Court File No. MM/114/12

COURT OF QUEEN'S BENCH
TRIAL DIVISION
MONCTON, N.B.
FILED/REGISTERED

AUG 31 2012

COUR DU BANC DE LA REINE
DIV. DE PREMIERE INSTANSE
MONCTON, N.-B.
DÉPOSÉ/ENREGISTRE

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

TRIAL DIVISION

JUDICIAL DISTRICT OF MONCTON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LANDDRILL INTERNATIONAL INC. (A BRITISH COLUMBIA CORPORATION), LANDDRILL INTERNATIONAL LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL ATLANTIC LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL CONTRACT MINING LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. (A MEXICAN CORPORATION), LANDDRILL INTERNATIONAL LLC (A MONGOLIAN CORPORATION) and LANDDRILL INTERNATIONAL INC. (A BARBADOS CORPORATION)

INITIAL ORDER

THIS APPLICATION, made by Landdrill International Inc., a British Columbia corporation, ("**Landdrill BC**"), Landdrill International Ltd., a New Brunswick corporation, ("**Landdrill NB**", and together with Landdrill BC, "**Landdrill Canada**"), Landdrill Atlantic Ltd., a New Brunswick corporation, Landdrill Contract Mining Ltd., a New Brunswick corporation, Landdrill Mexico S.A. de C.V., a Mexican corporation, ("**Landdrill Mexico**"), Landdrill International LLC, a Mongolian corporation, and Landdrill International Inc., a Barbados corporation, (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, (the "**CCAA**") was heard this 31st day of August, 2012 at 145 Assomption Blvd., Moncton, New Brunswick.

ON READING the Affidavit of Ronald J. Goguen sworn to on the 27th day of August 2012 and the exhibits thereto, the Affidavit of Ronald J. Goguen sworn to on the 31st day of August 2012 and the exhibits thereto (the "**Rogers Affidavit**"), and the documents prescribed by subsection 10(2) of the CCAA, and on hearing the submissions of counsel for the Applicants, counsel for the proposed Monitor, Ernst & Young Inc., counsel for Norrep Credit Opportunities Fund, LP ("**Norrep**"), counsel for GE Canada Equipment Financing G.P. ("**GE Canada**") and counsel for

Sprott Resource Lending Partnership ("**Sprott**" and together with GE Canada and Norrep, the "**Senior Lenders**") and on reading the consent of Ernst & Young Inc. to act as the Monitor,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof and with the need to file a Record on Application.

APPLICATION

2. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. THIS COURT ORDERS that the Applicants, and each of them, shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"), including the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of Landdrill Canada (the "**Landdrill Canada Property**") and the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of Landdrill Mexico (the "**Landdrill Mexico Property**"). Subject to further Order of this Court, the Applicants and each of them shall continue to carry on business in a manner consistent with the preservation of their respective businesses (collectively, the "**Business**") and the Property. The Applicants shall be authorized and empowered to continue to retain and employ the employees, consultants, contractors, agents, experts, accountants, counsel and such other persons (collectively, the "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. THIS COURT ORDERS that, in accordance with the DIP Agreement (as defined below) and the Cash Flow Projections (as defined in the DIP Agreement), the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses and amounts owed to any Assistants payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

5. THIS COURT ORDERS that, in accordance with the DIP Agreement and the Cash Flow Projections, and except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

6. THIS COURT ORDERS that the Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

(b) subject to paragraph 7 hereof, all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants; and

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

7. THIS COURT ORDERS that payment of Sales Taxes owing by the Applicants to Her Majesty the Queen in Right of Canada or a Province or Territory of Canada (the "**Crown**") shall be dealt with in the following manner:

(a) Sales Taxes which are accrued or collected after the date of this Order shall be paid by the Applicants in the ordinary course of business from and after the date of this Order;

(b) (subject to paragraph 7(d), payment of Sales Taxes which were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order ("**Pre-Filing Sales Taxes**") shall be deferred, and collection or enforcement of same by the Crown is stayed until further Order of the Court, but the Applicants shall remain liable for the payment of such Pre-Filing Sales Taxes;

(c) in regard to Pre-Filing Sales Taxes, the Crown shall continue to have the same priority position at law as it had immediately prior to the granting of this Order;

(d) in the event of the sale of all or substantially all of the Property or the Business, Pre-Filing Sales Taxes shall be paid in accordance with applicable law; and

(e) in the event that the Applicants become bankrupt, Pre-Filing Sales Taxes shall be dealt with in accordance with the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**").

8. THIS COURT ORDERS that, until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance

charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. THIS COURT ORDERS that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. THIS COURT ORDERS that the Applicants shall, subject to such requirements as are imposed by the CCAA, and such covenants as may be contained in the DIP documents (as hereinafter defined) have the right to:

(a) terminate the employment of such of their employees or temporarily lay off such of its employees as they deem appropriate; and

(b) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants, or any of them, to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. THIS COURT ORDERS that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any

applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. THIS COURT ORDERS that, if a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. THIS COURT ORDERS that, until and including September 28, 2012, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently underway against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. THIS COURT ORDERS that, during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the

foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. Notwithstanding the foregoing, the Senior Lenders are permitted, but not obligated, to take such steps and retain such security personnel as may be reasonably necessary, in their sole and exclusive discretion, to protect and preserve the tangible Property of the Applicants, provided that all such steps undertaken by the Senior Lenders or any of them shall not interfere with, disrupt and/or impede the ability of the Applicants and/or the Monitor to carry out the terms of this Order and the Senior Lenders are permitted to add the costs incurred in exercise of their rights hereunder to the indebtedness secured by the Senior Lenders' respective security.

NO INTERFERENCE WITH RIGHTS

15. THIS COURT ORDERS that, during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. THIS COURT ORDERS that, during the Stay Period, all Persons having oral or written agreements with the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicants, and that the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for

all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider, the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. THIS COURT ORDERS that, notwithstanding anything else in this Order, but subject to paragraphs 18 to 22 below, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

CRITICAL SUPPLIERS

18. THIS COURT ORDERS AND DECLARES that each of the entities listed in Schedule "A" hereto is a critical supplier of the Applicants as contemplated by section 11.4 of the CCAA (each, a "**Critical Supplier**"), provided that such designation shall not constitute a finding or determination that such entities are critical suppliers to any affiliate of the Applicants.

19. THIS COURT ORDERS that each Critical Supplier shall continue to supply the Applicants with goods and/or services on terms and conditions that are consistent with existing arrangements and past practices.

20. THIS COURT ORDERS that the Applicants shall make prompt payment for goods and/or services supplied to them by a Critical Supplier. For greater clarity, an Applicant who receives goods and/or services from a Critical Supplier on and after the date of this Order shall make payment to such Critical Supplier for such goods and/or services on the next date on which such Applicant ordinarily issues cheques (provided that such date is at least two days, and no more than seven days, after the date on which such Applicant receives from such Critical Supplier an invoice for the purchase price of the goods and/or services supplied).

21. No Critical Supplier may require the payment of a deposit or the posting of any security in connection with the supply of goods and/or services to the Applicants after the date of this Order.

22. THIS COURT ORDERS that each Critical Supplier shall be entitled to the benefit of and is hereby granted a charge (together, the "**Critical Supplier Charge**") on the Property in an amount equal to the value of the goods and services supplied by such Critical Supplier and received by the Applicants after the date of this Order less all amounts paid to such Critical Supplier in respect of such goods and services. The Critical Supplier Charge shall have the priority set out in paragraphs 44 and 46 hereof.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

24. THIS COURT ORDERS that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

25. THIS COURT ORDERS that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $1,000,000, as security for the indemnity provided in paragraph 24 of this Order. The Directors' Charge shall have the priority set out in paragraphs 44 and 46 hereof.

26. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 24 of this Order.

APPOINTMENT OF MONITOR

27. THIS COURT ORDERS that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

28. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

a) monitor the Applicants' receipts and disbursements;

b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

c) assist the Applicants, to the extent required by the Applicants, in their dissemination to the Senior Lenders and their counsel of financial and other information which may be used in these proceedings on reasonable request;

d) advise the Applicants in their preparation of the cash flow statements of the Applicants and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the Senior Lenders and their counsel on reasonable request;

e) (after having discussed such matters with the Applicants, where circumstances permit it to do so), have and exercise sole and exclusive authority (in the name of and on behalf of the Applicants) to instruct Clarus Securities Inc. with respect to the development and implementation of an orderly process for the sale of the Business and/or the Property to be completed within 90 days (the "**Sale Process**") in accordance with the timelines set out in Schedule "B" hereto, and to take such steps and execute such documentation in the name of and on behalf of the Applicants as may be necessary or incidental to the Sale Process;

f) have and exercise the authority (in the name of and on behalf of the Applicants), with the consent of the Senior Lenders, to replace Clarus Securities Inc. and disclaim the engagement letter with Clarus Securities Inc.;

g) have and exercise sole and exclusive authority (in the name of and on behalf of the Applicants) to negotiate with potential purchasers of the Business and/or the Property pursuant to the Sale Process;

h) have and exercise sole and exclusive authority (in the name of and on behalf of the Applicants), with the consent of the Senior Lenders, to dispose of redundant or non-material assets not exceeding $100,000.00 in any one transaction or $1,000,000 in the aggregate;

i) have and exercise sole and exclusive authority (in the name of and on behalf of the Applicants) to accept one or more offers to purchase the Business and/or the Property pursuant to the Sale Process (subject to approval of the Court);

j) have and exercise sole and exclusive authority (in the name of and on behalf of the Applicants, but in consultation with the Senior Lenders), to determine whether and to what extent an extension of the Stay Period will be sought from the Court (and, if so, the length of any such extension request);

k) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

l) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

m) perform such other duties as are required by this Order or by this Court from time to time.

29. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. THIS COURT ORDERS that the Monitor is not required to take any steps or action in respect of the powers granted to the Monitor pursuant to this Order unless it is satisfied that the Applicants have sufficient funding to pay the Monitor's estimated fees and expenses in taking such steps and actions.

31. THIS COURT ORDERS that, in addition to the rights and protections afforded to the Monitor as an officer of this Court, neither the Monitor nor any officer, director, employee, affiliate or agent of Ernst & Young Inc. shall be deemed to be a director or trustee or any of the Applicants.

32. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, the Ontario *Occupational Health and Safety Act*, the New Brunswick *Clean Water Act*, the New Brunswick *Clean Environment Act*, the New Brunswick *Clean Air Act*, the New Brunswick *Unsightly Premises Act*, the Quebec *Environmental Quality Act* and the Quebec *Act Respecting Occupational Health and Safety*, the Newfoundland *Environmental Protection Act* or similar other federal or provincial legislation and any regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

33. THIS COURT ORDERS that, subject to paragraph 50 hereof, the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

34. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

35. THIS COURT ORDERS that the Monitor, the Monitor's counsel and the Applicants' counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are

hereby authorized and directed to pay the accounts of the Monitor, the Monitor's counsel and the Applicants' counsel on a weekly basis.

36. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Court of Queen's Bench of New Brunswick.

37. THIS COURT ORDERS that the Monitor, the Monitor's counsel and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $400,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 44 and 46 hereof.

DIP FINANCING

38. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and borrow under the DIP Term Sheet with Norrep (and insofar as reference is made to Norrep making advances under the DIP Term Sheet, is herein referred to as the "**DIP Lender**") dated August 30, 2012 (the "**DIP Agreement**"), as attached to the Rogers Affidavit, in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under the credit facility described in the DIP Agreement shall not exceed the principal amount of $1,500,000.00 unless permitted by further Order of this Court.

39. THIS COURT ORDERS that such credit facility shall be on the terms and subject to the conditions set forth in the DIP Agreement, filed.

40. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (as described in the DIP Agreement) (collectively, the "**DIP Documents**"), as are contemplated by the DIP Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees,

liabilities and obligations to the DIP Lender under and pursuant to the DIP Agreement and the DIP Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. THIS COURT ORDERS that, subject to the rights of the Senior Lenders set forth in paragraph 46 hereof, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property. The DIP Lender's Charge shall secure the payment to the DIP Lender of those amounts actually advanced by the DIP Lender to the Applicants pursuant to the DIP Agreement on or after the date of this Order, but in all events and circumstances, such amounts shall not exceed the aggregate sum of $1,500,000.00 plus applicable interest or such other amount as may be authorized by this Court. The DIP Lender's Charge shall have the priority set out in paragraphs 44 and 46 hereof.

42. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the DIP Documents;

(b) upon the occurrence of an event of default under the DIP Documents or the DIP Lender's Charge, the DIP Lender may cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement, the DIP Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, and upon four (4) days written notice to the Applicants, the Monitor and the Senior Lenders, and with leave of the Court, may exercise any and all of its other rights and remedies against the Applicants or the Property under or pursuant to the DIP Agreement, the DIP Documents and the DIP Lender's Charge, including without limitation, applying to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

43. THIS COURT ORDERS AND DECLARES that, notwithstanding paragraph 14 but subject to paragraph 42, the DIP Lender (in such capacity and not in its capacity as Senior Lender) shall be treated as unaffected in any Plan filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the BIA, with respect to any advances made under the DIP Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. THIS COURT ORDERS that the priorities of the Administration Charge, the Critical Supplier Charge, the DIP Lender's Charge and the Directors' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $400,000);

Second – Critical Supplier Charge;

Third – DIP Lender's Charge (to the maximum amount of $1,500,000 plus applicable interest); and

Fourth - Directors' Charge (to the maximum amount of $1,000,000).

45. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge, the Critical Supplier Charge, the DIP Lender's Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

46. THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property and such Charges shall rank behind all security interests, trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, the "**Encumbrances**") in favour of the Senior Lenders and any Person that has not been served with the notice of the application for this Order. The Applicants and the beneficiaries of the Charges shall be entitled to seek an Order providing that the Charges shall rank in priority to the

Encumbrances on notice to those parties likely to be affected by such priority (it being the intention of the Applicants to seek, at the Comeback Motion (as defined below), priority for the Charges ahead of all Encumbrances). The security granted by the DIP Documents charging the Property shall have the same priority as the DIP Lender's Charge. Notwithstanding the foregoing or any provision of this Order, the priority of the charges held by the Senior Lenders in respect of the Property whether pursuant to their respective security agreements and related documents or otherwise at law are hereby expressly reserved and the issuance of this Order is without prejudice to the right of the Senior Lenders, or any of them, to seek an order on the Comeback Motion (as defined below) allocating the Charges or any portion thereof among and between the Senior Lenders and/or among and between the Landdrill Canada Property and the Landdrill Mexico Property, or any portions thereof.

47. THIS COURT ORDERS that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender, the Senior Lenders, and the beneficiaries of the Charges, or further Order of this Court.

48. THIS COURT ORDERS that the Charges and the DIP Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges thereunder (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Agreement or the DIP Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;

(b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the DIP Agreement or the DIP Documents, the creation of the Charges, or the execution, delivery or performance of the DIP Agreement or the DIP Documents; and

(c) the payments made by the Applicants pursuant to this Order, the DIP Agreement or the DIP Documents and the granting of the Charges by the Applicants do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

SEALING OF CASH-FLOW STATEMENTS

50. THIS COURT ORDERS that any cash-flow statement or any part of a cash-flow statement filed with this Court in these proceedings shall not be released to the public and shall be kept confidential and in a sealed envelope to be maintained in a file in the office of the Clerk of the Court which does not form part of the public record. However, the cash-flow statements will be disclosed to Norrep, GE Canada and Sprott and their respective counsel on condition that they will not distribute such documentation or the information contained therein, to any other person. Further, all other creditors of the Applicants shall be entitled to disclosure of the cash-flow statements provided that they have signed a confidentially agreement in a form satisfactory to the Monitor.

SERVICE AND NOTICE

51. THIS COURT ORDERS that the Monitor shall (a) without delay, publish in the National Edition of the Globe and Mail a notice containing the information prescribed under the CCAA, (b) within five days after the date of this Order, (i) make this Order publicly available in the

manner prescribed under the CCAA, (ii) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1,000.00, and (iii) prepare a list showing the names and addresses of those creditors (other than individuals) and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.

52. THIS COURT ORDERS that the Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

53. THIS COURT ORDERS that the Applicants, the Monitor and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on its website at www.ey.com/ca/landdrill.

COMEBACK MOTION

54. THIS COURT ORDERS that the Applicants are authorized to serve their motion materials with respect to the comeback motion (the "**Comeback Motion**") by forwarding a copy of this Order and any additional materials to be filed with respect to the Comeback Motion by electronic transmission, where available, or by courier to the parties likely to be affected by the relief to be sought, including without limitation, the Senior Lenders, at such parties' respective addresses as last shown on the records of the Applicants as soon as practicable.

GENERAL

55. THIS COURT ORDERS that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

56. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

57. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Mexico, Mongolia or Barbados, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

58. THIS COURT ORDERS that each of the Applicants and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

59. THIS COURT ORDERS that without limiting paragraph 58 hereof the Monitor is hereby authorized, as the foreign representative of the Applicants, to apply for recognition of these proceedings as "Foreign Main Proceedings" in Mexico.

60. THIS COURT ORDERS that any interested party (including the Applicants, the Monitor and the Senior Lenders) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

61. THIS COURT ORDERS that, notwithstanding paragraph 60 hereof, no order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the DIP Documents or the DIP Lender's Charge unless notice of motion for such order is served on the Applicants, the Monitor, the Senior Lenders and the DIP Lender on at least four (4) days'

notice, returnable no later than September 7, 2012, or unless each of the Applicants, the Monitor, the Senior Lenders and the DIP Lender consent to such order.

62. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Atlantic Time on the date of this Order.

Dated at Moncton, New Brunswick this 31st day of August, 2012

J.C.Q.B.N.B

SCHEDULE "A"

Landdrill International Inc.

List of Critical Suppliers

Vendor	Canadian Office	Type of Supplier
Sandvik Mining	100 Magill Street Lively, Ontario P3Y 1K7	Supplies equipment and tools, service and technical solutions for the mining industry
Usinage Marcotte Inc.	180 des Distributeurs Val D'Or, Quebec J9P 6Y1	Provides machining, welding and manufacturing services for the forestry, mining and agriculture industries
M. Beauregard Equipment Inc.	8910 Boul. Industriel Chambly, Quebec J3L 4X3	Provides construction equipment products and support services
Hydraulic Val d'Or	1050 Rue Leo Fournier Val D'Or, Quebec J9P 6X7	Manufactures, modification and repair of hydraulic systems
Detour Machining	Box 1597 Highway 652 East Cochrane, Ontario P0L 1C0	Custom machining and fabrication

SCHEDULE "B"
TIMELINES FOR SALE PROCESS

1. The template Confidentiality Agreement (the "**CA**") shall be finalized (and delivered to the Monitor and the Senior Lenders) on or before August 31, 2012.

2. The population of the electronic on-line data room shall be finalized (and written confirmation of completion of this task shall be provided to the Monitor and the Senior Lenders) on or before August 31, 2012.

3. The list of approved purchasers (the "**Approved Purchasers**") shall be finalized (and delivered to the Monitor and the Senior Lenders) on or before September 5, 2012.

4. The CA shall be finalized and distributed to the Approved Purchasers (and written confirmation of completion of this task shall be provided to the Monitor and the Senior Lenders) on or before September 5, 2012.

5. One or more non-binding written expressions of interest regarding a proposed purchase of the Business and/or the Property shall have been obtained by the Borrower and shall have been provided to the Monitor and the Senior Lenders on or before September 21, 2012.

6. The template precedent definitive agreements required for the sale of the Business and/or the Property shall have been prepared (and delivered to the Monitor and the Senior Lenders) on or before October 1, 2012.

7. A binding Agreement of Purchase and Sale of the Business and/or the Property (the "**APA**") shall have been prepared and executed by the Monitor (in the name of and on behalf of the Borrower) (as Vendor) and the Proposed Purchaser (and an executed copy thereof shall have been provided to the Monitor and the Senior Lenders) on or before October 15, 2012.

8. The APA shall have become unconditionally effective (save and except for a condition requiring approval of the APA by the Court) (and written confirmation of the APA having become unconditionally effective shall have been provided to the Monitor and the Senior Lenders) on or before October 15, 2012.

9. Approval of the APA by the Court and the closing of the sale contemplated by the APA shall have occurred (and written confirmation of the closing of such sale shall have been provided to the Monitor and the Senior Lenders) on or before November 1, 2012.