



S  
No. 1910194  
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, AS AMENDED**

**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**

**THIRD REPORT OF THE MONITOR**

**DECEMBER 18<sup>th</sup>, 2019**

**IN THE MATTER OF ENERGOLD DRILLING CORP., CROS-MAN DIRECT  
UNDERGROUND LTD., EGD SERVICES LTD., BERTRAM DRILLING CORP., AND  
OMNITERRA INTERNATIONAL DRILLING INC.**

**THIRD REPORT OF THE MONITOR**

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**Appendix A** – Plan of Compromise and Arrangement dated December 18, 2019

## INTRODUCTION

1. On September 13, 2019, Energold Drilling Corp. (“**EDC**”), Cros-Man Direct Underground Ltd. (“**Cros-Man**”), Bertram Drilling Corp. (“**BDC**”), EGD Services Ltd. (“**EGD**”) and Omniterra International Drilling Inc. (“**Omniterra**” and collectively, the “**Applicants**” or “**Energold**”) commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an order granted by this Honourable Court (the “**Initial Order**”).
2. The Initial Order provides for, among other things:
  - a. a stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants and certain affected subsidiaries until October 11, 2019. The Stay of Proceedings has been extended to January 31, 2020 by subsequent orders of this Honourable Court;
  - b. the appointment of FTI Consulting Canada Inc. as Monitor in the CCAA Proceedings (the “**Monitor**”); and
  - c. approval of the appointment of a Chief Restructuring Officer (“**CRO**”).
3. Concurrent with the Initial Order, this Honourable Court granted an order which authorized and approved a sale solicitation process (“**SSP**”) in respect of certain of Energold’s businesses and assets.
4. The Applicants in conjunction with its financial advisor conducted the SSP which resulted in three credit bids for the purchase of shares of EDC subsidiaries and one credit bid for the purchase of Cros-Man’s assets between the Applicants and Energold’s senior secured noteholders (the “**Noteholders**”), subject to the approval of this Honourable Court (the “**Accepted Offers**”).

5. The SSP excluded the sale of certain assets owned by EDC, EGD and BDC. These assets are primarily cash, receivables, marketable securities and a note receivable from Dando Drilling International Limited (collectively, the “**Residual Assets**”).
6. The Applicants and Noteholders wish to conclude the sale transactions contemplated by the Accepted Offers and otherwise deal with the Residual Assets through a proposed Plan of Compromise and Arrangement (the “**Plan**”) which will effect the paydown and extinguishment of debt owing by Energold to the Noteholders by application of the credit bids and will utilize any remaining credit of the Noteholders to effect the sale of the Residual Assets and extinguishment of intercompany accounts. The acquired assets will vest in a new limited partnership acquisition vehicle (the “**US LP**”) of which each Noteholder will receive its pro rata share of partnership units replacing the value of their notes, and will be managed by the general partner of the US LP.
7. On December 18, 2019, the Noteholders filed the Plan and a Notice of Application for a meeting order (the “**Meeting Order**”) to be heard on December 19, 2019.
8. The Initial Order, Plan and select application materials and other documents filed in the CCAA Proceedings are posted on the Monitor’s website at <http://cfcanada.fticonsulting.com/Energold/> (the “**Monitor’s Website**”).

## **PURPOSE**

9. This third report of the Monitor is intended to provide this Honourable Court and the Applicants’ stakeholders with information concerning:
  - a. an update on the conclusion of the SSP and the Monitor’s comments thereon;
  - b. information with respect to the Residual Assets;
  - c. a summary of the key commercial terms of the Plan;

- d. information with respect to the Noteholders' application for the Meeting Order;  
and
- e. the Monitor's conclusions and recommendations.

## **TERMS OF REFERENCE**

- 10. In preparing this report, the Monitor has relied upon certain information (the "**Information**") including Energold's unaudited financial information, books and records and discussions with senior management and the CRO (collectively, "**Management**").
- 11. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 12. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
- 13. Future oriented financial information reported to be relied on in preparing this report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
- 14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

## **SALE SOLICITATION PROCESS**

### **Conclusion of the SSP**

- 15. The details concerning the SSP and the key commercial terms of the Accepted Offers are described in detail in the Second Report of the Monitor (the "**Second Report**") dated November 25, 2019. A summary of the four Accepted Offers is as follows:

- a. a stalking horse credit bid by Extract Advisors LLC (“**Extract**”), as agent for the Noteholders, for the right, title and interest that BDC holds in the shares of Bertram Drilling Inc. for \$1.5 million;
- b. a stalking horse credit bid by Extract for the right, title and interest in the assets of Cros-Man for \$3.0 million;
- c. a credit bid by Extract for the right, title and interest of EDC in the shares of E Global Drilling Corp. and its subsidiaries including Energold Drilling (EMEA) Limited (the “**EMEA Unit**”) for \$3.05 million; and
- d. a stalking horse credit bid by Extract for the right, title and interest of EDC in the shares of Energold Mexico S.A. de C.V., Energold Argentina S.A., OroEnergy S.A., Energold de Columbia S.A.S., Energold Drilling Dominicana S.R.L., and E Drilling Nicaragua and Omniterra’s right, title and interest in Energold Peru and Energold Perfuracoes (the “**Latin America Unit**”) for \$6.8 million. After estimated working capital adjustments, the Applicants anticipate the adjusted credit bid amount will be reduced to approximately \$4.2 million.

16. The Applicants have reported total debt owing to the Noteholders of approximately \$25.5 million. The total value of the Accepted Offers is approximately \$11.7 million, net of estimated closing adjustments.

#### **Monitor’s Comments on the SSP**

17. The Monitor’s observations with respect to the SSP and its comments with respect to the Accepted Offers are as follows:

- a. Energold, with the assistance of its financial advisor and the CRO, conducted the SSP in accordance with the process outlined in the Sale Solicitation Process Order dated September 13, 2019;

- b. the SSP was fair and transparent and all participants were treated consistently and with equal access to information;
- c. the price and terms of the Accepted Offers represent the highest and best offers resulting from the SSP;
- d. as discussed in the Second Report, a security opinion was obtained which addresses the validity and enforceability of the Noteholders' security in respect of all assets and shares that are subject to the credit bids;
- e. the Accepted Offers provide for cash consideration in respect of the subsidiaries which were excluded from the Security Opinion;
- f. the Accepted Offers provide for cash consideration to settle all post-filing obligations and priority payables owed by the Applicants;
- g. concluding the transactions contemplated by the Accepted Offers will enable Energold to transition its assets to new ownership and mitigate the significant costs of protracted CCAA Proceedings and/or an extended sales process;
- h. Energold has proceeded in good faith and with due diligence throughout the SSP under the guidance of the CRO and with advice from its legal and financial advisors; and
- i. overall, the transactions contemplated by the Accepted Offers are in the best interests of creditors of Energold.

## **THE RESIDUAL ASSETS**

18. The Residual Assets that were not included in the Accepted Offers are summarized in the below table which also provides Management's estimated range of forced liquidation values:

(\$000's)	High	Low
Cash at January 31, 2020	\$ 1,480	\$ 1,480
GST receivable	27	27
Marketable securities	1,090	948
Dando note	2,227	780
Residual inventory and PP&E	41	35
Incremental auction proceeds from BDC sale	900	900
BDC accounts receivable	793	411
BDC real estate	200	100
Incremental BDC insurance refunds	100	100
Shares in Energold Peru	212	136
<b>Total Residual Asset value range</b>	<b>7,070</b>	<b>4,917</b>
Less: Estimated wind down costs	(300)	(300)
<b>Net Residual Asset value range</b>	<b>\$ 6,770</b>	<b>\$ 4,617</b>

19. Overall, Management estimates that the value of the Residual Assets is between \$6.8 and \$4.6 million. The detailed assumptions used to value the Residual Assets are set out in the Second Affidavit of Matthew Freeman dated December 18, 2019 and are not repeated herein.

20. Management has determined that the remaining debt due to the Noteholders exceeds the range of values that they attribute to the Residual Assets by \$7.0 million to \$9.2 million, as shown in the below table:

(\$000's)	High	Low
<b>Total Noteholder Debt</b>	<b>\$25,493</b>	<b>\$25,493</b>
Credit bids of Noteholders		
Credit Bid of BDI	(1,500)	
Credit Bid of EMEA Unit	(3,050)	
Credit Bid of Cros-Man	(3,000)	
Credit Bid of Latin American Unit <sup>1</sup>	(4,160)	
Total Credit Bids of Noteholders	(11,710)	(11,710)
Estimated net realizable value of Residual Assets	(6,770)	(4,617)
<b>Total value of Energold assets</b>	<b>(18,480)</b>	<b>(16,327)</b>
<b>Surplus of Noteholder Debt</b>	<b>\$ 7,013</b>	<b>\$ 9,166</b>

<sup>1</sup> Credit bid of the Latin America Unit is net of an estimated working capital adjustment of \$2.64 million.



21. As such, the Noteholders propose including the purchase of the Residual Assets in the Plan through the extinguishment of remaining debt to the extent of the value of the Residual Assets.

## **PLAN OF COMPROMISE AND ARRANGEMENT**

22. The Plan is attached as “**Appendix A**” to this report. Terms not specifically defined herein shall have the meanings as defined in the Plan. A summary of the Plan is as follows:

- a. The purpose of the Plan is to:
  - i. effect the closing of the Accepted Offers through the Sanction Order and Vesting Order;
  - ii. compromise the secured claims of the Noteholders (the “**Noteholder Claims**”) to the extent of the Accepted Offers and the value of the Residual Assets;
  - iii. extinguish all intercompany debts of the Applicants;
  - iv. release Energold of its obligations to the Noteholders;
  - v. allow the operations to continue under the US LP with the Noteholders as partnership unit holders; and
  - vi. recapitalize the business through a combination of debt and equity in the US LP.
- b. For the purposes of considering, voting on, and receiving distributions under the Plan, there shall be one class, being the Noteholder Class. No other Energold creditors are included in the Plan.

- c. Noteholders shall be entitled to vote their Noteholder Claims at the Creditors' Meeting in respect of this Plan and shall be entitled to receive distributions based on their pro rata share of the total Noteholder Claims as provided for under and pursuant to the Plan.
- d. Excluded Claims shall not be compromised under the Plan. No Excluded Creditor shall be entitled to:
  - i. vote or attend in respect of their Excluded Claims at any Creditors' Meeting to consider and approve the Plan; or
  - ii. receive any distribution or consideration under this Plan in respect of such Excluded Claim.
- e. The Creditors' Meeting shall be held in accordance with the Meeting Order.
- f. On the Implementation Date, each Noteholder shall be entitled to receive a distribution of its pro rata units of US LP which shall be deemed to be received in satisfaction of its Noteholder Claim.
- g. Crown Priority Claims, if any, shall be paid from the Priority Claim Reserve Account within six months of the Effective Date and all Employee Priority Claims immediately following the effective date.
- h. The following cash reserves shall be established:
  - i. At least three business days prior to the Implementation Date, Extract shall deliver to Energold's legal counsel cash in the amount necessary to establish the Administrative Reserve. Energold's legal counsel shall hold the Administrative Reserve for the purposes of paying any eligible Administration Costs and return any balance to Extract; and

- ii. At least three business days prior to the Implementation Date, the Applicants shall deliver to the Monitor the amount necessary to establish the Priority Claim Reserve for the purpose of paying priority claims in accordance with the Plan and shall return any balance to the Applicants.
- i. Broad releases are to be granted to each of the Applicants and its legal counsel, Extract, the Financial Advisor as well as the Monitor and its counsel, in respect of any liabilities and claims.
- j. If the Plan is approved pursuant to the Meeting Order, the Applicants shall apply for the Sanction Order and Vesting Order.

**Monitor's Comments on the Plan**

23. The Monitor's comments on the Plan are as follows:

- a. the Plan provides for an effective way to complete the transactions contemplated by the Accepted Offers and transfer ownership of the Residual Assets to the Noteholders in a manner that will enable the Noteholders to each receive their proportionate share of the purchased assets through the issuance of partnership units in the US LP;
- b. Energold has concluded that the total amount due to the Noteholders exceeds the value of the Accepted Offers and the estimated range of values that the Applicants have ascribed to the Residual Assets;
- c. the Monitor has reviewed the analysis performed by the Applicants with respect to the Residual Assets and nothing has come to its attention that would suggest that the assumptions used by Management are unreasonable;

- d. based on the range of values provided by Management in respect of the Residual Assets, no creditors other than the Noteholders have an interest in the Residual Assets;
- e. having regard to the generally illiquid nature of the Residual Assets, taken together with the quantum of the estimated shortfall that will be experienced by the Noteholders even assuming those assets could be liquidated at the high end of the range, conducting a sale process for the Residual Assets would result in significant incremental costs and would be highly unlikely to result in recoveries in excess of the amount due to the Noteholders;
- f. the Monitor discussed the Plan generally with counsel for Export Development Canada (“**EDC**”), as the second ranking secured creditor behind the Noteholders, and is unaware of its position as of the date of this report;
- g. Royal Bank of Canada (“**RBC**”) and Extract are party to a priority agreement whereby RBC subordinated its interest to that of Extract in the assets of BDC, EDC and BDI, save and except:
  - i. cash and cash equivalents (except for cash that is the identifiable proceeds of assets that RBC doesn't have priority to);
  - ii. accounts receivable;
  - iii. certain equipment financed by RBC (which has now been liquidated); and
  - iv. proceeds of the above.

The Plan provides that the cash or cash equivalents and any accounts receivable of EDC or BDC that form Residual Assets are to be transferred subject to RBC's security interest. The Monitor understands that RBC does not oppose the Plan being put to the Noteholders, but reserves all of its rights to oppose the underlying asset transfers; and

- h. the Plan complies with the statutory requirements of the CCAA.

24. Overall, the Monitor is of the view that the Plan is fair and reasonable and is in the best interests of the stakeholders.

## **MEETING ORDER**

25. The Noteholders have filed an application for the Meeting Order which authorizes the Monitor to call and conduct a Noteholders' meeting in January 2020 for the purposes of considering and voting on a resolution to approve the Plan.

26. Key provisions of the Meeting Order include the following:

- a. the Plan is accepted for filing and Extract is authorized to seek approval of the Plan in the manner set out in the Meeting Order;
- b. Extract is authorized to make and file amendments or restatements to the Plan prior to the Noteholders' meeting to consider approval of the Plan (the "**Creditors' Meeting**"), subject to certain notice requirements;
- c. after the Creditors' Meeting, Extract may modify the Plan pursuant to an Order of the Court, or if administrative in nature, in consultation with the Monitor;
- d. the following documents are approved by this Honourable Court in the form appended to the Meeting Order:
  - i. the Notice of Creditors' Meeting and Sanction Application;
  - ii. Proxy; and
  - iii. Plan Resolution.
- e. there will be one class of creditors, being the Noteholder class, for the purposes of considering and voting on the Plan;

- f. in order to affect notice of the Plan, Extract shall email copies of the Notice of the Meeting of Creditors' and Sanction Order, the Proxy and the Monitor's report regarding the Plan (the "**Information Package**") as soon as practical after the granting of the Meeting Order to each Noteholder who holds a Noteholder Claim;
- g. the Monitor will post an electronic copy of the Information Package to its website;
- h. Extract shall calculate each Noteholder Claim as set out in its books and records, and each claim shall be as calculated by Extract and will provide a list of same to the Monitor;
- i. the Chair is authorized to direct a vote by confidential ballot or by such other means as the Chair or Monitor considers appropriate, with respect to a resolution to approve the Plan;
- j. any proxy for a Noteholder must be received by the Monitor by 10am (Vancouver time) on January 13, 2020 or 24 hours (excluding weekends and statutory holidays) prior to any adjourned or postponed meeting;
- k. only Noteholders shall be entitled to vote on the Plan, and each shall be entitled to one vote equal to the aggregate dollar value of its secured claim; and
- l. in order to be approved, the Plan must receive an affirmative by the majority in number and two thirds in value of voting Noteholders (the "**Requisite Majority**").

### **Sanction Hearing**

27. In the event the Plan has been approved by the Requisite Majority, the Applicants may bring an application for the Sanction Order at such date as the Applicants advise the

service list in the CCAA Proceedings, provided that such date is acceptable to Extract and the Monitor.

28. The Monitor shall provide a report to Court as soon as practicable following the Creditors' Meeting with respect to:
- a. the results of voting at the Creditors' Meeting;
  - b. whether the Requisite Majority has approved the Plan; and
  - c. in its discretion, any other matter relating to the Applicants' application for a Sanction Order.
29. Any person intending to oppose the application for the Sanction Order shall file its materials at least two business days before the date set for the application.

#### **Monitor's Role**

30. In carrying out the terms of the Meeting Order, the Monitor shall have all the protections given to it by the CCAA, the Initial Order, or as an officer of the Court, including a stay of proceedings in its favor.
31. The Monitor shall incur no liability or obligation as a result of carrying out the provisions of this Meeting Order, save and except for gross negligence or wilful misconduct.
32. The Monitor shall be entitled to rely on the books and records of the Applicants and any information provided by the Applicants and Extract and any information acquired by the Monitor while carrying out its duties. It shall not be liable for any claims or damages resulting from errors or omissions in such books, records or information.

**MONITOR'S CONCLUSIONS AND RECOMMENDATIONS**

- 33. The Plan provides for an effective way to complete the transactions contemplated by the Accepted Offers and transfer ownership of the Residual Assets to the Noteholders in a manner that will enable the Noteholders to each receive their proportionate share of the purchased assets.
  
- 34. It is the Monitor's view that the dates and key provisions of the Meeting Order are reasonable in the circumstances.
  
- 35. Based on the forgoing, the Monitor respectfully recommends that this Honourable Court grant the Meeting Order.

\*\*\*\*\*

All of which is respectfully submitted this 18<sup>th</sup> day of December 2019.

FTI Consulting Canada Inc.  
In its capacity as Monitor of the Applicants



Toni Vanderlaan  
Senior Managing Director



Tom Powell  
Senior Managing Director



## **Appendix A**

Plan of Compromise and Arrangement  
dated December 18, 2019

No. **S1910194**  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT*  
*ACT*,  
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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

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**PLAN OF COMPROMISE AND ARRANGEMENT**

PURSUANT TO THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, S.B.C. 2002, c.57  
and the  
*BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c.57

concerning, affecting and involving

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

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December ♦, 2019

## PLAN OF COMPROMISE AND ARRANGEMENT

- A. On September 13, 2019, the Supreme Court of British Columbia (the “**Court**”) made an order (the “**Initial Order**”) granting each of Energold Drilling Corp. (“**Energold**”), Cros-Man Direct Underground Ltd. (“**Cros-Man**”), EGD Services Ltd., Bertram Drilling Corp. (“**Bertram**”) and Omniterra International Drilling Inc. (“**Omniterra**”)(collectively, the “**Petitioners**”), protection from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
- B. Pursuant to an order made by the Court on September 13, 2019 (the “**Sale Process Order**”), the Court approved a sale solicitation procedure (the “**SSP**”) to be conducted by the Petitioners, with the assistance of FTI Consulting Canada Inc. (“**FTI**”) as the monitor in the CCAA proceedings (in such capacity, the “**Monitor**”) and Ernst & Young Orenda Corporate Finance Inc. as the financial advisor in the CCAA proceedings (“**Financial Advisor**”), for the solicitation of offers to acquire any of the Petitioners’ direct and indirect wholly-owned subsidiaries, including the other Petitioners (collectively, the “**Energold Group**”).
- C. The Financial Advisor and the Petitioners under the Sales Process Order and the SSP conducted a fair and reasonable marketing process that involved identifying a list of potential bidders and preparing a confidential information memorandum that was made available to interested parties and conducting an auction in respect of assets which received multiple qualified offers.
- D. Certain of the Petitioners are the registered and beneficial owners of the shares (the “**Purchased Shares**”) in the capital of each issuer set out in **Schedule “A”** attached hereto, and each issuer is a member of the Energold Group and the Purchased Shares have been marketed for sale in connection with the Sale Process Order and the SSP.
- E. Cros-Man is the owner of the assets set out in **Schedule “B”** attached hereto (the “**Cros-Man Assets**”), which have also been marketed for sale in connection with the Sales Process Order and the SSP.
- F. Certain of the Petitioners are also the owners, both registered and beneficial, of the assets listed in **Schedule “C”** attached hereto (the “**Residual Assets**”, and together with the Purchased Shares and the Cros-Man Assets, herein referred to as a “**Purchased Assets**”).
- G. Extract Advisors LLC (the “**Agent**”) is the administrative agent for Noteholders (as defined herein), who are secured creditors with a first ranking security interest over the majority of Energold Group’s’ assets, pursuant to the Note Purchase Agreement (as defined herein)
- H. Pursuant to the SSP and at the recommendation of the Financial Advisor, the Agent placed bids for the Purchased Shares and the Cros-Man Assets, which bids were deemed to be the stalking horse bids in the following amounts (each amount subject to certain working capital and other adjustments):
- (a) for the Latin America Unit (as set out in Schedule “A”), a credit bid amount of \$6.8 million [**subject to further working capital adjustments to be calculated in due course**];
  - (b) for the EMEA Unit (as set out in Schedule “A”), a credit bid amount of \$2 million [**subject to further working capital adjustments to be calculated in due course**];

- (c) for the BDI Unit (as set out in Schedule "A"), a credit bid amount of \$1.5 million **[subject to further working capital adjustments to be calculated in due course]**; and
  - (d) for the Cros-Man Assets, a credit bid amount of \$3 million **[subject to further working capital adjustments to be calculated in due course]**.
- I. As of December 16, 2019, the total debt owing to the Noteholders is \$25,701,919.58, with interest continuing to accrue after this date (the "**Total Noteholder Claim**"). There were no other qualified bids except for the Agent's stalking horse bids for the Latin America Unit, the BDI Unit and the Cros-Man Assets under the SSP. There was one other qualified bidder for the EMEA Unit, which resulted in an auction of the EMEA Unit with the final winning bid by the Agent of \$3.05 million **[subject to further working capital adjustments to be calculated in due course]**. Following the conclusion of the SSP, the Agent, as purchaser, was therefore the successful bidder for the Purchased Shares and the Cros-Man Assets.
- J. Pursuant to the SSP, the Agent, as purchaser, entered into the following share purchase agreements (the "**Share Purchase Agreements**"):
  - (a) share purchase agreement with Energold and Omniterra, as vendors, dated October 11, 2019 for the purchase of the Purchased Shares in the Latin America Unit for a credit bid amount of \$4,160,000 (giving effect to \$2,640,000 working capital adjustment due to assumption of debt owed by Energold to the Economic Development Corporation of Canada (the "**EDC**")) and a cash payment of \$2,000 **[subject to further working capital adjustments to be calculated in due course]**;
  - (b) share purchase agreement with Energold, as vendor, dated October 31, 2019 for the purchase of the Purchased Shares in the EMEA Unit for a credit bid amount of \$3,050,000 **[subject to further working capital adjustments to be calculated in due course]**; and
  - (c) share purchase agreement with Energold, as vendor, dated October 11, 2019, for the purchase of the Purchased Shares in the BDI Unit for a credit bid amount of \$1,500,000 **[subject to further working capital adjustments to be calculated in due course]**.
- K. Pursuant to the SSP, the Agent, as purchaser, entered into an asset purchase agreement (the "**Cros-Man Asset Purchase Agreement**", and together with the Share Purchase Agreements, herein referred to as the "**Purchase Agreements**"), with Energold, as vendor, dated October 11, 2019 for the purchase of the Cros-Man Assets for a credit bid amount of \$3,000,000 **[subject to further working capital adjustments to be calculated in due course]**.
- L. The Agent, as purchaser, will also purchase the Residual Assets for a credit bid amount of \$3,869,755.
- M. The total amount of the Agent's credit bid for the Purchased Assets is \$15,579,755 (the "**Credit Bid Amount**") **[subject to further working capital adjustments to be calculated in due course]**. The Credit Bid Amount for each of the Purchased Assets is subject to the purchaser's reservation of rights regarding the fair market valuation of the assets for its internal accounting purposes.
- N. The Petitioners and the Agent wish to enter into an arrangement that will see the paydown of the debt owing by the Energold Group to the Noteholders by application of the Credit Bid to each of the Latin America Unit, the EMEA Unit, the BDI Unit, the Cros-Man Assets and the

Residual Assets. The Noteholders in return will receive their pro rata share of units in a new limited partnership acquisition vehicle which will manage and run the business formerly owned by the Energold Group. The sale transactions pursuant to the Purchase Agreements will be concluded through implementation of this Plan, the Sanction Order and the Vesting Order (as defined herein) which will transfer the Energold Group's assets directly or indirectly to the US LP (as defined herein).

O. Upon the implementation of the Plan:

- (a) the Affected Noteholders will hold their Affected Noteholder Pro Rata Share of the partnership units in the US LP.
- (b) the US LP will directly or indirectly hold the Purchased Assets which will be managed by the general partner of the US LP;
- (c) the outstanding obligations of Energold to the Affected Noteholders up to the Affected Noteholder Claim shall be fully extinguished;
- (d) all Intercompany Working Capital Obligations (as defined herein) shall be extinguished; and
- (e) the Transferred Subsidiaries Guarantee shall remain extant, enforceable and independent of the Note Purchase Agreement.

**NOW THEREFORE** the Agent hereby proposes and presents this consolidated plan of compromise and arrangement under the CCAA and the *Business Corporations Act*, S.B.C. 2002, c.57.

## **ARTICLE 2 INTERPRETATION**

### **2.1 Certain Rules of Interpretation**

For the purposes of this Plan:

- (a) In this Plan and the Recitals, unless otherwise stated or the subject matter or context otherwise requires, all terms defined herein have their meanings ascribed thereto in **Schedule "D"**.
- (b) Any reference in this Plan to a contract, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means such document shall be substantially in such form or substantially on such terms and conditions;
- (c) Unless otherwise expressly provided herein, any reference in this Plan to an instrument, agreement or an Order or an existing document or exhibit filed or to be filed means such instrument, agreement, Order, document or exhibit as it may have been or may be amended, modified, or supplemented in accordance with its terms;
- (d) The division of this Plan into articles and sections is for convenience of reference only and does not affect the construction or interpretation of this Plan, nor are the

descriptive headings of articles and sections intended as complete or accurate descriptions of the content thereof;

- (e) The use of words in the singular or plural, or with a particular gender, including a definition, shall not limit the scope or exclude the application of any provision of this Plan to such Person (or Persons) or circumstances as the context otherwise permits;
- (f) The words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive;
- (g) Unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Vancouver, British Columbia and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day;
- (h) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends;
- (i) Unless otherwise provided, any reference to a statute or other enactment of parliament, a legislature or other Governmental Entity includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (j) References to a specific Recital, Article or Section shall, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specific Recital, Article or Section of this Plan, whereas the terms “this Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions shall be deemed to refer generally to this Plan and not to any particular Recital, Article, Section or other portion of this Plan and include any documents supplemental hereto; and
- (k) The word “or” is not exclusive.

## **2.2 Governing Law**

This Plan shall be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. All questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the jurisdiction of the Court.

## **2.3 Currency**

Unless otherwise stated, all references in this Plan to sums of money are expressed in, and all payments provided for herein shall be made in, Canadian dollars.

## **2.4 Date for Any Action**

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.

## **2.5 Time**

Time shall be of the essence in this Plan.

# **ARTICLE 3 PURPOSE AND EFFECT OF THIS PLAN**

## **3.1 Purpose**

The purpose of this Plan is to

- (a) implement the transfer of the Purchased Assets through the Sanction Order and the Vesting Orders;
- (b) compromise the Affected Noteholder Claims and distribute to the Affected Noteholders their Affected Noteholder Pro Rata Share of units in the US LP;
- (c) extinguish all Intercompany Working Capital Obligations; and
- (d) release Energold of its obligations to the Affected Noteholders to the extent of their Affected Noteholder Claims; and
- (e) allow the Transferred Subsidiaries to continue operations under the US LP with the Affected Noteholders as holders of US LP Units pursuant to the US LP Agreement which will preserve operations and employee jobs;

in the expectation that Persons who have an economic interest in the Energold Group's operations, when considered as a whole, will derive a greater benefit from the implementation of the Plan than would result from a liquidation.

## **3.2 Effectiveness**

Subject to the satisfaction, completion or waiver (to the extent permitted pursuant to section 10.5) of the conditions precedent set out herein, this Plan will become effective in the sequence described in Section 8.2 from and after the Effective Time and shall be binding on and enure to the benefit of the Petitioners, the Affected Noteholders, and all other Persons as provided for herein, or subject to, this Plan and their respective successors and assigns and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

## **3.3 Persons Not Affected**

This Plan does not affect Excluded Creditors to the extent of their Excluded Claims. Nothing in this Plan shall affect the Energold Group's rights and defences, both legal and equitable, with respect to any Excluded Claims, including, but not limited to, all rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claims. Nothing herein shall constitute a

waiver of any rights of any of the Energold Group to dispute the quantum or validity of an Excluded Claim.

**ARTICLE 4**  
**CLASSIFICATION, AFFECTED NOTEHOLDER CLAIMS AND RELATED MATTERS**

**4.1 Classes**

For the purposes of considering, voting on, and receiving distributions under this Plan, there shall be one class being the Affected Noteholder Class.

**4.2 Claims of Affected Noteholders**

Affected Noteholders shall be entitled to vote their Affected Noteholder Claims at the Creditors' Meeting in respect of this Plan and shall be entitled to receive distributions on account of their Affected Noteholder Claims as provided under and pursuant to this Plan.

**4.3 Excluded Claims**

Excluded Claims shall not be compromised under the Plan. No Excluded Creditor shall be:

- (a) entitled to vote or attend in respect of their Excluded Claims at any Creditors' Meeting to consider and approve this Plan; or
- (b) entitled to receive any distribution or consideration under this Plan in respect of such Excluded Claim.

**4.4 Creditors' Meeting**

- (a) The Creditors' Meeting shall be held in accordance with this Plan, the Meeting Order and any further Order in the CCAA Proceedings. Subject to the terms of any further Order in the CCAA Proceedings, the only Persons entitled to notice of, to attend or to speak at the Creditors' Meeting are the Agent, the Affected Noteholders (or their respective duly-appointed proxyholders), representatives of the Monitor, the Petitioners, all such parties' financial and legal advisors, the Chair, Secretary and Scrutineers (all as defined in the Meeting Order). Any other person may be admitted to the Creditors' Meeting only by invitation of the Petitioners or the Chair.
- (b) If this Plan is approved by the Required Majority, then this Plan shall be deemed to have been agreed to, accepted and approved by the Affected Noteholders and shall be binding upon all Affected Noteholders immediately upon the delivery of the Monitor's Certificate in accordance with section 10.7 hereof.

**4.5 Payments to Employees**

If not otherwise paid pursuant to this Plan the Petitioners will pay in full all employee-related payments required by subsection 6(5) of the CCAA, provided that this Section 4.5 shall not require payment of any employee-related amounts in advance of the normal payroll cycle applicable to employees.



**ARTICLE 5  
TREATMENT OF CLAIMS**

**5.1 Treatment of Affected Noteholder Claims**

- (a) On the Implementation Date, in accordance with this Plan and in accordance with the steps and in the sequence set forth in Section 8.2, each Affected Noteholder shall be entitled to receive a distribution of its Affected Noteholder Pro Rata Share of the LP Units which shall, and shall be deemed to, be received in full and final settlement of its Affected Noteholder Claim.
- (b) On the Implementation Date, each Affected Noteholder shall be deemed to be a party to the US LP Agreement, each in its capacity as a holder of US LP Units.

**5.2 Priority Claims**

- (a) In accordance with the Sanction Order, the CCAA and with the steps and in the sequence set forth herein, Section 8.2 and 8.3, the Employee Priority Claims and the Crown Priority Claims, if any, shall be paid from the Priority Claim Reserve Account.
- (b) Subject to the Effective Time occurring:
  - (i) all Crown Priority Claims that were outstanding as at the Filing Date shall be paid in full by the Monitor on behalf of the Petitioners, from the Priority Claim Reserve within six months after the Sanction Order, as required by subsection 6(3) of the CCAA; and
  - (ii) all Employee Priority Claims to the extent unpaid prior to the Implementation Date shall be paid by the Monitor, on behalf of the Petitioners, from the Priority Claim Reserve immediately after the Sanction Order as required by subsection 6(5) of the CCAA.

**5.3 Excluded Claims**

Excluded Creditors in respect to and to the extent of their Excluded Claims shall not receive any consideration under this Plan in respect of their Excluded Claims. Excluded Creditors shall not be entitled to vote on this Plan at the Creditors' Meeting in respect of their Excluded Claims.

**5.4 Extinguishment of Claims**

On the Implementation Date, in accordance with its terms and in the sequence set forth in Section 8.2 herein and in accordance with the provisions of the Sanction Order, the treatment of Affected Noteholder Claims and all Released Claims, in each case as set forth herein, shall be final and binding on the Petitioners, all Affected Noteholders (and their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and any Person holding a Released Claim. All Affected Noteholder Claims, all Intercompany Working Capital Obligations and all Released Claims shall be fully, finally, irrevocably and forever released, discharged, cancelled and barred, and Energold shall thereupon have no further obligation whatsoever in respect of the Affected Noteholder Claims and the Released Claims, as applicable; provided that nothing herein releases Energold or any other Person from their obligations to make distributions in the manner and to the extent provided for in the Plan and provided

further that such discharge and release of Energold shall be without prejudice to the right of an Affected Noteholder in respect of an Unaffected Noteholder Claim.

#### **5.5 Set-Off**

The law of set-off applies to all Claims.

### **ARTICLE 6 CREATION OF POOL AND RESERVES**

#### **6.1 Creation of the Administrative Reserve**

- (a) At least three Business Day prior to the Implementation Date, the Agent shall deliver to BLG, in trust, by way of wire transfer (in accordance with the wire transfer instructions provided in the Purchase Agreements), Cash in the amount necessary to establish the Administrative Reserve.
- (b) BLG shall hold the Administrative Reserve in the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs and shall distribute any remaining balance in the Administrative Reserve Account to the Agent, in accordance with section 8.3 of the Plan.

#### **6.2 Creation of the Priority Claim Reserve**

- (a) At least three Business Days prior to the Implementation Date, the Petitioners shall deliver to the Monitor by way of wire transfer (in accordance with the wire transfer instructions provided by the Monitor at least five (5) Business Days prior to the Implementation Date), Cash in the amount necessary to establish the Priority Claim Reserve.
- (b) The Monitor shall hold the Priority Claim Reserve in the Priority Claim Reserve Account for the purpose of paying the Priority Claims in accordance with this Plan and shall distribute any remaining balance in the Priority Claim Reserve Account to the Applicants, in accordance with section 8.3 of this Plan.

### **ARTICLE 7 PROVISIONS REGARDING DISTRIBUTIONS AND DISBURSEMENTS**

#### **7.1 Distributions and Disbursements Generally**

- (a) All distributions and disbursements to be effected pursuant to the Plan shall be made pursuant to this Article 7 and shall occur in the manner set out below under the supervision of the Monitor.
- (b) All distributions and disbursements to be effected pursuant to this Plan on account of Affected Noteholder Claims shall be made by the Agent for the benefit of the Affected Noteholders holding such Affected Noteholder Claims as at the Implementation Date and the Petitioners, the Monitor, the Agent and their agents shall have no obligation to deal with a transferee or assignee of such Affected Noteholder Claim after the Implementation Date in respect of any such matter. Affected Noteholders who assign their Affected Noteholder Claims after the Implementation Date shall be wholly

responsible for ensuring that plan distributions intended to be included within such assignments are in fact delivered to the assignee and neither the Petitioners, the Monitor, the Agent, as applicable, shall have any liability in connection therewith.

## **7.2 Issuance and Delivery of US LP Units**

- (a) The US LP Units to be distributed under this Plan will be made by the Agent to the Affected Noteholders.
- (b) On the Implementation Date or as soon as reasonably practicable thereafter, the US LP, on account of Affected Noteholder Claims, shall lodge in its records the US LP Units to be distributed to the Affected Noteholders in the name of and to the address as recorded in the books and records of the Agent or as otherwise communicated to the Agent not less than three Business Days prior to the anticipated Implementation Date.
- (c) Notwithstanding Section 7.2(b), no Affected Noteholder shall be entitled to the rights associated with the US LP Units and all such US LP Units shall be reserved for issuance on the books and records of US LP until such time as it has delivered its US LP Unitholder Information to the Agent and/or US LP, as applicable. In the event that a Affected Noteholder fails to deliver its US LP Unitholder Information in accordance with this Section 7.2(c) on or before the date that is 6 months following the Implementation Date, the US LP shall have no further obligation to issue or deliver, and shall have no further obligation to reserve on its books and records, any LP Units otherwise issuable to Affected Noteholders (such equity, the **"Unissued US LP Units"**) that have not delivered their US LP Unitholder Information accordance this Section 7.2(c) and all such Affected Noteholders shall cease to have a claim to, or interest of any kind or nature against or in, the Petitioners, the US LP or the Unissued US LP Units and the Agent shall delete such Unissued US LP Units from the books and records of the Agent as maintained by the Agent. Upon receipt by the Agent of the US LP Unitholder Information in accordance with Section 7.2(b), as soon as reasonably practicable thereafter the Agent shall cause the US LP to lodge in the records of the US LP the Affected Noteholder as the holder of its Affected Noteholder Pro Rata Share.
- (d) No fractional US LP Units of US LP shall be allocated or issued under this Plan. Any legal, equitable, contractual and any other rights or claims (whether actual or contingent, and whether or not previously asserted) of any Person with respect to fractional US LP Units of US LP issued pursuant to this Plan shall be rounded down to the nearest whole number without compensation therefor.

## **7.3 Tax Matters**

- (a) Notwithstanding any provisions of the Plan, each Person that receives a distribution, disbursement or other payment pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on such Person by any Taxing Authority on account of such distribution, disbursement or payment.
- (b) Any payor shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan such amounts as are required (a **"Withholding Obligation"**) to be deducted and withheld

with respect to such payment under the ITA, or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended or succeeded. All distributions made pursuant to the Plan shall be first in satisfaction of the portion of Affected Noteholder Claims that are not subject to any Withholding Obligation.

- (c) To the extent that amounts are withheld or deducted and paid over to the applicable Taxing Authority, such withheld or deducted amounts shall be treated for all purposes of the Plan as having been paid to such Person as the remainder of the payment in respect of which such withholding and deduction were made.
- (d) For the avoidance of doubt, it is expressly acknowledged and agreed that the Monitor and any Director or Officer will not hold any assets hereunder, including Cash, or make distributions, payments or disbursements, and no provision hereof shall be construed to have such effect.

## **ARTICLE 8 IMPLEMENTATION**

### **8.1 Corporate Authorizations**

The adoption, execution, delivery, implementation and consummation of all matters contemplated under this Plan involving corporate action of the Petitioners will occur and be effective as of the Implementation Date, and will be authorized and approved under this Plan and by the Court, where appropriate, as part of the Sanction Order, in all respects and for all purposes without any requirement of further action by shareholders, directors or officers of any of the Petitioners. All necessary approvals to take actions shall be deemed to have been obtained from the Directors or the shareholders of the Petitioners, as applicable, including resolution or special resolution with respect to any of the steps contemplated by this Plan shall be deemed to be effective.

### **8.2 Implementation Date Transactions**

Commencing at the Effective Time, the following events or transactions will occur, or be deemed to have occurred and be taken and effected at the time, manner or order set out in this section (or in such other manner, order or at such other time or times as the Agent may determine in consultation with the Monitor and with the Petitioners), without any further act or formality required on the part of any Person, except as may be expressly provided herein.

- (a) Energold shall incorporate a new Canadian corporation ("**Canadian Holdco**").
- (b) The Agent shall cause US LP to be formed.
- (c) Energold shall transfer and shall be deemed to transfer all Residual Assets and all of the shares of Cros-Man and Bertram to Canadian Holdco in consideration for the issuance of 100% of the common shares of Canadian Holdco.
- (d) Cros-Man and Bertram shall commence liquidation, and shall distribute all of its assets to Canadian Holdco. Energold, pursuant to the Vesting Orders, shall transfer to the Agent all of the Purchased Assets and the shares of Canadian Holdco, in full and final settlement of the obligations of Energold under the Note Purchase Agreement up to the extent of Affected Noteholder Claims.

- (e) The Agent shall transfer to US LP all of the Purchased Assets, all of the shares of Canadian Holdco and the benefit of the Note Purchase Agreement and Transferred Subsidiaries Guarantee, as applicable. In consideration, US LP shall to the Affected Noteholders their Affected Noteholder Pro Rata Share of the US LP Units.
- (f) The Administration Charge shall be deemed to be released as against the Purchased Assets and shall attach to the Administrative Charge Reserve pursuant to and in accordance with the Vesting Orders.
- (g) The Affected Noteholders shall be entitled to the treatment set out in section 5.1 hereof in full and final settlement of their Affected Noteholder Claims, and the Affected Noteholder Claims shall, and shall be deemed to be, irrevocably and finally extinguished and such Affected Noteholders shall have no further right, title or interest in and to its Affected Noteholder Claim; and
  - (i) each Affected Noteholder shall be deemed to be a party to the US LP Agreement, each in its capacity as a holder of US LP Units; and
  - (ii) the Financial Advisor Charge, the Interim Lender's Charge and the D&O Charge shall be deemed to be discharged as against the Purchased Assets pursuant to and in accordance with the Vesting Orders.
- (h) The releases and injunctions referred to in accordance with Section 5.4 and Article 9 hereof shall become effective.

### **8.3 Post-Implementation Date Transactions**

- (a) As soon as practicable, but in no event more than 10 days, following the Implementation Date, the Petitioners shall prepare, or cause to be prepared, and deliver to the Agent a statement setting forth in reasonable detail the final calculation of the Administrative Reserve Costs in accordance with the terms of the Purchase Agreements.
- (b) Upon final determination of the Administrative Reserve Costs in accordance with the terms of the Purchase Agreements, the Monitor shall instruct BLG to pay:
  - (i) the Administrative Reserve Costs from the Administrative Reserve Fund; and
  - (ii) the difference between the Estimated Administrative Reserve Costs less the Administrative Reserve Costs, if any, to the Agent.
- (c) In the event the Administrative Reserve Costs are greater than the Estimated Administrative Reserve Costs, the Agent shall pay to the Monitor the difference no later than five business days after the final determination of the Administrative Reserve Costs in accordance with the Purchase Agreements.

**ARTICLE 9  
RELEASES**

**9.1 Plan Releases**

- (a) At the Effective Time, Energold shall be released and discharged from any and all demands, claims, liabilities, causes of action, debts, accounts, covenants, damages, executions and other recoveries based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, applications, counterclaims, suits, sums of money, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Affected Noteholder, to the extent of their Affected Noteholder Claim, may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Effective Time arising out of or in connection with the Notes or the Plan, and all such Claims shall be forever waived and released (other than the right to enforce Energold's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law, save and except any gross negligence or wilful misconduct, provided that nothing herein shall release or discharge any of the Energold Group from any Excluded Claims.
- (b) At the Effective Time, the Petitioners' legal counsel, the Financial Advisor, the Monitor, the Agent and their respective subsidiaries and affiliates and each of their respective shareholders, partners, officers, directors, current and former employees, financial advisors, legal counsel and agents (being referred to individually as a "**Third Party Released Party**") are hereby released and discharged from any and all demands, claims, liabilities, causes of action, debts, accounts, covenants, damages, executions and other recoveries based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Implementation Date, actions, applications, counterclaims, suits, sums of money, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Implementation Date arising out of or in connection with the Affected Noteholder Claims or the Plan, and any Claims, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Monitor's or the Agent's obligations under the Plan or any related document), all to the full extent permitted by Applicable Law save and except any gross negligence or wilful misconduct on the part of the Third Party Released Party, provided that nothing herein shall release or discharge any Third Party Released Party if such Third Party Released Party is judged by the express terms of a judgment rendered on a final determination on the merits to have committed criminal, fraudulent or other wilful misconduct.

- (c) The Sanction Order will enjoin the prosecution, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged, compromised or terminated pursuant to the Plan.

## **9.2 Timing of Releases and Injunctions**

All releases and injunctions set forth in this Article 9 shall become effective on the Implementation Date.

## **9.3 Knowledge of Claims**

Each Person to which Section 9.1 hereof applies shall be deemed to have granted the releases set forth in Section 9.1 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any applicable law which would limit the effect of such releases to those Claims or causes of action known or suspected to exist at the time of the granting of the release.

# **ARTICLE 10 COURT SANCTION, CONDITIONS PRECEDENT AND IMPLEMENTATION**

## **10.1 Application for Sanction Order**

If this Plan is approved by the Required Majority, the Agent shall apply for the Sanction Order on the date set out in the Meeting Order or such later date as the Court may set.

## **10.2 Vesting Orders**

The Agent shall apply for the order(s) vesting the Purchased Assets in the Agent or Canadian Holdco, as applicable (the “**Vesting Orders**”) at the same time the application is made for the Sanction Order.

## **10.3 Conditions to the Implementation Date**

The implementation of this Plan shall be conditional upon the fulfillment, satisfaction or waiver (to the extent permitted by Section 10.4 hereof) of the following conditions:

- (a) the Plan shall have been approved by the Required Majority;
- (b) the DIP Loan shall be fully repaid;
- (c) the Court shall have granted the Sanction Order the operation and effect of which shall not have been stayed, reversed or amended and in the event of an appeal or application for leave to appeal, final determination shall have been made by the appellate court;
- (d) the Court shall have granted the Vesting Orders the operation and effect of which shall not have been stayed, reversed or amended and in the event of an appeal or application for leave to appeal, final determination shall have been made by the appellate court;
- (e) the Administrative Reserve shall have been funded by the Agent;
- (f) the Priority Claim Reserve shall have been funded by the Petitioners; and

- (g) the Implementation Date shall have occurred no later than the Outside Date.

#### **10.4 Waiver of Conditions**

The Agent and the Petitioners, in consultation with the Monitor, may agree at any time and from time to time waive the fulfillment or satisfaction, in whole or in part, of the conditions set out herein, to the extent and on such terms as such parties may agree to.

#### **10.5 Implementation Provisions**

If the conditions contained in Section 10.3 are not satisfied or waived (to the extent permitted under Section 10.4) by the Outside Date, unless the Petitioners, in consultation with the Monitor, and the Agent, agree in writing to extend such period, this Plan and the Sanction Order shall cease to have any further force or effect and will not be binding on any Person.

#### **10.6 Monitor's Certificate of Plan Implementation**

Upon written notice from the Petitioners and the Agent (or counsel on their behalf) to the Monitor that the conditions to Plan implementation set out in Section 10.3, have been satisfied or waived, the Monitor shall, as soon as possible following receipt of such written notice, deliver to the Petitioners and file with the Court, a certificate substantially in the form attached hereto as **Schedule "E"** (the "**Monitor's Certificate**") which states that all conditions precedent set out in Section 10.3 have been satisfied or waived and that Implementation Date (which shall be set out on the certificate) has occurred.

### **ARTICLE 11 GENERAL**

#### **11.1 Deeming Provisions**

In this Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

#### **11.2 Non-Consummation**

If the Implementation Date does not occur on or before the Outside Date (as the same may be extended in accordance with the terms hereof), or if this Plan is otherwise withdrawn in accordance with its terms:

- (a) this Plan shall be null and void in all respects; and
- (b) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall:
  - (i) constitute or be deemed to constitute a waiver or release of any Claims by or against the Petitioners, their respective successors or any other Person;
  - (ii) prejudice in any manner the rights of the Petitioners, their respective successors or any other Person in any further proceedings involving the Petitioners or their respective successors; or



- (iii) constitute an admission of any sort by the Petitioners, their respective successors or any other Person.

### 11.3 Modification of Plan

- (a) The Agent reserves the right to amend, restate, modify and/or supplement this Plan at any time and from time to time, provided that (except as provided in subsection (c) below) any such amendment, restatement, modification or supplement must be contained in a written document that is:
  - (i) filed with the Court and, if made following the Creditors' Meeting, approved by the Court; and
  - (ii) approved by the Monitor and communicated to the Affected Noteholders in the manner required by the Court (if so required):
    - (A) if made prior to or at the Creditors' Meeting:
      - (I) the Chair (as defined in the Meeting Order) shall communicate the details of any such amendment, restatement, modification and/or supplement to Affected Noteholders and other Persons present at the Creditors' Meeting prior to any vote being taken at the Creditors' Meeting;
      - (II) the Agent shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court forthwith and in any event prior to the Court hearing in respect of the Sanction Order; and
      - (III) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's Website forthwith and in any event prior to the Court hearing in respect of the Sanction Order;
    - (B) if made following the Creditors' Meeting:
      - (I) the Agent shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court;
      - (II) the Monitor shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Monitor's Website; and
      - (III) such amendment, restatement, modification and/or supplement shall require the approval of the Court following notice to the service list.
- (b) Any amendment, modification or supplement to this Plan may be proposed by the Petitioners with the consent of the Monitor and the Agent at any time prior to or at the

Creditors' Meeting, with or without any prior notice or communication (other than as may be required under the Initial Order), and if so proposed and affected at the Creditors' Meeting, shall become part of this Plan for all purposes.

- (c) Any amendment, modification or supplement to this Plan may be made following the Creditors' Meeting by the Petitioners, with the consent of the Monitor, without requiring filing with, or approval of, the Court, provided that it concerns a matter which is of an administrative nature and is required to better give effect to the implementation of this Plan and is not adverse to the financial or economic interests of any of the Consenting Parties or any Affected Noteholders.

#### **11.4 Severability of Plan Provisions**

If, prior to the Effective Time, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, at the request of the Agent, the Court shall have the power to either:

- (a) sever such term or provision from the balance of this Plan and provide the Agent with the option to proceed with the implementation of the balance of this Plan as of and with effect from the Effective Time; or
- (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted.

Notwithstanding any such holding, alteration or interpretation, and provided that this Plan is implemented, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

#### **11.5 Preservation of Rights of Action**

Except as otherwise provided in this Plan, the Sanction Order, the Vesting Orders or any Order of the Court, or in any contract, instrument, release, indenture or other agreement entered into in connection with this Plan, following the Implementation Date, the Petitioners will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits and proceedings, whether in law or in equity, whether known or unknown, that the Petitioners may hold against any Person or entity without further approval of the Court.

#### **11.6 Responsibilities of Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Petitioners and not in its personal or corporate capacity, and shall have no liability in connection with the implementation of this Plan, including without limitation with respect to making distributions pursuant to and in accordance with the Plan, the establishment and administration of the Administrative Reserve and the Priority Claim Reserve (and in each case, any adjustments with respect to same) or the timing or sequence of the plan transaction steps, in each case save and except for gross negligence and wilful misconduct. The Monitor shall not be responsible or liable whatsoever for any obligations of the Petitioners. The Monitor shall at all times have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, the Meeting Order, and any other Order made in the CCAA Proceedings.

### 11.7 Different Capacities

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by a Person in writing or unless its Claims overlap or are otherwise duplicative.

### 11.8 Notices

Any notice or other communication to be delivered hereunder must be in writing and refer to this Plan and may, as hereinafter provided, be made or given by personal delivery, ordinary mail, email or by facsimile addressed to each of the respective Parties as follows:

(a) **the Petitioners**

1100 – 543 Granville Street  
Vancouver, British Columbia  
V6C 1X8

Attention: Mark Berger  
Email: mberger@pppllc.com

with a required copy (which shall not be deemed notice) to:

Borden Ladner Gervais LLP  
1200 Waterfront Centre  
200 Burrard Street  
Vancouver, British Columbia  
V7X 1T2

Attention: Lisa Hiebert / Ryan Laity  
Email: lhiebert@blg.com / rlaity@blg.com

(b) **The Monitor**

FTI Consulting Canada Inc.  
Suite 15-131  
555 Burrard Street  
Vancouver, British Columbia  
V7X 1M8

Attention: Craig Munro / Tom Powell  
Email: craig.munro@fticonsulting.com / tom.powell@fticonsulting.com

with a required copy (which shall not be deemed notice) to:

Cassels Brock & Blackwell LLP  
2200-885 West Georgia Street  
Vancouver, British Columbia  
V6C 3E8

Attention: Mary Buttery, Q.C. / Lance Williams  
Email: mbuttery@cassels.com / lwilliams@cassels.com

(c) **If to the Agent**

Extract Capital  
379 West Broadway, Suite 423  
New York, NY 10012

Attention: Darin Milmeister  
Email: darin@extractcapital.com

with a required copy (which shall not be deemed notice) to:

Clark Wilson LLP  
900-885 West Georgia Street  
Vancouver, British Columbia  
V6C 3H1

Attention: Christopher Ramsay / Katie Mak  
Email: cramsay@cwilson.com / kmak@cwilson.com

or to such other address as any Party may from time to time notify the others in accordance with this section. Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or emailing, provided that such day in either event is a Business Day and the communication is so delivered, faxed or emailed before 5:00 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day.

**11.9 Paramountcy**

From and after the Effective Time, any conflict between:

- (a) this Plan; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between any Person and the Petitioners and/or the Transferred Subsidiaries as at the Implementation Date, will be deemed to be governed by the terms, conditions and provisions of this Plan and the Sanction Order, which shall take precedence and priority.

**11.10 Further Assurances**

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan without any further act or formality, each of the Persons named or referred to in, or subject to, this Plan will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may

reasonably be required by any of them to carry out the full intent and meaning of this Plan and to give effect to the transactions contemplated herein.

Dated this ♦ day of December, 2019.

**SCHEDULE A**

**PURCHASED SHARES**

**LATIN AMERICA UNIT**

<b>Issuer / Transferred Subsidiary</b>	<b>Jurisdiction of Incorporation or Formation</b>	<b>Applicable Vendor</b>	<b>Number and Class of Shares</b>	<b>Certificate No. (if applicable)</b>	<b>Percentage of Total Issued and Outstanding Shares of Issuer</b>
Omniterra International Drilling Inc.	British Columbia	Energold Drilling Corp.	50 Class B Common Shares	B-1 (under the Issuer's former corporate name, Klwane International Drilling Inc.)	
E. Drilling de Nicaragua S.A.	Nicaragua	Energold Drilling Corp	98 Acciones Comunes y Nominativas	1	
Energold Argentina S.A.	Buenos Aires, Argentina	Energold Drilling Corp.	1,998 Acciones Ordinarias	1	
Energold de Colombia S.A.S.	Bogotá, Columbia	Energold Drilling Corp.	3,308,875 Acciones Ordinarias	DEFINITIVO No. 001	
Energold de Colombia S.A.S.	Bogotá, Columbia	Energold Drilling Corp.	428,125 Acciones Ordinarias	DEFINITIVO No. 002	
Energold de Colombia S.A.S.	Bogotá, Columbia	Energold Drilling Corp.	5,000 Acciones Ordinarias	DEFINITIVO No. 003	
Energold de México, S.A. de C.V.	México	Energold Drilling Corp.	49,999 acciones comunes, ordinarias, nominativas, Serie "A"	No. 1 C.F. "A"	
Energold de México, S.A. de C.V.	México	Energold Drilling Corp.	1,596,102 acciones comunes, ordinarias, nominativas, Serie B"	No. 1 C.V. "B"	
OroEnergy S.A.	Chile	Energold Drilling Corp.	99 Common Shares		
Energold Drilling Dominicana S.R.L.	Dominican Republic	Energold Drilling Corp.	49,999 Cuotas		

**BDI UNIT**

<b>Issuer / Transferred Subsidiary</b>	<b>Jurisdiction of Incorporation or Formation</b>	<b>Applicable Vendor</b>	<b>Number and Class of Shares</b>	<b>Certificate No. (if applicable)</b>	<b>Percentage of Total Issued and Outstanding Shares of</b>
--	---	--------------------------	-----------------------------------	--	---

					Issuer
Bertram Drilling, Inc.	Wyoming	Bertram Drilling Corp.	500 shares without par value	5	
Bertram Drilling, Inc.	Wyoming	Bertram Drilling Corp.	190 shares without par value	6	
Bertram Drilling, Inc.	Wyoming	Bertram Drilling Corp.	1,000 shares of non-cumulative non-voting preferred stock without par value	9	
Bertram Drilling, Inc.	Wyoming	Bertram Drilling Corp.	381 shares of non-cumulative non-voting preferred stock without par value	10	

**EMEA UNIT**

Issuer / Transferred Subsidiary	Jurisdiction of Incorporation or Formation	Applicable Vendor	Number and Class of Shares	Certificate No. (if applicable)	Percentage of Total Issued and Outstanding Shares of Issuer
E Global Drilling Corp.	Barbados	Energold Drilling Corp.	100 Common Shares	1	
E Global Drilling Corp.	Barbados	Energold Drilling Corp.	1,500,000 Common Shares	2	
E Global Drilling Corp.	Barbados	Energold Drilling Corp.	10,080,000 Common Shares	3	
E Global Drilling Corp.	Barbados	Energold Drilling Corp.	5,813,313 Common Shares	4	
E Global Drilling Corp.	Barbados	Energold Drilling Corp.	2,000,000 Common Shares	5	

**SCHEDULE B**

Cros-man ASSETS

**Contracts**

**Building Lease**

1. Lease with 5698295 Manitoba Ltd.

**Equipment Leases**

2. Lease for a 2016 Caterpillar Hydraulic Excavator with Caterpillar Financial Services Limited
3. Lease for a 2015 Caterpillar Backhoe Loader with Caterpillar Financial Services Limited
4. Lease for a Vermeer D6x6 Directional Drill with De Lage Landen Financial Services Canada Inc.
5. Lease for a 2018 Rebel / 2019 Kenworth hydro-vac system with Paccar Financial

**Vehicle Lease**

6. Lease for a 2018 Dodge Ram with Meridian OneCap Credit Corp.



**Equipment**

**AS SET OUT IN THE ATTACHED SCHEDULE**

## SCHEDULE C

### RESIDUAL ASSETS

- Cash balance at January 31, 2020 held by Energold Drilling Corp and Bertram Drilling Corp (subject to RBC's security interest)
- Accounts Receivable from third parties held by Bertram Drilling Corp anticipated to be received after January 31, 2020 (subject to RBC's security interest)
- Publicly listed shares of the following:
  - Impact Silver
  - Avrupa Minerals
  - Everton Resources
  - Pinestar Gold
  - Voyageur Minerals
  - Nortec
  - Candente Copper
- Warrants of the following:
  - Candente Copper
  - Nortec
  - Voyageur Minerals
  - Avrupa Minerals
- Note with a principal amount of 3.1 million British pounds by Dando Drilling International
- Inventory and PP&E held by Energold Drilling Corp.
- Trademark, IP, rights, and licences held by Energold Drilling Corp.
- Inventory held by Energold Drilling Corp
- Inventory and PP&E held by EGD Services Ltd.
- Real estate held by Bertram Drilling Corp.
- Shares held by Energold in Bertram Drilling Corp.
- Choses in action and other intangibles of Energold, Cros-Man and Bertram Drilling Corp.
- Secured Rescue Note from Energold de Mexico, S.A. de C.V. to Energold
- Shares in Energold Drilling Peru held by Energold Drilling Corp.
- Any and all other assets of any kind held by the debtors and guarantors of the Note Purchase Agreement

## SCHEDULE D

### DEFINITIONS

**“Administration Charge”** has the meaning ascribed to that term in the Initial Order;

**“Administrative Reserve”** means a Cash reserve, in the amount of the Estimated Administrative Reserve Costs to be deposited by the Agent into the Administrative Reserve Account for the purpose of paying the Administrative Reserve Costs;

**“Administrative Reserve Account”** means a segregated interest-bearing trust account established by BLG to hold the Administrative Reserve;

**“Administrative Reserve Costs”** means the reasonable fees and disbursements of the Monitor, the CRO, counsel to the Monitor and counsel to the Petitioners which are related to the CCAA Proceedings as secured by the Administration Charge;

**“Affected Noteholder Claim”** means the proportionate amount of the Claim of a Noteholder to the Credit Bid Amount;

**“Affected Noteholder Class”** means the creditors holding Affected Noteholder Claims;

**“Affected Noteholder Pro Rata Share”** means, in respect of any Affected Noteholder Claim, the proportionate share of the Affected Noteholder Claim held by it of all Affected Noteholder Claims held by all Affected Noteholders;

**“Agent”** has the meaning ascribed to that term in the Recitals;

**“Amended and Restated Guarantee”** means the amended and restated Transferred Subsidiaries Guarantee;

**“Applicable Law”** means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter, including, where appropriate, any interpretation of the Law (or any part thereof) by any Person, court or tribunal having jurisdiction over it, or charged with its administration or interpretation;

**“Bertram”** has the meaning ascribed to that term in the Recitals;

**“BLG”** means Borden Ladner Gervais LLP, legal counsel to the Petitioners and the Energold Group;

**“Business Day”** means any day, other than a Saturday, or a Sunday or a statutory or civic holiday, on which banks are generally open for business in Vancouver, British Columbia;

**“Cash”** means cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents;

**“Canadian Holdco”** means the Canadian corporation the formation of which is described in Section 8.2;

**“CCAA”** has the meaning ascribed to that term in the Recitals;

**“CCAA Proceedings”** means the proceedings commenced by the Petitioners under the CCAA as contemplated by the Initial Order;

**“Charges”** has the meaning ascribed to that term in the Initial Order;

**“Claim”** means:

- (a) any right or claim, including any Tax Claim, of any Person that may be asserted or made in whole or in part against any of the Petitioners, in any capacity, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever of any of the Petitioners, and any interest accrued thereon or costs payable in respect thereof, in existence on the Filing Date, or which is based on an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, whether at law or in equity, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, any legal, statutory, equitable or fiduciary duty) or by reason of any equity interest, right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and together with any security enforcement costs or legal costs associated with any such claim, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present or future, known or unknown, by guarantee, warranty, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any claim arising from or caused by the termination, disclaimer, rescission, assignment or repudiation by any of the Petitioners of any contract, lease or other agreement, whether written or oral, any claim made or asserted against any of the Petitioners through any affiliate, subsidiary, associated or related person, or any right or ability of any Person to advance a claim for an accounting, reconciliation, contribution, indemnity, restitution or otherwise with respect to any matter, grievance, action (including any class action or proceeding before an administrative tribunal), cause or chose in action, whether existing at present or commenced in the future, and including any other claims that would have been claims provable in bankruptcy had any of the Petitioners become bankrupt on the Filing Date; and
- (b) any right or claim of any Person against any of the Petitioners in connection with any indebtedness, liability or obligation of any kind whatsoever owed by any of the Petitioners to such Person arising out of the restructuring, disclaimer, rescission, termination or breach by any of the Petitioners on or after the Filing Date of any contract, lease, warranty obligation or other agreement whether written or oral;

**“Court”** has the meaning ascribed to that term in the Recitals;

**“Credit Bid”** means the winning bid of the Agent on behalf of the Noteholders pursuant to the SSP.

**“Credit Bid Amount”** means has the meaning ascribed to that term in the Recitals;

**“Creditors’ Meeting”** means the meeting or meetings of the Affected Noteholders called for the purpose of considering and voting in respect of this Plan as described in the Meeting Order;

**“CRO”** has the meaning ascribed to that term in the Initial Order;

**“Cros-Man”** has the meaning ascribed to that term in the Recitals;

**“Cros-Man Assets”** has the meaning ascribed to that term in the Recitals;

**“Cros-Man Asset Purchase Agreement”** has the meaning ascribed to that term in the Recitals;

**“Crown”** means Her Majesty in right of Canada or a province of Canada;

**“Crown Priority Claim”** means any Claim of the Crown, for all amounts that were outstanding at the Filing Date and are of a kind that could be subject to a demand under:

- (a) subsection 224(1.2) of the ITA;
- (b) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the ITA and provides for the collection of a contribution, as defined in the Canada Pension Plan, an employee’s premium, or employer’s premium, as defined in the Employment Insurance Act, or a premium under Part VII.1 of that Act and of any related interest, penalties or other amounts;
- (c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the ITA, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum:
  - (i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the ITA; or
  - (ii) is of the same nature as a contribution under the Canada Pension Plan if the province is a “province providing a comprehensive pension plan” as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a “provincial pension plan” as defined in that subsection;

**“D&O Charge”** has the meaning ascribed to it in the Initial Order;

**“DIP Loan”** means the amounts advanced and outstanding under the credit facility from Energold DIP Lender, LLC to the Petitioners pursuant to the Initial Order;

**“Director”** means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or de facto director of any of the Petitioners;

**“EDC”** has the meaning ascribed to that term in the Recitals;

**“Effective Time”** means 12:01 a.m. on the Implementation Date (or such other time as the Petitioners, the Monitor and the Agent may agree);

**“Employee Priority Claims”** means, with respect to current or former employees of the Petitioners, the following claims:

- (a) Claims of the Petitioners’ employees and former employees equal to the amounts that such employees and former employees would have been qualified to receive under

paragraph 136(1)(d) of the *Bankruptcy and Insolvency Act* (Canada) if the Petitioners had become bankrupt on the Filing Date; and

- (b) Claims of the Petitioners' employees and former employees for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the date of the Sanction Order, together with, in the case of travelling salespersons, disbursements properly incurred by them in and about the Petitioners' business during the same period;

**"Energold"** has the meaning ascribed to that term in the Recitals;

**"Energold Group"** has the meaning ascribed to that term in the Recitals;

**"Estimated Administrative Reserve Costs"** means the Petitioners' good faith best estimate, based on a detailed calculation of the Administrative Reserve Costs in accordance with the terms of the Purchase Agreements.

**"Excise Tax Act"** means the *Excise Tax Act*, R.S.C. 1985, c.E-15, as amended and any regulations thereunder;

**"Excluded Claim"**

- (a) any Claims secured by any of the Charges;
- (b) any Claims that cannot be compromised pursuant to subsection 19(2) of the CCAA;
- (c) all Secured Priority Claims;
- (d) all Unaffected Noteholder Claims;
- (e) all unsecured Claims against the Petitioners;
- (f) any Priority Claims;
- (g) any Post-Filing Claims; and
- (h) any Claim entitled to the benefit of any applicable insurance policy, excluding any such Claim or portion thereof that is directly recoverable as against an Applicant;

**"Excluded Creditor"** means a Person who has an Excluded Claim, but only in respect of and to the extent of such Excluded Claim;

**"Filing Date"** means September 13, 2019;

**"Financial Advisor"** has the meaning ascribed to that term in the Recitals;

**"Financial Advisor Charge"** has the meaning ascribed to that term in the Initial Order;

**"FTI"** has the meaning ascribed to that term in the Recitals;

**“Governmental Entity”** means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity:

- (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
- (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

**“Implementation Date”** means the Business Day on which this Plan becomes effective, which shall be the day indicated on the certificate which the Monitor has filed with the Court contemplated in Section 10.7 hereof;

**“Initial Order”** has the meaning ascribed to that term in the Recitals;

**“Intercompany Working Capital Obligations”** means any obligations by any of the Energold Group against any of the other Energold Group in relation to accounts receivable and accounts payable listed in the respective company’s books and records as of the date of the Initial Order, exclusive of the obligations by Energold against Energold de Mexico, S.A. de C.V. pursuant to the Secured Rescue Note.

**“Interim Lender’s Charge”** has the meaning ascribed to that term in the Initial Order;

**“ITA”** means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.), as amended and any regulations thereunder;

**“Law”** means any law, statute, order, decree, consent decree, judgment, rule regulation, ordinance or other pronouncement having the effect of law whether in Canada or any other country, or any domestic or foreign state, county, province, city or other political subdivision or of any Governmental Entity;

**“Meeting Order”** means the Order of the Court dated ♦, 2019 in connection with the CCAA Proceedings;

**“Monitor”** has the meaning ascribed to that term in the Recitals;

**“Monitor’s Certificate”** has the meaning ascribed to that term in section 10.7 hereof;

**“Monitor’s Website”** means <http://cfcanda.fticonsulting.com/energold/>;

**“Notes”** means the convertible secured notes issued pursuant to the Note Purchase Agreement, which are each, for the avoidance of doubt, severable and constitute its own Claim;

**“Noteholder”** means a holder of Notes, including any beneficial or entitlement holder of Notes holding such Notes in a securities account with a depository participant or other securities intermediary;

**“Note Purchase Agreement”** means the note purchase agreement dated as of June 15, 2017 among the Noteholders, Energold, as issuer and certain other entities of the Energold Group, as guarantors;

**“Officer”** means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or de facto officer of any of the Petitioners;

**“Omniterra”** has the meaning ascribed to that term in the Recitals;

**“Order”** means any order of the Court in the CCAA Proceedings;

**“Outside Date”** means February 28, 2020 (or such other date as the Agent, Petitioners and the Monitor may agree);

**“Person”** is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, Governmental Entity or any agency, officer or instrumentality thereof or any other entity, wherever situate or domiciled, and whether or not having legal status;

**“Petitioners”** has the meaning ascribed to that term in the Recitals;

**“Plan”** means this Plan of Compromise and Arrangement and any amendments, restatements, modifications or supplements hereto made from time to time in accordance with the terms hereof or made at the direction of the Court in the Sanction Order or otherwise;

**“Post-Filing Claim”** means any claims against any of the Petitioners that arose from the provision of authorized goods and services provided or otherwise incurred on or after the Filing Date in the ordinary course of business;

**“Priority Claim”** means a Crown Priority Claim or an Employee Priority Claim;

**“Priority Claim Reserve”** means a Cash reserve, equal to the amount of the Priority Claims, to be deposited by the Petitioners into the Priority Claim Reserve Account for the purpose of paying the Priority Claims;

**“Priority Claim Reserve Account”** means a segregated interest-bearing trust account established by the Monitor to hold the Priority Claim Reserve;

**“Purchase Agreements”** has the meaning ascribed to that term in the Recitals;

**“Purchased Assets”** has the meaning ascribed to that term in the Recitals;

**“Purchased Shares”** has the meaning ascribed to that term in the Recitals;

**“Released Claims”** means the matters that are subject to release and discharge pursuant to section 9.1;

**“Required Majority”** means a majority in number of Affected Noteholders representing at least two thirds in dollar value of the Affected Noteholder Claims of Affected Noteholders who actually vote (in person or by Proxy) at the Creditors’ Meeting;

**“Residual Assets”** has the meaning ascribed to that term in the Recitals;

**“Sales Process Order”** has the meaning ascribed to that term in the Recitals;

**“Sanction Order”** has the meaning ascribed to that term in section 10.2;

**“Section 5.1(2) Director/Officer Claims”** means any Director/Officer Claims that may not be compromised pursuant to section 5.1(2) of the CCAA;

**“Secured Priority Claims”** means the secured Claims against the Energold Group, or any of them, that have priority over the Claim of the Noteholders and/or the Agent;



**“Secured Rescue Note”** means ♦.

**“Share Purchase Agreements”** has the meaning ascribed to that term in the Recitals;

**“SSP”** has the meaning ascribed to that term in the Recitals;

**“Tax”** or **“Taxes”** means any and all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever, including all interest, penalties, fines, additions to tax or other additional amounts in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other government pension plan premiums or contributions;

**“Tax Claim”** means any Claim by a Taxing Authority against the Petitioners regarding any Taxes in respect of any taxation year or period;

**“Taxing Authority”** means any of Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any province or territory of Canada, any municipality of Canada, the Canada Revenue Agency, the Canada Border Services Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof and any Canadian or foreign government, regulatory authority, government department, agency, commission, bureau, minister, court, tribunal or body or regulation making entity exercising taxing authority or power;

**“Third Party Released Parties”** has the meaning ascribed to that term in section 9.1(a);

**“Total Affected Noteholder Claims”** has the meaning ascribed to that term in the Recitals;

**“Transferred Subsidiaries”** means Energold’s direct or indirect wholly-owned subsidiaries that are being vested in the Agent in accordance with the Vesting Orders;

**“Transferred Subsidiaries Guarantee”** means the guarantees given by the Transferred Subsidiaries pursuant to the Note Purchase Agreement;

**“Unaffected Affected Noteholder Claims”** means the Claims of the Noteholders for the balance owing to them by the Petitioners and the Transferred Subsidiaries under the Note Purchase Agreement and the Transferred Subsidiaries Guarantee. after applying a credit of the Credit Bid Amount, less the Estimated Priority Payment Amount.

**“Unissued US LP Units”** has the meaning ascribed to that term in Section 7.2(c);

**“US LP”** means the limited partnership organized under the laws of the State of Delaware within the United State of America which partnership units shall be held by the Affected Noteholders;

**“US LP Agreement”** means the US LP Agreement made between and among the partners, as the case may be, of US LP on the Implementation Date, substantially in the form attached hereto as **Schedule “F”**;

**“US LP Unitholder Information”** means such information and documentation as the Agent and/or US LP may require from recipients of the US LP Units in order to comply with any anti-money laundering, know your client, proceeds of crime and other Laws applicable to the Agent and US LP, respectively, which shall be communicated to the Affected Noteholders by the Agent and/or the US LP.

**“US LP Units”** means the limited partnership units of US LP, each of which shall have the rights and restrictions attached as set out in the US LP Agreement;

**“Vesting Orders”** has the meaning ascribed to that term in section 10.3; and

**“Withholding Obligation”** means the amounts that any payor shall be entitled to deduct and withhold and remit from any distribution, payment or consideration otherwise payable to any Person pursuant to the Plan.

**SCHEDULE E**

**FORM OF MONITOR'S PLAN IMPLEMENTATION DATE CERTIFICATE**

No. S1910194  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**



**PETITIONERS**

(the "**Petitioners**")

**MONITOR'S CERTIFICATE  
(Plan Implementation)**

All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order of the Honourable ◆ made in these proceedings on ◆ (the "**Sanction Order**").

Pursuant to paragraph ◆ of the Sanction Order, FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor of the Petitioners (the "**Monitor**") delivers to the Petitioners this certificate and hereby certifies that it has been informed in writing by the Petitioners and the Agent that all of the conditions precedent set out in the Plan have been satisfied or waived, and that the Implementation Date has occurred and the Plan and the provisions of the Sanction Order which come into effect on the Implementation Date are effective in accordance with their respective terms. This Certificate will be filed with the Court and posted on the website maintained by the Monitor.

DATED at the City of Vancouver, in the Province of British Columbia, this ◆ day of ◆ at 10:00 a.m.

**FTI CONSULTING CANADA INC.**, in its capacity as Court-appointed Monitor of the Petitioners and not in its personal or corporate capacity

By:

Name:

Title:

**SCHEDULE F  
US LP AGREEMENT**