

Energold Drilling Corp. Announces Filing Under Companies' Creditors Arrangement Act

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Sale of Substantially all of Bertram Drilling Corp.'s Assets, Commencement of Sales Process, and \$3.75 Million Interim Working Capital Financing

Updates have been made to the news release, [Energold Drilling Corp. Announces Filing Under Companies' Creditors Arrangement Act, Commences Sales Process & Arranges \\$3.7 Million Working Capital Facility](#), issued 16-Sep-2019 by Energold Drilling Group over CNW. The complete, corrected release follows:

VANCOUVER, Sept. 16, 2019 - [Energold Drilling Corp.](#) ("Energold" or "the Company") (Trading Symbols: "EGD:TSX.V | EGDFF:US") and its wholly-owned Canadian subsidiaries, Bertram Drilling Corp., Cros-Man Direct Underground Ltd., EGD Services and Omniterra International Drilling Inc. (collectively the "Canadian Companies") announce that on Friday September 13, 2019 the Canadian Companies sought and obtained an initial order of the Supreme Court of British Columbia (the "Court") granting creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). Energold's non-Canadian operating entities – including: (i) Energold de Mexico, S.A. de C.V., through which Energold operates its Mexican and Latin American business units, (ii) Energold Drilling (EMEA) Limited, through which Energold operates its English, Middle-East, European, and African business units, and (iii) Bertram Drilling Inc., through which Energold operates its US business unit, are not directly subject to the CCAA proceedings; however, they are nonetheless protected by the stay of proceedings granted by the Court.

Mark Berger of Portage Point Partners will continue to act as Chief Restructuring Officer through the proceedings. The Court also approved FTI Consulting Inc. to act as monitor of the Canadian Companies during the CCAA proceedings.

The filing for CCAA protection was made after careful consideration by the Company's Board of Directors of strategic alternatives available to the Company, and was made with the support of the Company's primary secured creditor, a syndicate of noteholders pursuant to a convertible note agreement dated June 15, 2017 (each a "Noteholder"), represented by Extract Advisors LLC ("Extract" or the "Agent") as administrative agent for the Noteholders.

In connection with the CCAA proceedings, the Court also made orders on September 13, 2019 approving the following:

- a) The sale of substantially all of the assets of Bertram Drilling Corp. (a wholly-owned subsidiary of Energold) to Century Services Corp. ("Century") pursuant to an asset disposition proposal (the "Bertram Sale").
- b) A sale solicitation process (the "Sale Process") with respect to certain of the Canadian Companies' assets, including the shares of Energold Mexico, S.A de C.V., Energold, Bertram Drilling, Inc., Energold Drilling (EMEA) Limited, and Cros-Man Direct Underground Ltd.

The Sale Process is intended to permit interested parties to pursue the purchase of the business units and assets of the Company with the goal of preserving value for stakeholders of the Company. As part of the Sale Process, Extract, as agent on behalf of the Noteholders, has submitted offers to acquire the shares of a number of the Canadian Companies' subsidiaries, including Energold Mexico, S.A de C.V., Energold, Bertram Drilling, Inc., Energold Drilling (EMEA) Limited, and Cros-Man Direct Underground Ltd.

In the course of the CCAA proceedings and in anticipation of the Bertram Sale, it is expected that Energold

will wind-down all operations and business of Bertram Drilling, Corp. Other than Bertram Drilling Corp., it is expected that all operations of Energold, the Canadian Companies, and Energold's non-Canadian operating subsidiaries will continue uninterrupted in the ordinary course of business, and all obligations incurred by Energold or the Canadian Companies after September 13, 2019 to employees, key suppliers of goods and services, and the Company's customers will continue to be met on an ongoing basis.

To fund the working capital needs of Energold and its subsidiaries during the CCAA proceedings, Energold has obtained interim working capital financing in an amount up to \$3.75 million ("WC Facility") from Energold DIP Lender, LLC (an affiliate of Extract, and referred to herein as the "Interim Lender") pursuant to a binding DIP Term Sheet dated September 12, 2019 between the Canadian Companies, as borrowers, and the Interim Lender, as lender. The WC Facility demonstrates the Noteholders' support for the Company during the restructuring process. The Company's management, including the Chief Restructuring Officer, will remain responsible for day-to-day operations under the general oversight of the Monitor.

"I am excited by the strong support shown by the Noteholders as demonstrated by the Interim Lender's provision of the up to \$3.75 million WC Facility, which will provide us with the working capital we need to meet our current customer demand and to continue to provide the highest standard of service through the CCAA proceedings," said Marco Garrido, Director of Sales of Energold's Mexico division.

"We are pleased with the Noteholders' commitment as we continue to work through the recovery in the drilling market globally, but particularly in West Africa," said Richard Thomas, Managing Director of Energold's EMEA division.

"The restructuring plan includes reducing the Company's debt load, cutting costs in our corporate office, selling non-core assets and refocusing attention to the remaining operating units. We expect to use up to \$3.75 million of the interim credit facility to support continued operations and pursue revenue-generating drilling projects. We are open for business and, after several lean years in our industry, now have sufficient liquidity to position ourselves to grow as we meet the resurgent demand for our drilling services that accompanies the rise in precious metals prices we have seen in 2019," said Mark Berger, Energold's Chief Restructuring Officer.

ABOUT ENERGOLD DRILLING

Energold is a leading global specialty drilling company that services the mining, energy, infrastructure, geothermal, water and manufacturing sectors in 25 countries. Specializing in a socially and environmentally sensitive approach to drilling, Energold provides a comprehensive range of drilling services from early-stage exploration to onsite operations.

On behalf of the Directors of [Energold Drilling Corp.](#),

"Frederick W. Davidson"
President, CEO

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

Cautionary Note Regarding Forward-Looking Statements:

Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements regarding the expectation that every day obligations to employees, key suppliers of goods and services and the Company's customers will continue to be met, the expectation that the CCAA process will preserve value for some stakeholders, management of the Company remaining responsible for day-to-day operations under the general oversight of the Monitor, the expected wind-down of Bertram Drilling Corp., the use of proceeds from the WC Facility, the WC Facility providing sufficient liquidity to support the business of the Company during the CCAA process, the Company's ability to continue to provide the highest standard of service and the expectation that all operations of Energold, the Canadian Companies, and Energold's non-Canadian operating subsidiaries will continue uninterrupted. These statements address future events and conditions and, as such, involve known and unknown risks,

uncertainties and other factors (including steps taken by regulatory authorities) which may cause the actual results, performance, achievements or events to be materially different from any future results, performance, achievements or events expressed or implied by the statements. Such factors include, among others, the inability to effectively divest the Company's assets via the Sales Process, the inability to effectuate the wind-down of Bertram Drilling Corp., the WC Facility being insufficient to support the Company's continued operations, the loss of key personnel, the effects of general economic conditions, a reduction in the demand for the Company's drilling services, the price of commodities, changing foreign exchange rates, actions by government authorities, the failure to find economically viable acquisition targets, title matters, environmental matters, reliance on key personnel, the ability for operational and other reasons to complete proposed activities and work programs, the need for additional financing, the timing and amount of expenditures, and other factors which are described in the Company's management discussion and analysis and other filings with Canadian regulatory authorities. These statements are based on the current assumptions and expectations of the Company's management, and are expressly qualified in their entirety by this cautionary notice. Although the Company believes that such statements are reasonable, the associated risks and uncertainties may cause actual results to differ from current assumptions and expectations, and there can be no assurance that such forward-looking statements will prove to be accurate. Except as required by law, Energold does not assume the obligation to update any forward-looking statement.

SOURCE Energold Drilling Group

Contact

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

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