Court File No. M/M/114/12

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

TRIAL DIVISION

JUDICIAL DISTRICT OF MONCTON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT* [illegible] 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)

ORDER
(Re: Comeback/Extension Motion)

WHEREAS the Applicants' Comeback Motion pursuant to the ***Companies' Creditors Arrangement Act***, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this 27th day of September, 2012 at 145 Assomption Blvd., Moncton, New Brunswick.

ON READING the Affidavit of Ronald J. Goguen sworn to on the 25th day of September, 2012 and the exhibits thereto and the First Report of the Monitor dated September 26, 2012 (the "**First Report of the Monitor**");

AND UPON HEARING:

Stephen J. Hutchison, Counsel for the Applicants;

Ashley John Taylor, Counsel for the Monitor, Ernst & Young Inc.;

Mary Buttery, Counsel for Sprott Resource Lending Partnership;

Alissa K. Mitchell, Counsel for GE Canada Equipment Financing, GP;

Jeffrey M. Lee, Counsel for Norrep Credit Opportunities Fund and Crown Capital Partners Inc.;

George L. Cooper, Counsel for Gold Canyon Resources Inc.;

Gus Camelino, Counsel for FIRST Insurance Funding of Canada;

Kelly VanBuskirk for Mike Tripp and Roger Rogers

AND WHEREAS this Court made an Initial Order under the CCAA dated August 31, 2012 (the "Initial Order") and in doing so, *inter alia*, approved borrowing by the Applicants under the DIP Agreement (as defined therein) and scheduled the hearing of the Comeback Motion (as defined therein) for September 17, 2012;

AND WHEREAS this Court made an Order dated September 17, 2012 (the "**September 17th Order**") and in doing so, *inter alia*, adjourned the Comeback Motion originally scheduled for September 17, 2012 to September 27, 2012;

AND WHEREAS this Court is satisfied that circumstances exist that make this Order appropriate;

SERVICE

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

INTERPRETATION

2. THIS COURT ORDERS AND DECLARES that defined terms used in this Order that are not otherwise defined in this Order shall have the meanings ascribed to them in the Initial Order and the September 17th Order.

INITIAL ORDER AND SEPTEMBER 17th ORDER

3. THIS COURT ORDERS that the Initial Order and the September 17th Order remain unamended other than as set out herein or as may be necessary to give effect to the terms of this Order.

4. THIS COURT ORDERS that paragraph 9 of Schedule "B" to the Initial Order shall be amended by deleting "November 1, 2012" and replacing it with "November 2, 2012".

SUPER-PRIORITY OF CHARGES

5. THIS COURT ORDERS that, notwithstanding paragraph 46 of the Initial Order, the Charges shall constitute charges on the Property (as defined in paragraph 3 of the Initial Order) and, subject to section 11.8(8) of the CCAA, such Charges shall rank ahead of and in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, the "**Encumbrances**") in favour of any person, notwithstanding the sequence of perfection or attachment, including without limitation any deemed trust created under the New Brunswick *Pension Benefits Act*.

6. 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 and the beneficiaries of the Charges or further Order of this Court.

PRIORITY OF CHARGES

7. THIS COURT ORDERS that the Charges shall be allocated in the manner more particularly described in subparagraphs (a) to (h) hereof and, in particular, as follows:

(a) In this Order, the following word and phrases shall have the following respective meanings, namely:

(i) "**DIP Facility**" shall mean the credit facility described in the DIP Agreement, as amended;

(ii) "**Mexican DIP Expenditures**" shall mean (collectively): (a) the sum of $404,600 which was advanced by Landdrill Canada to Landdrill Mexico in September of 2012; and (b) such additional amounts as may be advanced to the Applicants under the DIP Facility and transferred to Landdrill Mexico to fund expenditures by or on behalf of Landdrill Mexico subsequent to the date of this Order;

(iii) "**Canadian DIP Expenditures**" shall mean all amounts advanced to the Applicants under the DIP Facility subsequent to the date of this Order, less an amount equal to the Mexican DIP Expenditures;

(iv) "**Canadian Asset Sale**" shall mean the sale of all or substantially all of the Landdrill Canada Property;

(v) "**Mexican Asset Sale**" shall mean the sale of all or substantially all of the Landdrill Mexico Property;

(vi) "**Post-Canadian Asset Sale Costs**" shall mean (collectively): (a) all expenditures of the Applicants funded with advances made under the DIP Facility subsequent to the closing of the Canadian Asset Sale and secured by the DIP Lender's Charge; (b) all professional fees and disbursements of the Monitor, the Monitor's counsel and the Applicants' counsel secured by the Administration Charge (collectively, the "**Professional Costs**") incurred subsequent to the closing of the Canadian Asset Sale; and (c) all Professional Costs, whensover incurred, relating exclusively to completing the Mexican Asset Sale;

(vii) "**Post-Mexican Asset Sale Costs**" shall mean (collectively) (a) all expenditures of the Applicants funded with advances made under the DIP Facility subsequent to the closing of the Mexican Asset Sale and secured by the DIP Lender's Charge; and (b) all Professional Costs incurred subsequent to the closing of the Mexican Asset Sale; and

(viii) "**Respective Proportionate Lenders' Amounts**" shall mean the respective proportionate amounts of the DIP Facility which Norrep, Sprott and GE are required to pay in accordance with this Order (prior to the closing of either of the Canadian Asset Sale and/or the Mexican Asset Sale).

(b) That portion of the DIP Lender's Charge equal to the Mexican DIP Expenditures (the "**Mexican DIP Charge**") shall be allocated solely and exclusively against the Landdrill Mexico Property, with 50 percent of the Mexican DIP Charge allocated to Sprott and 50 percent of the Mexican DIP Charge allocated to Norrep.

(c) The Mexican DIP Expenditures (and the value of the Mexican DIP Charge) shall not exceed $500,000 unless the Applicants have first requested and obtained the written consent of each of the Monitor, Norrep and Sprott for the Mexican DIP Expenditures (and the Mexican DIP Charge) to exceed such amount.

(d) That portion of the DIP Lender's Charge equal to the Canadian DIP Expenditures (the "**Canadian DIP Charge**") shall be allocated solely and exclusively against the Landdrill Canada Property, with 62 percent of the Canadian DIP Charge allocated against Landdrill Canada Property in which Norrep holds first charge security and 38 percent of the Canadian DIP Charge allocated against Landdrill Canada Property in which GE Canada holds first charge security.

(e) The Post-Canadian Asset Sale Costs shall be borne by Norrep and Sprott (in such proportionate amounts as may be agreed upon by Norrep and Sprott or as may be determined by this Court) and shall be paid first from the Mexico Landdrill Property (or proceeds thereof), second from the remaining Property (other than the Landdrill Canada Property (or proceeds thereof) in which GE Canada holds or held first charge security), and last from the Landdrill Canada Property (or proceeds thereof) in which GE Canada holds or held first charge security.

(f) The Post-Mexican Asset Sale Costs shall be borne by Norrep and GE Canada (in such proportionate amounts as may be agreed upon by Norrep and GE Canada or as may be determined by this Court) and shall be paid first from the Landdrill Canada Property, second from the remaining Property (other than the Landdrill Mexico Property (or proceeds thereof) in which Sprott holds or held first charge security), and last from the Landdrill Mexico Property (or proceeds thereof) in which Sprott holds or held first charge security.

(g) Subject to subparagraphs (e) and (f) hereof, the Administrative Charge shall be allocated to each of Norrep, GE Canada and Sprott in accordance with the Respective Proportionate Lenders' Amounts.

(h) The Critical Supplier Charge and the Directors' Charge shall be allocated to each of Norrep, GE Canada and Sprott in accordance with the Respective Proportionate Lenders' Amounts.

STAY EXTENSION

8. THIS COURT ORDERS that the Stay Period (as defined in paragraph 13 of the Initial Order) is hereby extended until and including November 2, 2012.

AMENDMENTS TO DIP AGREEMENT

9. THIS COURT ORDERS that the DIP Agreement shall be amended as follows:

(a) Section 12(e)(ix) shall be amended by deleting "November 1, 2012" and replacing it with "November 2, 2012";

(b) Section 21(a) shall be amended by deleting "within twenty-one days following the date of the granting of the Initial Order" and replacing it with "on or before September 27, 2012"; and

(c) Section 21(h) shall be amended by deleting "October 1, 2012" and replacing it with "October 15, 2012".

10. THIS COURT ORDERS that the DIP Agreement may be further amended by the Applicants and the DIP Lender, with the consent of the Monitor and the Senior Lenders, and all such amendments are hereby approved.

APPROVAL OF THE MONITOR'S REPORTS

11. THIS COURT ORDERS that the First Report of the Monitor and the activities of the Monitor described therein are hereby approved.

GENERAL

12. THIS COURT ORDERS that any motion to vary or amend this Order (provided that the beneficiary of any Charge shall be entitled to rely on their respective charges up to and including the day on which such Charge or the priority granted to such Charge may be varied or amended) may only be brought by a party that has not been served with notice of the within motion and any such motion must be returnable by no later than October 18, 2012 or such later date as the parties affected may agree, 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.

EFFECT

13. 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 27th day of September 2012

David S. Smith
J.C.Q.B.N.B