached.

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PETITIONERS

ORDER MADE AFTER APPLICATION

(STAY EXTENSION)

BEFORE THE HONOURABLE)
MR. JUSTICE MILMAN) November 28, 2019
)

ON THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 28th day of November, 2019; AND ON HEARING Lisa Hiebert, counsel for the Petitioners and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed; AND PURSUANT TO the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the "CCAA"), the British Columbia Supreme Court Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

1. The time for service of the Notice of Application and supporting materials be and is hereby abridged such that this application is properly returnable today and service thereof upon any interested party other than the parties on the service list maintained by the Monitor in this proceeding is hereby dispensed with.
2. The relief provided for in the Initial Order made in these proceedings on September 13, 2019 be and is hereby confirmed, and the Stay Period (as defined in the Initial Order) and all other relief is hereby extended to January 31, 2020.

3. Any Petitioner, at the discretion of Mark Berger in his capacity as Chief Restructuring Officer of the Petitioners (the “CRO”), with the consent of the Monitor and in consultation with Extract Advisors, LLC (as agent for certain noteholders), be permitted to sell, transfer or convey to *bona fide* third party purchasers for value any and all shares that a Petitioner holds in the capital of any publicly-traded reporting issuer (collectively referred to herein as “Shares”), including without limitation, any Shares that Energold Drilling Corp. holds in the capital of IMPACT Silver Corp., Candente Copper Corp., Avrupa Minerals Ltd., Eagle Graphite Incorporated, Everton Resources Inc., Latin Metals Inc., Voyageur Minerals Ltd., or Nortec Minerals Corp., and hereby orders and directs any intermediary, broker or depository holding such Shares on behalf of or for the benefit of any Petitioner to, upon receiving instructions of the CRO, take such actions and perform such acts as may be necessary or desirable to give effect to such sale, transfer or conveyance of Shares.

4. Endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

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

Signature of Lisa Hiebert
 Party Lawyer for the Petitioners

BY THE COURT

REGISTRAR

No. S1910194
Vancouver Registry

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