This is Exhibit "J" to the Affidavit of Ronald J. Goguen sworn to on the 27th day of August 2012.

Jeffrey R. Parker
Commissioner of Oaths
Being a Solicitor

Sprott Resource Lending Corp.

1.	Priorities Agreement dated March 20, 2012	9 pages
2.	Priority Agreement Addendum dated March 21, 2012	6 pages
3.	Term Sheet for Credit Facility dated June 10, 2011	7 pages
4.	Credit Agreement dated July 29, 2011	32 pages
5.	General Security Agreement dated July 29, 2011 (Landdrill Int. Inc.)	21 pages
6.	General Security Agreement dated July 29, 2011 (Landdrill Int. Ltd.)	20 pages
7.	General Security Agreement dated July 29, 2011 (Landdrill Mexico)	20 page
8.	Share Pledge Agreement with Landdrill Int. Inc. dated July 29, 2011	5 pages
9.	Common Share Certificate for Landdrill International Ltd. shares held by Landdrill International Inc. dated December 31, 2005	2 pages
10.	Irrevocable Stock Power (Landdrill Int. Inc.) dated July 29, 2011	1 page
11.	Share Pledge Agreement with Landdrill Int. Ltd. dated July 29, 2011	5 pages
12.	Common Share Certificate for Landdrill Int. Inc. shares held by Landdrill Int. Ltd.	1 page
13.	Irrevocable Stock Power (Landdrill Int. Ltd.) dated July 29, 2011	1 page
14.	Stock Pledge Agreement (Landdrill Int. Inc.) dated July 29, 2011	40 pages
15.	Stock Pledge Agreement (R. Goguen/pledgor) dated July 29, 2011	39 page
16.	Non-Possessory Pledge Agreement (Landdrill Mexico) dated August 3, 2011	51 pages
17.	Landdrill Mexico Libro de Accionistas	1 page
18.	Landdrill International Share Document (Spanish)	8 pages
19.	Guarantee by Landdrill Int. Ltd. dated July 29, 2011	4 pages
20.	Guarantee by Landdrill Int. Inc. dated July 29, 2011	4 pages
21.	Credit Guaranty Agreement (Landdrill Mexico) dated July 29, 2011	35 pages
22.	Landdrill International Inc. Officer's Certificate dated July 29, 2011	50 pages
23.	Landdrill International Ltd. Officer's Certificate dated July 29, 2011	12 pages
24.	Landdrill International Inc. Officer's Certificate dated July 29, 2011	35 pages

25.	Landdrill International Mexico S.A. DE C.V. Officer's Certificate dated July 29, 2011	38 pages
26.	Certified Copy of Directors' Resolutions Landdrill International Inc. dated July 29, 2011	4 pages
27.	Certified Copy of Directors' Resolutions Landdrill International Ltd. dated July 29, 2011	3 pages
28.	Certified Copy of Directors' Resolutions Landdrill International Inc. (Barbados) dated July 29, 2011	3 pages
29.	Certified Copy of Directors' Resolutions Landdrill International Mexico S.A. DE C.V. dated July 29, 2011	3 pages
30.	Direction to Pay dated August 5, 2011	5 pages
31.	Letter from Brian Maude, Landdrill International, to Sprott and Fasken Martineau Du Moulin dated July 29, 2011	5 pages
32.	Letter from Lauren McIntosh, Chancery Chambers (Barbados) to Sprott and Fasken dated August 5, 2011	8 pages
33.	PPRS Search Result 2011-08-05 (Landdrill International Inc._	3 pages
34.	PPRS Verification Statement	44 pages
35.	Notarial Certificate dated September 7, 2011	5 pages
36.	Government of Barbados Department of Corporate Affairs/Intellectual Property – Receipt for Payment	1 page
37.	Sprott Resource Lending Partnership re: Landdrill International Inc. – Closing Book Index	3 pages

PRIORITY AGREEMENT

This Agreement dated for reference March 20, 2012

executed by:

SPROTT RESOURCE LENDING PARTNERSHIP, a general partnership formed under the laws of Ontario (the "**Subordinator**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of the Province of British Columbia (the "**Borrower**")

AND:

LANDDRILL INTERNATIONAL LTD., a company incorporated under the laws of the Province of New Brunswick ("**Landdrill NB**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of Barbados ("**Landdrill Barbados**")

AND:

LANDDRILL INTERNATIONAL MEXICO, S.A. de C.V., a company incorporated under the laws of Mexico ("**Landdrill Mexico**")

(jointly and severally, the Borrower, Landdrill NB, Landdrill Barbados and Landdrill Mexico, the "**Debtors**")

in favour of:

NORREP CREDIT OPPORTUNITIES FUND, LP, limited partnership formed under the laws of Alberta, (the "**Lender**")

witnesses that for valuable consideration each of the Subordinator and the Debtors covenant and agree with the Lender as follows:

1. DEFINED TERMS

1.1 General. Unless the context otherwise requires the terms defined in Schedule A will have those defined meanings.

2. GRANT OF PRIORITY; SUBORDINATION

2.1 General. For and in consideration of the payment to the Subordinator of the sum of Two ($2.00) Dollars and other good and valuable consideration, the Subordinator grants priority to the Lender's Charges over the Subordinator's Charges with respect to the Lender's Subject Property, and subordinates the Subordinator's Charges to the Lender's Charges with respect to the Lender's Subject Property. The Subordinator confirms that the Subordinator's Charges are hereby limited to securing indebtedness to a maximum of the Priority Limit and related costs and expenses to which the Subordinator is entitled under the Subordinator's Security Documents.

2.2 Irrelevant Events and Circumstances. The grant of priority and subordination provided for herein will apply in all events and circumstances regardless of:

(a) the dates of execution, delivery and registration of the Subordinator's Security Documents and the Lender's Security Documents, and the dates of creation, attachment, perfection and existence of the Subordinator's Charges and the Lender's Charges;

(b) the dates of all past, present and future advances, re-advances and other extensions of credit made by the Subordinator or the Lender for the benefit of the Debtors, and the dates of all other past, present and future liabilities incurred by the Debtors in favour of the Subordinator or the Lender;

(c) the dates of any past, present or future defaults by the Debtors under the Subordinator's Security Documents or the Lender's Security Documents, and the dates of crystallization of any floating charges comprised in the Subordinator's Charges or the Lender's Charges;

(d) the dates any demands for payment are made, the dates any notices are given, and any failure to make or give any such demands or notices;

(e) any contrary intention expressed in the Lender's Security Documents, the Subordinator's Security Documents or any other documents; and

(f) any priority granted by any principle of law or equity or any statute, including the *Bank Act* and applicable personal property security legislation.

2.3 Modification of Subordinator's Security Documents. The rights, remedies and powers of the Subordinator in connection with the Subordinator's Security Documents are hereby modified in accordance with the provisions hereof, and the terms and conditions of the Subordinator's Security Documents are hereby modified accordingly.

3. REPRESENTATIONS, COVENANTS AND OTHER AGREEMENTS

3.1 Beneficial Ownership. The Subordinator represents and warrants that it is the legal and beneficial holder of the Subordinator's Security Documents and the Subordinator's Charges, in each case free and clear of all Charges.

3.2 Authority to Subordinate. The Subordinator has good right, full power and lawful authority to enter into this Agreement and to agree to the grant of priority and subordination provided for herein, and all necessary resolutions have been passed and all other necessary steps have been taken to authorize the execution and delivery of this Agreement.

3.3 Further Assurances. Each of the Subordinator, the Lender and the Debtors will forthwith at all times, and at the Debtors' sole expense, execute and deliver such further documents and do such other acts as required in order to give effect to the intent of this Agreement.

3.4 Indulgences. Each of the Lender and the Subordinator may grant time, renewals, extensions, releases and discharges to, accept compositions from and otherwise deal with the Debtors as it may see fit, the whole without notice to any other party to this Agreement and without prejudice to or in any way limiting or affecting the rights of the Lender under this Agreement.

3.5 Amendment, Waiver and Termination. Neither this Agreement nor any provision hereof may be amended, waived or terminated in any respect except by an instrument in writing executed by the party against whom enforcement of the amendment, waiver or termination is sought, provided that no consent of or execution by the Debtors will be necessary to any such amendment, waiver or termination unless the interests of the Debtors are directly adversely affected thereby.

3.6 Notice Prior to Enforcement. Each of the Subordinator and the Lender will, prior to making any demand for payment on the Debtors or proceeding to enforce a Charge, give the other party two business days' prior written notice of such demand or enforcement, provided however that if either the Subordinator or the Lender determines in good faith that any delay in demanding payment or enforcing its security would be prejudicial to such notice, then it need only be given as soon as possible and in any event not later than the time the demand or enforcement is made. Neither the Subordinator nor the Lender will be liable for any accidental omission to provide notice as required by this paragraph.

4. INTERPRETATION

4.1 Governing Law. This Agreement will be governed by the laws in effect in British Columbia.

4.2 Successors. This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, personal representatives, successors and permitted assigns.

4.3 Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the remaining provisions or the remainder of the impugned provision.

4.4 Number and Gender. Unless the context otherwise requires, words importing the singular will include the plural and *vice versa,* and words importing gender will include all genders.

4.5 Headings. Headings have been inserted for convenience of reference only and are not to affect interpretation.

4.6 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all oral agreements, undertakings and understandings among the parties with respect to the subject matter hereof.

4.7 Counterparts. This Agreement may be executed in any one or more counterparts, each of which when delivered will be deemed to be an original and all of which together will constitute one and the same document.

In witness whereof each of the Subordinator, the Lender and the Debtors have executed this Agreement under seal at __ ______ on March ____, 2012.

SPROTT RESOURCE LENDING PARTNERSHIP, by its Managing Partner SPROTT LENDING CONSULTING LP, by its General Partner, SPROTT LENDING CONSULTING GP, INC.:

Per: ______________________________
Name: CFO Jim Grosdanis
Title:

Per: ______________________________
Name: Andrew Stelzer
Title: VP, Origination

In witness whereof the Debtors have executed this Agreement under seal at ________________ on March _____, 2012.

<u>**Borrower:**</u>

LANDDRILL INTERNATIONAL INC., by its authorized signatory:

Per: ______________________________
Name:
Title:

<u>**Landdrill NB:**</u>

LANDDRILL INTERNATIONAL LTD., by its authorized signatory:

Per: ______________________________
Name:
Title:

<u>**Landdrill Barbados:**</u>

LANDDRILL INTERNATIONAL INC. , by its authorized signatory:

Per: ______________________________
Name:
Title:

<u>**Landdrill Mexico:**</u>

SPROTT RESOURCE LENDING PARTNERSHIP, by its Managing Partner SPROTT LENDING CONSULTING LP, by its General Partner, SPROTT LENDING CONSULTING GP, INC.:

Per: ________________________
Name:
Title:

Per: ________________________
Name:
Title:

Borrower:

LANDDRILL INTERNATIONAL INC., by its authorized signatory:

Per: ________________________
Name: Derek Wood
Title: CFO

Landdrill NB:

LANDDRILL INTERNATIONAL LTD., by its authorized signatory:

Per: ________________________
Name: Derek Wood
Title: CFO

Landdrill Barbados:

LANDDRILL INTERNATIONAL INC. , by its authorized signatory:

Per: ________________________
Name:
Title:

Landdrill Mexico:

LANDDRILL INTERNATIONAL MEXICO, de C.V., by its authorized signatory:

Per:
Name:
Title:

NORREP CREDIT OPPORTUNITIES FUND, LP, by its general partner NORREP CREDIT OPPORTUNITIES FUND INC.:

Per:
Name:
Title:

Per:
Name:
Title:

Landdrill Mexico:

LANDDRILL INTERNATIONAL MEXICO, de C.V., by its authorized signatory:

Per:
Name:
Title:

NORREP CREDIT OPPORTUNITIES FUND, LP, by its general partner NORREP CREDIT OPPORTUNITIES FUND INC.:

Per:
Name:
Title:

Per:
Name:
Title:

SCHEDULE A

DEFINED TERMS

"this Agreement", "hereby", "herein", "hereof", "hereto" and **"hereunder"** refer to the whole of this Agreement, including the attachments, all as amended from time to time, and not to any subdivision hereof.

"Charge" means any Security Interest, mortgage, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), assignment, lease, option to purchase, conditional sale or other title retention agreement, trust or other encumbrance of any nature, however arising.

"Debtors" includes the successors of any of the Debtors, whether immediate or derivative.

"Debtors to Subordinator Liabilities" means all present and future debts and liabilities of the Debtors to the Subordinator;

"Debtors to Lender Liabilities" means all present and future debts and liabilities of any of the Debtors to the Lender;

"including" means including without limitation.

"Lender" includes the successors and assigns of the Lender, whether immediate or derivative.

"Lender's Charges" means all present and future Charges created by the Lender's Security Documents with respect to any or all of the Lender's Subject Property.

"Lender's Security Documents" means all present and future security documents in favour of the Lender that create Charges with respect to any or all of the Lender's Subject Property, and includes all related financing statements and similar documents.

"Lender's Subject Property" means each of the Debtors' present and after-acquired personal property, excluding:

(i) all present and after-acquired real and personal property of Landdrill Mexico;

(ii) all shares owned by the Borrower in the capital of Landdrill NB;

(iii) all shares owned by Landdrill NB in the capital of Landdrill Barbados; and

(iv) all shares owned by Landdrill Barbados in the capital of Landdrill Mexico;

and any reference to "Subject Property" will, unless otherwise provided herein, be deemed to refer to the Lender's Subject Property as a whole or any parts thereof.

"Priority Limit" means at any time the amount of Four Million ($4,000,000) Dollars.

"Subordinator" includes the successors and permitted assigns of the Subordinator, as the case may be, whether immediate or derivative.

"Subordinator's Charges" means all present and future Charges created by the Subordinator's Security Documents with respect to any or all of the Subordinator's Subject Property.

"Subordinator's Security Documents" means all present and future security documents in favour of the Subordinator that create Charges with respect to any or all of the Subordinator's Subject Property and includes all related financing statements and similar documents.

"Subordinator's Subject Property" means each of the Debtors' present and after-acquired personal property, and any reference to "Subordinator's Subject Property" will unless otherwise provided be deemed to refer to the Subordinator's Subject Property as a whole or any parts thereof.

PRIORITY AGREEMENT ADDENDUM

This Agreement dated for reference March 21, 2012

executed by:

SPROTT RESOURCE LENDING PARTNERSHIP, a general partnership formed under the laws of Ontario (the "**Subordinator**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of the Province of British Columbia (the "**Borrower**")

AND:

LANDDRILL INTERNATIONAL LTD., a company incorporated under the laws of the Province of New Brunswick ("**Landdrill NB**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of Barbados ("**Landdrill Barbados**")

AND:

LANDDRILL INTERNATIONAL MEXICO, S.A. de C.V., a company incorporated under the laws of Mexico ("**Landdrill Mexico**")

(jointly and severally, the Borrower, Landdrill NB, Landdrill Barbados and Landdrill Mexico, the "**Debtors**")

in favour of:

NORREP CREDIT OPPORTUNITIES FUND, LP, limited partnership formed under the laws of Alberta (the "**Lender**")

witnesses that for valuable consideration each of the Subordinator and the Debtors covenant and agree with the Lender as follows:

1. BACKGROUND

1.1 The parties have entered a Priority Agreement dated the date hereof (the "Priority Agreement"). This Priority Agreement Addendum is made in furtherance of and is supplemental to the Priority Agreement. Capitalized terms used but not defined in this Priority Agreement Addendum have the meanings given to them in the Priority Agreement.

1.2 The Lender has agreed to advance an $8,000,000 term loan (the "Loan") in favour of the Borrower pursuant to a Credit Agreement dated the date hereof (the "Credit Agreement").

1.3 As part of the Lender's overall security package in support the Loan, the Debtors have granted the Lender's Charges over certain of the Debtors' assets located in the country of Mexico.

1.4 The laws of Mexico do not permit the registration of a second charge security interest over the assets of a debtor in that country.

1.3 The Lender has agreed to advance the Loan to the Borrower on the condition that the Debtors and the Subordinator enter into this Agreement to provide for, among other things, the amendment of the Subordinator's Charges in Mexico to permit the registration of the Lender's Charges in Mexico as soon as reasonably practicable after closing.

2. REGISTRATION OF LENDER'S CHARGES IN MEXICO

2.1 The Subordinator and the Debtors hereby agree to take work cooperatively and in good faith with the Lender to amend the Subordinator's Charges in Mexico to include both the Subordinator and the Lender as secured parties under the mortgage, pledge and charge, as a first-ranking charge under the laws of Mexico.

2.2 The Subordinator and the Lender each agree that the terms of the amended charges to be made in Mexico will contain such provisions as are usual and customary in the context of similar structures under Mexican law, provided that nothing in this Agreement shall require either the Subordinator or the Lender to execute or deliver any document that it has not approved in its sole discretion.

2.3 The Debtors agree to execute such documents and agreements as the Lender and the Subordinator may from time to time require in order to reasonably give effect to the provisions of this Priority Agreement Addendum.

2.4 The parties agree that the Lender's Charges and the Subordinator's Charges shall be subject in all cases to the terms of the Priority Agreement.

2.5 The parties agree that if the Lender's Charges have not been registered and perfected under the laws of Mexico to the satisfaction of the Lender in its sole discretion on or before April 16, 2012 , then at the Lender's option there shall have occurred an Event of Default under the Credit Agreement and the Lender shall thereafter be entitled to exercise all of rights and remedies available to it under the Credit Agreement and the Lender's Charges in connection with an Event of Default.

3. INTERPRETATION

3.1 This Agreement will be governed by the laws in effect in British Columbia.

3.2 This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, personal representatives, successors and permitted assigns.

3.3 The invalidity or unenforceability of any provision of this Agreement will not affect the remaining provisions or the remainder of the impugned provision.

3.4 Unless the context otherwise requires, words importing the singular will include the plural and *vice versa*, and words importing gender will include all genders.

3.5 This Agreement may be executed in any one or more counterparts, each of which when delivered will be deemed to be an original and all of which together will constitute one and the same document.

In witness whereof each of the Subordinator, the Lender and the Debtors have executed this Agreement under seal at Toronto on March 21, 2012.

SPROTT RESOURCE LENDING PARTNERSHIP, by its Managing Partner SPROTT LENDING CONSULTING LP, by its General Partner, SPROTT LENDING CONSULTING GP, INC.:

Per: ____________________
Name: Oro Lyubchansky
Title:

Per: ____________________
Name: Andrew Stanton
Title: VP, Origination

In witness whereof the Debtors have executed this Agreement under seal at ________________ on March ____, 2012.

Borrower:

LANDDRILL INTERNATIONAL INC., by its authorized signatory:

Per: ____________________
Name:
Title:

Landdrill NB:

LANDDRILL INTERNATIONAL LTD., by its authorized signatory:

Per: ____________________
Name:
Title:

3.5 This Agreement may be executed in any one or more counterparts, each of which when delivered will be deemed to be an original and all of which together will constitute one and the same document.

In witness whereof each of the Subordinator, the Lender and the Debtors have executed this Agreement under seal at ________________ on March ____, 2012.

SPROTT RESOURCE LENDING PARTNERSHIP, by its Managing Partner SPROTT LENDING CONSULTING LP, by its General Partner, SPROTT LENDING CONSULTING GP, INC.:

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

In witness whereof the Debtors have executed this Agreement under seal at ________________ on March ____, 2012.

Borrower:

LANDDRILL INTERNATIONAL INC., by its authorized signatory:

Per: ______________________________
Name:
Title:

Landdrill NB:

LANDDRILL INTERNATIONAL LTD., by its authorized signatory:

Per: ______________________________
Name:
Title:

Landdrill Barbados:

LANDDRILL INTERNATIONAL INC., by its authorized signatory:

Per: ________________________
Name:
Title:

Landdrill Mexico:

LANDDRILL INTERNATIONAL MEXICO, de C.V., by its authorized signatory:

Per: ________________________
Name:
Title:

In witness whereof the Lender has executed this Agreement under seal at ________________ on March ____, 2012.

NORREP CREDIT OPPORTUNITIES FUND, LP, by its general partner Norrep Credit Opportunities Fund Inc.:

Per: ________________________
Name:
Title:

Per: ________________________
Name:
Title:

Landdrill Barbados:

LANDDRILL INTERNATIONAL INC. , by its authorized signatory:

Per: ______________________________
Name:
Title:

Landdrill Mexico:

LANDDRILL INTERNATIONAL MEXICO, de C.V., by its authorized signatory:

Per: ______________________________
Name:
Title:

In witness whereof the Lender has executed this Agreement under seal at Regina on March 21, 2012.

NORREP CREDIT OPPORTUNITIES FUND, LP, by its general partner Norrep Credit Opportunities Fund Inc.:

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Sprott
Resource Lending Corp.

TERM SHEET FOR CREDIT FACILITY
Dated: June 10, 2011

The following sets out possible terms whereby Sprott Resource Lending Partnership may provide a credit facility to Landdrill International Inc. (the "**Transaction**"). This Term Sheet has been prepared for discussion purposes and, except for the paragraphs below relating to privacy, confidentiality, negotiation, jurisdiction and the payment of the Bonus, the Structuring Fee and the Lender's legal fees and other out-of-pocket expenses, is not intended to be legally binding or to impose any obligation to negotiate definitive documentation or complete the Transaction. Nothing herein shall impose any obligation on the Lender to make any advances to the Borrower.

BORROWER:	Landdrill International Inc. (the "**Borrower**") (TSXV: LDI)
GUARANTOR:	As required to support security Landdrill International Mexico, S.A. de C.V., (the "Guarantor") (the Borrower and the Guarantors are collectively referred to herein as the "**Credit Parties**")
LEAD LENDER/ CONTACT:	Sprott Resource Lending Partnership or its assignee (the "**Lender**") Andrew Steuter – 416-945-3305 Narinder Nagra – 604-486-6719
PRINCIPAL AMOUNT/ CURRENCY:	\$4,000,000 CAD (any amounts funded in US dollars will be repayable in the Canadian dollar equivalent)
SYNDICATION:	The Lender reserves the right to syndicate the Facility to others at its sole discretion. The Lender shall consider third party entities as recommended by the Borrower as syndication partners on terms consistent with the Lender's practice.
FACILITY:	Bridge Loan Facility (the "**Facility**")
USE OF PROCEEDS:	The Borrower will use the proceeds of the Facility for the following: 1. as to \$4,000,000 for the refinancing of existing acquisition debt; and for no other purpose without the prior written consent of the Lender.
CLOSING DATE:	Closing to occur upon the satisfaction or waiver of the conditions precedent set forth below, expected to occur on or about July 20, or such other date as the parties may agree (the "**Closing Date**").
TERM:	Principal repayments will be required at the rate of \$100,000 per month, being 2% of the principal amount of the Facility. The Facility is due and payable in full on or before June 30, 2013. At that time, the Borrower and the Lender will have the option, subject to mutual consent, to extend the term of the Facility under mutually acceptable fees, pricing, terms and conditions. Neither the Borrower nor the Lender will be obligated in any way to extend the term.
PREPAYMENT:	The Borrower may prepay the Facility at any time prior to maturity, without penalty, provided that such prepayment is made on the last business day of a calendar month and the Borrower has provided not less than ten (10) business days' prior notice of its intention to prepay the Facility. Following the Closing Date, if the Borrower disposes of any assets outside the ordinary course of business for cash proceeds, or closes one or more equity

financings, in excess of $500,000, the Borrower shall pay the proceeds from such sale or financing, net of reasonable selling or financing costs, to the Lender in repayment of the Facility.

If the Borrower disposes of any assets in Mexico outside of the ordinary course of business for proceeds other than cash, the Borrower shall grant to the Lender a first ranking security interest in such proceeds.

Upon the occurrence of a change of control of the Borrower, the Facility shall become immediately payable, in full.

SUBORDINATION: Final documentation shall include restrictions on the Guarantor incurring debt and granting or permitting security interests or other encumbrances, subject to permitted debt and permitted encumbrances. The Lender may require that certain permitted debt and permitted encumbrances be subordinated to the Facility and the Security on terms approved by the Lender in writing.

SECURITY: The Borrower shall deliver and shall cause its subsidiaries to deliver security (the "**Security**") including the following:

1. Promissory note in the principal amount of the Facility.
2. General Security Agreement under which the Borrower and applicable subsidiaries shall grant a first ranking security interest in favour of the Lender over all of the Borrower's and the applicable subsidiaries' present and after-acquired personal property located in Mexico.
3. General Security Agreement under which the Borrower and applicable subsidiaries shall grant a second ranking security interest in favour of the Lender over all of the Borrower's present and after-acquired personal property, excluding equipment pledged as primary security to equipment lenders.
4. Guarantee of the Guarantor.
5. First fixed and floating charge security and specific registration against the present and after-acquired personal property located in Mexico, including equipment, inventory and accounts receivable.
6. Second fixed and floating charge security and specific registration against the accounts receivable of the Borrower.
7. Share Pledge Agreement under which the Borrower will pledge and grant a security interest in favour of the Lender over all of the common shares in the capital of all of its subsidiaries legally and beneficially owned by the Borrower located in Mexico.

INTEREST: 12.00% (twelve percent) per annum, compounded monthly (effective annual rate of 12.68%), payable monthly on the last business day of each month by way of pre-authorized electronic debit. Interest not paid when due shall be added to the principal amount of the Facility and shall bear interest from such due date at the rate set out above.

BONUS:

In consideration for entering into this Term Sheet, the Borrower will make a bonus payment to the Lender in the amount of $200,000 (the "**Bonus**"), being 5% of the principal amount of the Facility, payable in common shares in the capital of the Borrower at a price equal to a 10% discount to the 10 day weighted average closing price of the Borrower's common shares as they trade on the TSX, immediately prior to the date of execution of this Term Sheet (the "**Bonus Shares**"). Bonus Shares shall be subject to a maximum hold period of 4 months and one day from their date of issue. If the Credit Parties satisfy all conditions precedent to the advance of the Facility as set forth in the Facility Agreement (as defined below) and the Lender fails to advance the Facility, the Lender shall return the Bonus to the Borrower. In all other circumstances, the Bonus shall be non-refundable.

STRUCTURING FEE:

In consideration for the structuring and syndication of the Facility, the Borrower will pay to the Lender a structuring fee in the amount of $40,000 (the "**Structuring Fee**"), payable in cash concurrently with the execution and delivery of this Term Sheet If the Credit Parties satisfy all conditions precedent to the advance of the Facility as set forth in the Facility Agreement (as defined below) and the Lender fails to advance the Facility, the Lender shall repay the Structuring Fee to the Borrower. In all other circumstances, the Structuring Fee shall be non-refundable.

ROLLOVER FEE:

In consideration for advances outstanding, the Borrower shall pay to the lender, in cash, a fee of 2% of the principal amount outstanding on the first anniversary of the Closing Date (the "**Rollover Fee**").

CONDITIONS PRECEDENT:

The following are conditions precedent to the advance of the Facility:

1. Approval by the Lender's partners;
2. Execution, delivery and registration, as applicable, of a definitive valid, binding and enforceable credit agreement (the "**Facility Agreement**") and Security documents, including legal opinions and other documents in support to the satisfaction of the Lender and its counsel;
3. Satisfactory completion of all due diligence by the Lender and its counsel of the Credit Parties and the collateral to be secured by the Security;
4. Review of all material contracts of the Credit Parties;
5. No material adverse change in the business operations, assets or ownership of the Credit Parties, including no pending or threatened litigation proceedings or investigations which could result in a material adverse effect;
6. Receipt of all applicable exchange and other regulatory approvals;
7. The Lender being comfortable with the value of the collateral and its ability to support repayment of the Facility;
8. Review and acceptance of all, leases, licences, permits, budgets and pro-forma financials;
9. Any other specific provisions which may be tied to the use of proceeds;
10. All representations and warranties of the Borrower are true and accurate and covenants completed prior to closing; and
11. Completion an issuance of [subordinated and/or convertible] debt with minimum gross proceeds of $4,000,000;
12. Satisfaction of the Lender that all other debts of the company are in good standing;
13. Completion of intercreditor documentation between, *inter alia*, the Credit Parties, CIBC and the Lender, satisfactory to the Lender;
14. Repayment of any existing secured indebtedness with security over assets in Mexico;
15. Satisfaction of the Lender that, prior to closing, the following equipment currently in transit shall have arrived in Mexico, cleared customs and have no

remaining associated payables (including duties or shipping): one "44" rig sent from Nicaragua, two "UM2500" rigs sent from Canada and two "UM1500" rigs sent from Canada; and

16. Such other conditions precedent as the Lender may require based on its due diligence review.

If any of the foregoing conditions precedent are not satisfied or waived by the Lender in writing on or before July 18, 2011, the Lender shall have no further obligation to the Borrower hereunder and the Borrower shall pay to the Lender its legal fees and other out-of-pocket expenses forthwith.

LEGAL FEES AND EXPENSES:

Regardless of whether the above conditions are met or the Facility is advanced, upon signing this Term Sheet, the Borrower shall be liable for all of the Lender's, legal fees (on a solicitor and own client basis) and other out-of-pocket expenses incurred in connection with its due diligence review and the negotiation and preparation of this Term Sheet and all related loan and security documentation (collectively, "**Fees and Expenses**"). Concurrently with the execution and delivery of this Term Sheet, the Borrower shall deposit with the Lender a retainer in the amount of $100,000 (the "**Retainer**"). The Retainer is non-refundable and shall be applied against Fees and Expenses. If at any time Fees and Expenses exceed the amount of the Retainer, the Lender will require the Borrower to pay additional Retainer monies to cover those additional Fees and Expenses. Any excess Retainer after payment of all Fees and Expenses may be retained by the Lender as additional compensation for its due diligence review and the negotiation and preparation of this Term Sheet.

COVENANTS, REPRESENTATIONS AND WARRANTIES:

Conventional covenants, representations and warranties and default provisions for a senior secured credit facility of this nature will apply, including the following:

1. A negative covenant on additional borrowing and granting of security by the Credit Parties.
2. The Borrower will deliver monthly consolidated financial reports and will provide financial summaries to the Lender. Reports will consist of balance sheet and income statement, and any other report that the Lender may reasonably require.
3. The Guarantor will deliver monthly financial reports and will provide financial summaries to the Lender. Reports will consist of balance sheet and income statements, statement of aged trade payables, statement of aged accounts receivable, and any other report the that the Lender may reasonably require.
4. The Credit Parties will not enter into any further debt obligations without the prior written consent of the Lender. If any of the Credit Parties arrange for subordinated debt, the Lender will not unreasonably withhold approval, provided that the terms of such subordinated debt are satisfactory to the Lender.
5. No change in the constating documents of the Credit Parties.
6. No material payments to shareholders, affiliates or executives (other than normal salaries and bonuses consistent with past practice) without the prior written consent of the Lender, which may not be unreasonably withheld.
7. No shares of the Guarantor and no material assets of the Credit Parties shall be transferred without the consent of the Lender.
8. No material amendments, waivers or consents to material contracts without the consent of the Lender.
9. The Credit Parties shall provide the Lender with access to all of their books and records and assets.
10. Continued employment of the following individuals with the Borrower and its subsidiaries: Ron Goguen, Sr., Derrick West, and Jake Burling.
11. A limitation on secured indebtedness by the Borrower and its subsidiaries of \$20,000,000 and a limitation of total indebtedness by the Borrower and its subsidiaries of \$25,000,000.

TIMING:

[•], acting for the Lender will commence due diligence and the preparation of Facility documentation following the execution and deliver of this Term Sheet by the Borrower.

NEGOTIATION:

The Borrower agrees that until 4:00 p.m. (Toronto time) on August 20, 2011 (the "**Expiry Time**"):

1. the Borrower will cooperate in good faith with the Lender's due diligence requests and provide access to its corporate records, officers, and facilities as required and shall negotiate in good faith exclusively with the Lender with a view to settling and executing the Facility Agreement, the Security and all supporting documentation and completing the Transaction;
2. the Borrower and its representatives will immediately cease all existing discussions and negotiations, if any, with all other persons in respect of any potential alternative financing or any other transaction the consummation of which would or could reasonably expected to interfere with or prevent the Transaction from closing or materially reduce the benefit to the Lender thereof (collectively, an "**Alternative Transaction**"); and
3. the Borrower will not, directly or indirectly, permit any of its officers, directors, shareholders or representatives to solicit, initiate, or encourage proposals or offers from, or participate in negotiations with, any third party, or provide information to any third party relating to any Alternative Transaction or to the existence of the Transaction.

In respect of any proposal or offer relative to any Alternative Transaction, the Borrower:

1. shall provide immediate notice to the Lender of the terms thereof (together with a copy thereof, if in writing) (such notice and copy to be kept confidential by the Lender);
2. shall not respond thereto unless its board of directors acting on advice of its legal counsel determines that such action is necessary in order for such board to act in a manner consistent with its fiduciary duties and then only to notify the proposing or offering party that the board is not in a position to respond thereto until after the Expiry Time; and
3. shall not accept, recommend, approve or enter into any agreement to implement an Alternative Transaction prior to the Expiry Time or the earlier termination of the Borrower's obligations under this Term Sheet.

CONFIDENTIALITY: This Term Sheet and the contents herein are confidential and may not be disclosed by the Credit Parties except with the prior consent of Lender. The Credit Parties shall not mention the name of the Lender in any news release or other public disclosure, except as required by law or applicable stock exchange rules or policies, and in such circumstances, only as may be approved by the Lender in writing.

JURISDICTION: This Term Sheet and the Facility Agreement and all documents executed and delivered in connection with the Facility shall be governed by the laws of the Province of Ontario. The Credit Parties submit to the non-exclusive jurisdiction of the Courts of Ontario and agree to be bound by any suit, action or proceeding commenced in such courts and by any order or judgment resulting from such suit, action or proceeding but foregoing will in no way limit the Lender's right to commence suits, actions or proceedings in respect of the Facility or security provided under the Facility in any jurisdiction.

PRIVACY: The undersigned hereby consents to the collection, use and disclosure of any and all personal information about the undersigned by the Lender and its authorized agents or other representatives, as may be necessary for the Lender to complete its due diligence and to proceed with the transactions contemplated herein, and such other collection, use and disclosure of any and all personal information about the undersigned as may be required or permitted by law.

If you wish to pursue discussion in accordance with the foregoing, please sign where indicated below and return this Term Sheet in order that we may proceed with our due diligence, the consideration of your request for financing, and, if appropriate, the preparation of the appropriate documentation, the proposal set forth in this Term Sheet is open for acceptance until 5:00 pm Eastern time on June 14, 2011.

Sincerely yours,

SPROTT RESOURCE LENDING PARTNERSHIP,
by its Managing Partner, Sprott Lending Consulting LP,
by its General Partner, Sprott Lending Consulting GP Inc.

Per:

Authorized Signatory

Authorized Signatory

AGREED TO AND ACCEPTED
this ____ day of June, 2011.

LANDDRILL INTERNATIONAL INC.
Per:

Authorized Signatory

<u>**CREDIT AGREEMENT**</u>

THIS AGREEMENT is made as of the 29 day of July, 2011

BETWEEN:

<u>**SPROTT RESOURCE LENDING PARTNERSHIP**</u>, a general partnership formed under the laws of Ontario;

(the "**Lender**")

AND:

<u>**LANDDRILL INTERNATIONAL INC.**</u>, a company incorporated under the laws of the Province of British Columbia,

(the "**Borrower**")

AND:

<u>**LANDDRILL INTERNATIONAL LTD.**</u>, a company incorporated under the laws of the Province of New Brunswick,

("**Landdrill NB**")

AND:

<u>**LANDDRILL INTERNATIONAL INC.**</u>, a company incorporated under the laws of Barbados,

("**Landdrill Barbados**")

AND:

<u>**LANDDRILL INTERNATIONAL MEXICO, S.A. de C.V.**</u>, a company incorporated under the laws of Mexico,

("**Landdrill Mexico**")

WHEREAS:

A. The Lender has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the aggregate principal amount of $4,000,000, on the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT witnesses that in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

1. INTERPRETATION

1.1 Definitions. Where used in this Agreement, each of the following words and phrases shall have the meanings set out below:

(a) **"Applicable Law"** means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, any law, rule, statute, regulation, treaty, order, judgement or decree, and any official request, directive, rule, guideline, order, policy, practice or other requirement of any Governmental Body relating or applicable at such time to such Person, property, transaction, event or other matter, and shall also include any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

(b) **"Acquisition Debt"** means all Indebtedness owed by the Borrower or Guarantor to **Inflight, S. de R.L. de C.V.**, including that arising under a US$4,988,000 promissory note dated March 31, 2011;

(c) **"Authorization"** means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event or with respect to any of such Person's Business Affairs;

(d) **"Bonus Payment"** has the meaning set forth in section 5.2 below;

(e) **"Bonus Shares"** has the meaning set forth in section 5.2 below;

(f) **"Business Affairs"** means the Business Assets, affairs, liabilities, financial condition and results of operations of a specified Person or Persons;

(g) **"Business Assets"** means the business, operations, undertaking, property and assets of a specified Person or Persons (including interests held in the Capital Stock of another Person);

(h) **"Business Day"** means a day, excluding Saturday and Sunday, on which banking institutions are open for business in both Toronto, Ontario and Moncton, New Brunswick;

(i) **"Capital Stock"** means (i) common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, (ii) equity preferred or common interests in a limited liability company,

(iii) member or shareholder interests in an unlimited company or unlimited liability company, (iv) limited or general partnership interests in a partnership, (v) any other interest that confers the right to receive a share of the profits and/or losses of, or the distribution of assets of, any Person, and (vi) any other interest equivalent to any of the interests referred to in any of clauses (i), (ii, (iii), (iv) and (v) of this definition;

(j) **"Change in Law"** means the introduction of, any change in, or the coming into effect of, any Applicable Law (whether or not having the force of law), or any change in the interpretation, administration or application thereof by any Governmental Body, or compliance by the Lender with any Applicable Law or any order of any Governmental Body (whether or not having the force of law);

(k) **"Control"**, **"Controls"** and **"Controlled"** when used with respect to any Person means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person (whether through ownership of Voting Capital Stock, by contract or otherwise); provided that, in any event and without limitation, any Person or combination of Persons acting jointly or in concert which owns or own, directly or indirectly, 50% or more of the Voting Capital Stock having ordinary voting power for the election of the directors of, or Persons performing similar functions for, such Person will be deemed to Control such Person (irrespective of whether at the time any other Capital Stock of such Person of any other class shall or might have voting power upon the occurrence of any contingency);

(l) **"Default"** means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, could become an Event of Default;

(m) **"Environmental Laws"** means any Applicable Law which applies to the Business Affairs of either of the Borrower or the Guarantor relating to the environment, or any past, present or future activity, event or circumstance in respect of any Hazardous Materials (including the use, handling, transportation, production, disposal, discharge or storage thereof or the terms of any permit issued therefor) or the environmental conditions on, under or about any real property of either of the Borrower or the Guarantor (including soil, groundwater and indoor and ambient air conditions);

(n) **"Event of Default"** means any of the events described in Section 9.1;

(o) **"GAAP"** means Generally Accepted Accounting Principles, as established by the Canadian Institute of Chartered Accountants as of the date of this Agreement;

(p) **"GE Entities"** means, collectively, GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company, GE Technology Finance,

GE VFS Canada Limited Partnership and GE Capital Canada Equipment Financing & Leasing Company;

(q) "**Good Mexican A/R**" means those accounts receivable of Landdrill Mexico that are less than 90 days past the date the invoice was sent out by Landdrill Mexico;

(r) "**Governmental Body**" means, when used with respect to any Person or its Business Affairs, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board, instrumentality, court, arbitration board or arbitrator or other law, regulation or rule making entity (including a Minister of the Crown, any central bank, Superintendent of Financial Institutions or other comparable authority or agency) having or purporting to have jurisdiction on behalf of, or pursuant to the laws of, Canada or any country in which such Person is incorporated, continued, amalgamated, merged or otherwise created or established or in which such Person has an undertaking, carries on business or holds property, or any province, territory, state, municipality, district or political subdivision of any such country or of any such province, territory or state of such country;

(s) "**Guarantors**" means Landdrill NB, Landdrill Barbados and Landdrill Mexico and "**Guarantor**" means each of them;

(t) "**Hazardous Materials**" means:

(a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, contaminents, materials or pollutants which:

(i) pose a hazard to any real property, or to Persons on or about real property; or

(ii) cause any real property to be in violation of any Environmental Law;

(b) any chemical, material or substance defined as or included in the definition of "dangerous goods", "deleterious substance", "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous waste", or "toxic substances", "waste", "special waste" or words of similar import under any Applicable Law;

(c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Body or which may or could pose a hazard to the owners or occupants of any real property, or users of waterways, or any other Person coming upon any real property or adjacent or surrounding water or property; and

(d) any other chemical, material or substance which is construed as having an "adverse effect", through impairment of or damage to the environment, human health or safety or property under any applicable Environmental Law;

(u) "**Income Taxes**" means taxes based on or measured by income or profit of any nature or kind, including Canadian federal and provincial income taxes and income taxes of any foreign jurisdiction;

(v) "**Indebtedness**" means, with respect to any person, indebtedness of such person which would, in accordance with generally accepted accounting principles, be classified upon a balance sheet (and the notes thereto) of such person as liabilities;

(w) "**Litigation**" means any grievance, investigation, litigation, legal action, lawsuit, or other proceeding (whether civil, administrative, quasi-criminal or criminal) by or before any Governmental Body;

(x) "**Lien**" means any mortgage, pledge, lien, hypothecation, security interest, encumbrance, charge (whether fixed, floating or otherwise), lease financing (including by way of sale and lease-back), title retention, deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor, or right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired;

(y) "**Loan**" means the loan of up to $4,000,000.00 to be made available to the Borrower by the Lender in accordance with the terms contained in this Agreement;

(z) "**Loan Advance**" means an advance of funds by the Lender to the Borrower in accordance with the provisions hereof;

(aa) "**Loan Documents**" means, collectively, this Agreement, the Security and each other agreement, document, certificate or instrument delivered to or for the benefit of the Lender pursuant to or otherwise in connection with this Agreement or the Security;

(bb) "**Loan Obligations**" means the Loan, Bonus Fee and other obligations of the Borrower owing to the Lender incurred under or pursuant to this Agreement, and any item or part of any thereof;

(cc) "**Material Adverse Effect**" means an effect which, (a) impairs, in a material adverse way, the Borrower's ability to perform its Loan Obligations, or (b) prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to this Agreement or the Security to or for the benefit of the Lender;

(dd) "**Maturity Date**" has the meaning set forth in section 5.4 below;

(ee) "**Mexican A/R Report**" means an aged accounts receivable report listing all of the accounts receivable of Landdrill Mexico and including a total for the amount of Good Mexican A/R.

(ff) "**Permitted Liens**" means, as of any particular time in respect of any particular asset owned by the Borrower or the Guarantors, any of the following:

(i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith at the time by the Borrower or a Guarantor and in respect of which the Borrower or a Guarantor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(ii) the lien of any judgment rendered or claim filed against the Borrower or a Guarantor which it is contesting in good faith at the time and in respect of which it has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(iii) undetermined or inchoate liens and charges incidental to current construction or repairs or current operations which have not at the time been filed pursuant to law against the Borrower or a Guarantor or which relate to obligations not due or delinquent;

(iv) maritime, warehousemen's, woodsmen's, carriers' and other similar liens which relate to obligations not due or delinquent;

(v) the encumbrance resulting from the deposit of cash or obligations as security when the Borrower or a Guarantor is required to do so by a Governmental Body or by normal business practice in connection with contracts, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by law;

(vi) public and statutory obligations which are not due or delinquent, and security given to a public utility or any Governmental Body when required by such utility or other authority in connection with the operations of the Borrower or a Guarantor;

(vii) easements, rights-of-way or similar rights in real property granted to or reserved by other Persons which do not materially impair the usefulness in the Business Affairs of the Borrower or a Guarantor of such real property;

(viii) rights reserved to or vested in any Governmental Body by any lease, licence, franchise, grant, permit or statutory provision to terminate any lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(ix) reservations, limitations, provisos and conditions expressed in any original grant from a Governmental Body of real property;

(x) Purchase Money Obligations;

(xi) Liens in favour of any Senior Lender; and

(xii) Liens expressly consented to in writing by the Lender;

(gg) "**Person**" means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Body;

(hh) "**Purchase Money Obligation**" means indebtedness of a Person incurred or assumed to finance the acquisition, construction or installation of, or improvements to, any property, provided that such indebtedness is incurred or assumed substantially concurrently with, such acquisition, construction, installation or improvement, and includes any extension, renewal or refunding of any such indebtedness so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased;

(ii) "**Registration**" means any notice to or filing, recording or registration with any Governmental Body having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Business Affairs;

(jj) "**Rollover Fee**" has the meaning set forth in section 5.3 below;

(kk) "**Security**" means the security described in Article 10 hereof, all other security given hereunder and all other security given by any person at any time to secure the Loan and the remaining obligations of the Borrower to the Lender hereunder or any part thereof;

(ll) "**Senior Lender**" means, collectively, Canadian Imperial Bank of Commerce and the GE Entities;

(mm) "**Specified Rigs**" means, collectively, the following drilling rigs:

(i) one Boart Longyear 44 drilling rig with serial number LY-44-3, sent from Nicaragua to Mexico;

(ii) two Usinage Marcotte Inc. 2500 drilling rigs with serial numbers RG66466A347227 and 46288466, sent from Canada to Mexico;

(iii) two Usinage Marcotte Inc. 1500-U drilling rigs with serial numbers STM1500-3 and STM1500-4, sent from Canada to Mexico.

(nn) "**Taxes**" means all taxes of any kind or nature whatsoever including capital taxes, realty taxes (including utility charges which are collectible like realty taxes), business taxes, property transfer taxes, Income Taxes, sales taxes, custom duties, payroll taxes, stamp taxes, royalties, duties, and all fees, deductions and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Canada or Mexico, or any other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon;

(oo) "**Voting Capital Stock**" means Capital Stock of a Person which carries voting rights or the right to Control such Person under any circumstances, provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such right to vote or Control.

1.2 Currency. All references to dollars or currency in this Agreement are to Canadian dollars.

1.3 Governing Law. This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein. Subject to Article 11, each party hereto:

(a) irrevocably and unconditionally submits to and accepts the exclusive jurisdiction of the courts exercising jurisdiction in British Columbia, and any court that may hear appeals from any of those courts, for any proceeding in connection with this Agreement, subject to the right to enforce a judgement obtained in any of those courts in any other jurisdiction; and

(b) irrevocably waives any objection to the venue of any legal process commenced in the courts of British Columbia on the basis that the process has been brought in an inconvenient forum.

1.4 Severability. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

1.5 Extended Meanings. In the Loan Documents, except to the extent the context otherwise requires: (a) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (b) the words "**hereof**," "**herein**," "**hereto**," "**hereunder**" and the like mean and refer to this Agreement or any other Loan

Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (c) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (d) the words **"including," "includes"** and **"include"** shall be deemed to be followed by the words **"without limitation;"** (e) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (f) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to; (g) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (h) in the computation of periods of time from a specified date to a later specified date, the word **"from"** means **"from and including"**; the words **"to"** and **"until"** each mean **"to but excluding"**; and the word **"through"** means **"to and including."**

1.6 Headings. The headings to the clauses of this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof. The terms **"this Agreement"**, **"hereof"**, **"hereunder"** and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection, paragraph, subparagraph, clause or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Section of this Agreement.

1.7 Accounting Terminology and Practices. All accounting terms not defined in this Agreement shall have those meanings generally ascribed to them in accordance with GAAP. Where financial data is to be submitted pursuant to this Agreement, or the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purposes of this Agreement and any other Loan Document, including the contents of any certificate to be delivered hereunder, such determination, consolidation or computation shall, unless the parties otherwise agree or the context otherwise require, be made in accordance with GAAP applied on a consistent basis.

1.8 Per Annum Calculations. Unless otherwise stated, wherever in this Agreement or any other Loan Document reference is made to a rate of interest "per annum" or a similar expression is used, such interest shall be calculated using the nominal rate method, and not the effective rate method, of calculation and on the basis of a calendar year of 365 days or 366 days, as the case may be.

2. LOAN

2.1 The Loan. Subject to the terms and conditions hereof, the Lender shall make the Loan available to the Borrower by way of Loan Advances of up to a maximum aggregate principal amount of $4,000,000.00, in accordance with the terms and conditions set forth herein.

2.2 Use of Proceeds. The Borrower covenants and agrees with the Lender that the Loan will be used exclusively by the Borrower to reduce the Acquisition Debt, and for no other

purpose whatsoever without the express written consent of the Lender (which consent may be unreasonably withheld by the Lender in its sole discretion).

2.3 Funds. Each Loan Advance shall be advanced in Canadian dollars, by direct deposit or wire transfer, to the account set out by the Borrower in a written notice to the Lender.

3. CONDITIONS PRECEDENT TO ADVANCE OF THE LOAN

3.1 Conditions Precedent to Loan Advance. On or before a Loan Advance, the following conditions shall be met by the Borrower to the satisfaction of the Lender:

(a) the Borrower shall have delivered to the Lender certified copies of the constating documents for each of the Borrower and the Guarantors and all amendments thereto, and certified copies of the required resolutions of the directors of the Borrower and the Guarantors authorizing the transactions contemplated hereunder; all in form and substance satisfactory to the Lender;

(b) all Loan Documents shall have been executed and delivered and all filings, registrations and recordings and legal opinions necessary or desirable in connection therewith shall have been made;

(c) completion of all due diligence on the Borrower and Guarantors to the satisfaction of the Lender and its legal counsel, including a review of all:

  (i) material contracts of the Borrower and Guarantors;

  (ii) leases, licences and permits;

  (iii) budgets of the Borrower and Guarantors; and

  (iv) pro-forma financial statements of the Borrower and Guarantors.

(d) the Lender shall have received such search results, certificates and other documents, as the Lender shall reasonably require, confirming that the Business Assets of each of the Borrower and the Guarantors are free and clear of all Liens, save and except for the Security and the Permitted Liens;

(e) receipt of all applicable stock exchange and other regulatory approvals to the completion of this Agreement;

(f) receipt of written confirmation by the Borrower and Guarantors that all representations and warranties of each of them hereunder are true and correct as of the date of the Loan Advance;

(g) completion of an issuance of convertible debt of the Borrower having a minimum gross proceeds to the Borrower of $4,000,000;

(h) receipt of evidence satisfactory to the Lender of the repayment of any debt that is secured by a Lien charging Business Assets of the Borrower or the Guarantors that are located in Mexico and that any related discharges have been filed or are held by the Borrower or its legal counsel on trust conditions that are acceptable to the Lender;

(i) receipt of evidence satisfactory to the Lender that the Specified Rigs have arrived in Mexico, have cleared customs and have no associated Liens or payables (including duties and shipping costs);

(j) a waiver by Canadian Imperial Bank of Commerce of any outstanding breach of covenant by the Borrower or Landdrill NB; and

(k) such additional evidence, documents and undertakings as the Lender may request, acting reasonably, to complete the transactions contemplated hereunder and reasonable evidence of compliance with the conditions set forth in this Agreement shall have been furnished to the Lender.

3.2 No Obligation to Advance. Notwithstanding the foregoing, the Lender shall not be required to make a Loan Advance at any time if:

(a) a Default has occurred that is continuing;

(b) the Lender is not satisfied, acting reasonably, as to the accuracy or completeness of the material delivered to it as a condition precedent to such Loan Advance;

(c) the Lender is not satisfied, acting reasonably, that such Loan Advance is being used solely for the purpose set out in Section 2.2;

(d) in the opinion of the Lender, there has been any Material Adverse Change in the business, assets or financial condition of the Borrower or the Guarantors; or

(e) there is any action, proceeding or investigation pending or threatened against the Borrower or the Guarantors.

The Lender shall promptly advise the Borrower if it is not prepared to make the Loan Advance and specify the reasons therefor.

3.3 Waiver. The conditions set forth in Section 3.1 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

4. EVIDENCE OF INDEBTEDNESS

4.1 Account of Record. The Borrower hereby appoints the Lender as its duly authorized agent to record each of the advances of principal of the Loan to the Borrower, repayments of such principal and payments of interest and such other information as may be required to calculate the resulting unpaid balance of the Indebtedness of the Borrower to the

Lender from time to time. All records made by the Lender in respect of advances and repayments of principal and payments of interest on the Loan shall, absent manifest error, be admissible in any proceedings as prima facie evidence of the amount of the Indebtedness of the Borrower to the Lender. The Lender shall, if requested, promptly advise the Borrower of any such records and provide a copy thereof to the Borrower.

4.2 Promissory Note. The Borrower will, prior to any Loan Advance, deliver to the Lender a promissory note evidencing the aggregate amount of such Loan Advance, in the form attached hereto as Schedule "A".

5. INTEREST, FEES AND MATURITY DATE

5.1 Interest. Interest will accrue on the principal amount of the Loan Advance, together with all accrued but unpaid interest, the Rollover Fee and all other sums due and payable from time to time pursuant to the terms of this Agreement from the date of Advance at the rate of **twelve percent (12%) per annum**, calculated daily and compounded monthly (effective annual rate of 12.68%), both before and after maturity, default or judgment, and be **payable by the Borrower to the Lender monthly on the last Business Day of every month by way of pre-authorized electronic debit.**

5.2 Bonus Payment. In consideration of the Lender issuing a Term Sheet dated June 10, 2011 to the Borrower, the Borrower will make a payment equal to the greater of $200,000 and an amount equal to 5% of the Loan (the "**Bonus Payment**") to the Lender, and the Bonus Payment will be payable in common shares in the capital of the Borrower at a price equal to a 10% discount to the ten day weighted average closing price of the Borrower's common shares traded on the TSX stock exchange for the ten days immediately prior to June 10, 2011 (the "**Bonus Shares**"). The Borrower will take all steps necessary or desirable to ensure that the Bonus Shares are subject to a hold period of four months and one day from the date of issue of the Bonus Shares.

5.3 Rollover Fee. On the first anniversary of the Loan Advance, the Borrower will pay to the Lender a fee in an amount equal to 2% of the outstanding balance of the Loan as of that date (the "**Rollover Fee**")

5.4 Maturity of Loan. The Loan will mature and the outstanding balance together with all accrued but unpaid interest, any unpaid fees and all other sums due and payable from time to time pursuant to the terms of this Agreement will be immediately due and payable by the Borrower to the Lender on the earliest of:

(a) July [redacted], 2013; and

(b) the occurrence and continuance of an Event of Default if not cured within the period specified in this Agreement;

as the case may be, the "**Maturity Date**");

5.5 Maximum Rate of Return. If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary) (i) first, by reducing the amount or rate of interest; and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the *Criminal Code* (Canada).

6. REPAYMENT OF PRINCIPAL

6.1 Repayment on Maturity. The Borrower shall repay the outstanding balance of the Loan on the Maturity Date.

6.2 Mandatory Repayment on Sale. If the Borrower or any Guarantor sells or otherwise disposes of any its Business Assets outside of the ordinary course of business, or closes one or more equity financings, the Borrower and the Guarantors, as applicable, will pay or cause to be paid to the Lender all proceeds from such sale, disposition or financing, net of reasonable selling or financing costs, up to the full amount of the outstanding balance of the Loan, to be applied on account of the Loan.

6.3 Mandatory Payments of Principal before Maturity. The Borrower shall make the following payments in reduction of the outstanding balance of the Loan, unconditionally and without set-off, counterclaim or, to the extent permitted by applicable law, other defense, and free and clear of, and without reduction for or on account of, any present and future taxes or withholdings, and all liabilities with respect thereto:

(a) on the last Business Day of each and every month, commencing on **August 31, 2011**, the Borrower will pay to the Lender the sum of **$100,000**; and

(b) on the earlier of the 15th day after each month-end and five days after delivery of the Mexican A/R Report, the Borrower will pay to the Lender the amount by which the Good Mexican A/R is less than (an "**A/R Shortfall Payment**") the lower of:

    (i) $2,000,000; and

    (ii) the previous lowest amount of Good Mexican A/R as shown on a Mexican A/R Report.

    By way of example:

    - July Good Mexican A/R is $2,100,000 – no A/R Shortfall Payment required

- August Good Mexican A/R is $1,800,000 – a $200,000 A/R Shortfall Payment required
- September Good Mexican A/R is $2,200,000 – no A/R Shortfall Payment required
- October Good Mexican A/R is $1,900,000 - no A/R Shortfall Payment required
- November Good Mexican A/R is $1,700,000 – a $100,000 A/R Shortfall Payment required

6.4 Prepayment. The Borrower may prepay all or any portion of the Loan, upon 10 days prior written notice.

6.5 Manner of Payments. All payments to be made by the Borrower to the Lender under this Agreement shall be made in **Canadian dollars** for value on the day such amount is due and, if such day is not a Business Day, on the Business Day next following, by wire transfer or direct deposit in immediately available funds to such account of the Lender as the Lender may direct from time to time.

7. REPRESENTATIONS AND WARRANTIES

7.1 Borrower Representations. Each of the Borrower and the Guarantors represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties:

(a) Existence and Good Standing. Each of the Borrower and the Guarantors is a corporation duly and validly incorporated, organized and existing under the laws of its jurisdiction of incorporation and has the legal capacity and right thereunder to carry on its business and to own its Business Assets and has the right to carry on its business and to own its Business Assets in each other jurisdiction in which it carries on business or where any of its Business Assets are located, except for those other jurisdictions where failure to have such right has not and would not reasonably be expected to have a Material Adverse Effect.

(b) Authority. Each of the Borrower and the Guarantors has the legal capacity and right to enter into this Agreement and the Security to which it is a party and do all acts and things and execute and deliver all agreements, documents and instruments as are required thereunder to be done, observed or performed by it in accordance with the terms and conditions thereof.

(c) Due Authorization. Each of the Borrower and the Guarantors has taken all necessary action to authorize the execution and delivery of each Loan Document to which it is a party, the creation and performance of its obligations thereunder and the consummation of the transactions contemplated thereby.

(d) Due Execution. Each of the Borrower and the Guarantors has duly executed and delivered each Loan Document to which it is a party.

(e) Enforceability. Each Loan Document to which the Borrower and the Guarantors, or any of them, is a party constitutes a valid and legally binding obligation enforceable against the Borrower and the Guarantors in accordance with its terms, subject only to bankruptcy, insolvency, winding-up, dissolution, reorganization, arrangement or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and general principles of equity.

(f) Absence of Litigation. There is no existing, pending or threatened Litigation against any of the Borrower or the Guarantors that, if adversely determined against either of them, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect.

(g) Financial Statements. Each financial report and financial statement of the Borrower or the Guarantors delivered to the Lender pursuant to or in connection with this Agreement has been prepared in accordance with GAAP and presents fairly in all material respects the financial information and the financial condition and results of operations of the Borrower or the Guarantors contained therein as at their respective preparation dates.

(h) Accuracy of Information. No information furnished by the Borrower or the Guarantors to the Lender as required by any of the Loan Documents contains any material misstatement of fact, or omits to state a material fact, necessary to make the statements contained therein not misleading, in light of the circumstances in which they were made and as of the date made.

(i) No Material Adverse Change. Since March 31, 2011 consolidated financial statements of the Borrower provided to the Lender, there has been no fact, event, state or condition, or any change in any fact, event, state or condition that has or would reasonably be expected to have a Material Adverse Effect.

(j) Compliance with Laws. Each of the Borrower and the Guarantors is in compliance in all material respects with all Applicable Laws, except for any non-compliance which has not and would not reasonably be expected to have a Material Adverse Effect on the Borrower and the Guarantors or any of them.

(k) No Default or Event of Default. No Default has occurred which has not been either remedied (or otherwise ceased to be continuing) and no Event of Default has occurred which has not been expressly waived by the Lender in writing.

(l) Taxes. Each of the Borrower and the Guarantors has:

(i) delivered or caused to be delivered all returns for Income Taxes, royalty payments and other Taxes which are now due to the appropriate Governmental Body;

(ii) paid and discharged all Taxes payable by it when due;

(iii) made provision for appropriate amounts in respect of any Taxes likely to be exigible in accordance with GAAP;

(iv) withheld and collected all Taxes required to be withheld and collected by it and remitted such Taxes to the appropriate Governmental Body; and

(v) paid and discharged all obligations incidental to any statutory lien or deemed trust imposed upon it by Applicable Law (including obligations respecting wages, vacation pay, workers' compensation and unemployment insurance) which, if unpaid, might become a Lien on any of its Business Assets,

except to the extent that a failure to do any of the foregoing has not and would not reasonably be expected to have a Material Adverse Effect, and no assessment or appeal is, to its knowledge, being asserted or processed with respect to any material Taxes.

(m) Solvency. Each of the Borrower and the Guarantors is (i) Solvent, and (ii) does not have unreasonably small capital to carry out its business as conducted and as proposed to be conducted.

(n) Environmental Laws. To the best of the knowledge of each of the Borrower and the Guarantors, the Business Assets and the operation of the Business Affairs of each of them, are in compliance in all material respects with Environmental Laws.

7.2 Repetition of Representations and Warranties. The representations and warranties made in Section 7.1 shall be deemed to be repeated by the Borrower and the Guarantors on the date of the Loan Advance and the representations and warranties made herein shall be deemed to be repeated by the Borrower and the Guarantors on the date of any other Loan Advance by reference to the facts and circumstances then existing.

8. COVENANTS

8.1 Affirmative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantors to duly perform and comply with, each of the following affirmative covenants:

(a) Punctual Payment. The Borrower will duly and punctually pay each sum payable by it under this Agreement at the time and place and in the manner provided for in this Agreement.

(b) Existence and Conduct of Business. Each of the Borrower and the Guarantors will maintain in good standing and full force and effect its legal existence in its present jurisdiction of incorporation or formation and obtain, maintain and preserve all material Authorizations, Registrations, rights and qualifications necessary, as well as the legal capacity necessary, to carry on its Business Affairs

and own its Business Assets in each jurisdiction in which it carries on business or owns any Business Assets. Each of the Borrower and the Guarantors will carry on its Business Affairs in a proper manner in accordance with prudent industry standards, unless non-compliance would not reasonably be expected to have a Material Adverse Effect.

(c) Compliance with Applicable Laws. Each of the Borrower and the Guarantors will comply in all material respects with all Applicable Laws.

(d) Financial Records. Each of the Borrower and the Guarantors will maintain complete records and books of account.

(e) Financial Statements and Other Information. Each of the Borrower and the Guarantors will deliver or cause to be delivered to the Lender:

(i) within 90 days after the end of the fiscal year of the Borrower, the annual consolidated financial statements of the Borrower approved by its board of directors, and audited by its Auditors (without qualification relating to ability to continue as a going concern, a limited scope of examination or independence), prepared in accordance with GAAP;

(ii) within 90 days after the end of each Guarantor's fiscal year, the annual consolidated financial statements of each Guarantor, approved by its board of directors, prepared in accordance with GAAP by its Auditors on a review engagement basis;

(iii) within 60 days after the end of each of the first three fiscal quarters of the Borrower's fiscal year, the unaudited quarterly consolidated and unconsolidated financial statements of the Borrower for its current fiscal year to such fiscal quarter end, signed and approved by a senior officer or director of the Borrower, prepared in accordance with GAAP (subject to annual audit adjustments and in respect of such consolidated statements, the absence of note disclosure) consisting in each case of a balance sheet and statements of income and retained earnings (or deficit) and of changes in financial position;

(iv) within 10 days after the end of each month, monthly financial reports and financial summaries of the Guarantors consisting of a balance sheet and income statements, statements of aged trade payables and a Mexican A/R Report;

(v) within 10 days after the end of each month, monthly consolidated financial reports and financial summaries of the Borrower, consisting of a balance sheet and income statement; and

from time to time, such additional information regarding the Business Affairs of the Borrower and the Guarantors as the Lender may reasonably request.

(e) Change of Ownership of the Guarantors, etc. Without the prior written consent of the Lender, the Borrower and each Guarantor, as applicable, will not:

(i) permit any change in the legal or beneficial ownership of the shares of the Guarantors;

(ii) redeem or purchase any of the Guarantors' shares or reduce its capital;

(iii) permit the Guarantors to guarantee, endorse or otherwise become surety for or upon the obligation of any other firm or Person;

(iv) permit the Guarantors to enter into any merger, amalgamation, consolidation or acquisition; or

(v) create, incur or assume or permit the creation or incurrence of any mortgage, charge, lien or encumbrance on any of the Business Assets of the Guarantors, other than purchase money security on assets purchased on a deferred purchase basis;

(f) Notice of Litigation. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of the commencement of any Litigation or dispute affecting either of them or any of their Business Affairs that, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect;

(g) Notice of Governmental Action. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Applicable Law that is proposed, introduced or applied by any Governmental Body which has or would reasonably be expected to have a Material Adverse Effect.

(h) Notice of an Event of Default. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Default or Event of Default and outline in reasonable detail in such notice the action it is taking to remedy any such Default.

(i) Maintenance of Insurance. Each of the Borrower and the Guarantors will insure and keep insured all of its Business Assets which are of an insurable nature against such risks, in such amounts and in such manner as is customary and prudent in the case of corporation carrying on similar businesses or holding similar assets, as well as maintain comprehensive general public liability coverage in such amounts and in such manner as is customary and prudent in the case of corporations carrying on similar businesses or holding similar assets, all with such financially sound and reputable insurance companies or associations as it may select;

(j) Comply with Environmental Laws. Each of the Borrower and the Guarantors will (i) manage and operate its Business Assets and Business Affairs in material compliance with all Environmental Laws, (ii) obtain and maintain all

Authorizations and make all material Registrations required under all Environmental Laws in relation to its Business Assets and Business Affairs and remain in compliance therewith, and (iii) store, treat, transport, generate, otherwise handle and dispose of all Hazardous Materials and Waste owned, managed or controlled by it in material compliance with all Environmental Laws.

(k) Environmental Compliance Orders. Each of the Borrower and the Guarantors will provide the Lender with copies of all written orders, control orders, directions, action requests, claims, complaints, notices or inquiries received by it (i) relating to environmental condition of any of its Business Assets or the conduct of its Business Affairs or (ii) relating to compliance or non-compliance with any Environmental Laws; and proceed diligently to comply with or resolve any such written orders, control orders, directions, action request, claims, complaints, notices or inquiries relating to compliance or non-compliance with Environmental Laws where the failure to do so would be reasonably expected to have a Material Adverse Effect.

(l) Records. Each of the Borrower and the Guarantors will keep adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested so to do, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its Business Affairs and financial condition.

(m) Continued Employment. The Borrower will ensure that each of the following individuals is employed by the Borrower or its subsidiaries: Ron Goguen, Sr., Derrick West and Jake Burling.

8.2 Negative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantor to duly perform and comply with, each of the following negative covenants:

(a) No Sale of Business Assets. The Guarantors will not, and the Borrower will not permit the Guarantors to, sell, transfer, assign, convey or otherwise dispose of any of the Business Assets of the Guarantors, except in the ordinary course of the Business Affairs of the Guarantors and for the purpose of carrying out the same.

(b) No Incurring Indebtedness. The Borrower and the Guarantors will not, without the prior written consent of the Lender, and the Borrower will not permit the Guarantors to, create, issue, incur, assume or permit to exist any Indebtedness or contingent liabilities, in any manner, whether directly or indirectly, in respect of the Business Assets of the Borrower or the Guarantors, except such Indebtedness or liabilities incurred in the ordinary course of their Business Affairs.

(c) No Investments or Guarantees. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, directly or indirectly, make any

investments in, or loans to, or guarantee the obligation of, any other Person which would have a Material Adversely Effect on the Business Affairs of the Borrower and the Guarantors, or either of them, or on the Security and/or repayment of the Loan Obligations.

(d) Restricted Payments. The Borrower will not make any payment or distribution to any shareholder, affiliate or employee of the Borrower, other than salaries and bonuses consistent with past practice), or repay all or any portion of any loans owed now or hereafter to the shareholders of the Borrower, or purchase or redeem any of its shares or otherwise reduce its share capital, or in any way vary or alter its issued or unissued share capital or the ownership thereof without the prior written consent of the Lender. The Lender acknowledges that the conversion of the debt referenced in section 3.1(g) hereof shall not be a restricted payment.

(e) No Merger, Amalgamation of the Guarantors. The Guarantors will not enter into any merger, amalgamation, arrangement, consolidation, liquidation, winding-up, dissolution or similar transaction, nor dispose of (in one transaction or a series of transactions) all or substantially all of its Business Assets to, any Person.

(f) No Amendment to Agreements. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, alter, amend or waive any provision under, or permit any alteration, amendment or waiver of any provision under, any material agreement to which the Borrower and the Guarantors, or any of them, is a party, and will not permit any assignment of the interest of the Borrower and the Guarantors, or any of them, therein which may have a Material Adverse Effect on the Business Affairs of the Borrower and the Guarantors, or any of them, the Security and/or the repayment of the Loan Obligations.

(g) Non-Arm's Length Transactions. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, any contract whatsoever with an Affiliate for the sale, purchase, lease or other dealing in any property other than at a consideration which equals the fair value of such property or other than at a fair market rental as regards leased property, and shall not enter into any contract for the provision of services or employment with such persons other than at commercially reasonable rates or values given the nature of the services to be provided, which, in each case, would adversely affect the Business Affairs of the Borrower and the Guarantor, or any of them, the Security and/or repayment of the Loan Obligations.

(h) No Liens. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, create, issue, incur, assume or permit to exist any Lien against the Business Assets of the Guarantors, or any part therof, other than Permitted Liens.

(i) No Change in Business. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, abandon the Business Affairs of the

Borrower and the Guarantors, or any of them, as currently conducted, or deviate in any material respect from such Business Affairs.

(j) Management Services. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, enter into any agreement for the provision of operating, management or maintenance services to the Borrower or the Guarantors relating to the Business Assets of the Borrower and the Guarantors, or any of them, without the prior written consent of the Lender, and any such services provided to the Borrower or the Guarantors with the consent of the Lender shall be subject to the Person providing such services being experienced in the management, construction, operation and maintenance of the Business Affairs or the Borrower and the Guarantors, or any of them, and that the provision of such services will not have a Material Adverse Effect on the Business Affairs or Business Assets of the Borrower and the Guarantors, or any of them, the Security and/or the Borrower's ability to repay the Loan Obligations.

(k) Fiscal Year. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, change the fiscal year end of the Borrower or the Guarantors without the consent of the Lender, such consent not to be unreasonably withheld.

(l) Debt Limit. The aggregate amount of Indebtedness of the Borrower and all of its subsidiaries that is secured by a Lien will not exceed $20,000,000 and the aggregate amount of all Indebtedness of the Borrower and all of its subsidiaries will not exceed $25,000,000.

9. EVENTS OF DEFAULT

9.1 Events of Default. The occurrence of any one or more of the following defaults, breaches, failures, events, states or conditions shall constitute an Event of Default under this Agreement:

(a) Non-Payment. The Borrower fails to pay any amount outstanding under any Loan Document when due and such failure continues unremedied for more than 3 Business Days.

(b) Misrepresentation. Any representation or warranty made or deemed made by the Borrower or the Guarantors in any Loan Document is found to have been materially incorrect or misleading in any respect materially adverse to the Lender.

(c) Breach of Covenants. The Borrower or a Guarantor fails to perform or comply with any provision or obligation contained in any Loan Document to which it is a party and such failure continues unremedied for a period of 5 days after the Borrower knows, or has been notified by the Lender, of such failure.

(d) Enforcement of Liens. Any one or more Persons entitled to any Lien or Liens on the Business Assets of the Borrower and the Guarantor, or any of them, or any

material part thereof, shall take possession of such property or any one or more seizures, executions, garnishments, sequestrations, distresses, attachments or other equivalent processes are issued or levied against any of such Business Assets or material part thereof and such property is not released within 30 Business Days or such shorter period as would permit such property to be sold, foreclosed upon or forfeited thereunder.

(e) Insolvency. The Borrower or a Guarantor does not pay its debts generally as they become due or admits its inability to pay its debts generally as they become due or makes a general assignment for the benefit of creditors or commits any or any other act of bankruptcy (within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or equivalent or analogous Applicable Law of any foreign jurisdiction) or any proceedings are instituted by or against the Borrower and the Guarantors, or any of them, seeking to adjudicate it a bankrupt or declare it insolvent or seeking administration, liquidation, winding-up, reorganization, compromise, arrangement, adjustment, protection, relief or composition of it or with respect to its debts, whether by voluntary arrangement, scheme of arrangement or otherwise, under any Applicable Law relating to bankruptcy, insolvency or reorganization of or relief with respect to debtors or other similar matters, or seeking the appointment of a receiver, manager, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official for it or with respect to any of its Business Assets, or the Borrower and the Guarantors, or any of them, takes corporate action to authorize any of the actions set forth above in this Section (excluding proceedings against the Borrower and the Guarantors, or any of them, being contested by the Borrower and the Guarantors, or any of them, in good faith by appropriate proceedings so long as enforcement sought in such proceedings remains stayed, none of the relief sought is granted (either on an interim or permanent basis), and such proceedings are dismissed, stayed or withdrawn within 30 days of the Borrower and the Guarantors, or any of them, receiving notice of the institution thereof).

(f) Litigation. The Borrower and the Guarantors, or any of them, fail to actively and diligently contest in good faith, by appropriate and timely proceedings, any Litigation commenced against it or them, the result of which if determined adversely to the Borrower and the Guarantors, or any of them, would reasonably be expected to give rise to a Material Adverse Effect or the Borrower and the Guarantors, or any of them, knowingly at any time and in any material respect contravenes the provisions of any Applicable Law which has or would reasonably be expected to have a Material Adverse Effect.

(g) Cessation of Business. The Borrower and the Guarantors, or any of them, ceases or demonstrates an intention to cease to carry on its business or a substantial portion thereof or the business of the Borrower and the Guarantors, or any of them, or a substantial portion thereof is suspended, whether voluntarily or involuntarily, and such suspension has or would reasonably be expected to have a Material Adverse Effect.

(h) Enforceability. Any Change in Law occurs which gives rise to, or would reasonably be expected to give rise to, an effect which prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to any Loan Document to or for the benefit of the Lender.

(i) Condemnation. Any Governmental Body shall condemn, seize, expropriate or otherwise appropriate, or take custody or control of, all or any portion of the Business Assets of the Borrower and the Guarantors, or any of them, which, when taken together with all other Business Assets of the Borrower or the Guarantors.

(j) if the Lender believes in good faith and upon commercially reasonable grounds that the prospect of payment of the Loan or any interest thereon or the performance of any of the other terms of this Agreement has been or is about to be impaired.

An Event of Default which occurs at any time shall be and be deemed to be continuing and to exist at all times thereafter unless it is expressly waived in writing by the Lender, whether or not the default, breach, failure, event, state or condition that gave rise to such Event of Default is remedied at any time.

9.2 Termination and Acceleration. Upon the occurrence of an Event of Default and at any time thereafter, the Lender may do any one or more of the following:

(a) declare the Loan to be cancelled, terminated or reduced, whereupon the Lender shall not be required to make any further Loan Advance hereunder;

(b) accelerate the maturity of all or any item or part of the payment obligations of the Borrower hereunder and declare them to be immediately due and payable, whereupon they shall be so accelerated and become so due and payable;

(c) suspend any rights of the Borrower and the Guarantors under any Loan Document, whereupon such rights shall be so suspended;

(d) take any other action, commence any other suit, action or proceeding or exercise such other rights as may be permitted by Applicable Law (whether or not provided for in any Loan Document) at such times and in such manner as the Lender may consider expedient,

all without any additional notice, demand, presentment for payment, protest, notice of protest, dishonour, notice of dishonour or any other action being required. If an Event of Default referred to in Section 9.1(c) occurs, unless the Lender otherwise agrees, the Loan shall be cancelled and the Loan Obligations shall be accelerated and become immediately due and payable automatically without any action on the part of the Lender being required.

9.3 Remedies For Events of Default. Upon the occurrence of an Event of Default, the Lender may:

(a) forthwith declare due and payable the outstanding balance of the Loan, the Default Fee and any accrued interest thereon without presentment of any promissory notes evidencing the same, and without demand, protest or other notices of any kind, all of which are hereby expressly waived;

(b) exercise any and all rights, powers, remedies and recourses available to the Lender under this Agreement, at law, in equity or otherwise; and

9.4 Waiver. The Lender may waive any Default or Event of Default. No waiver, however, shall be deemed to extend to a subsequent Default or Event of Default, whether or not the same as or similar to the Default or Event of Default waived, and no act or omission by the Lender shall extend to, or be taken in any manner whatsoever to affect, any subsequent Default or Event of Default or the rights of the Lender arising therefrom. Any such waiver must be in writing and signed by the Lender to be effective. No failure on the part of the Lender to exercise, and no delay by the Lender in exercising, any rights under any Loan Document shall operate as a waiver of such rights. No single or partial exercise of any such rights shall preclude any other or further exercise of such rights or the exercise of any other rights.

10. SECURITY

10.1 Security. The performance by the Borrower of all of its obligations to the Lender hereunder, including, without limitation, the repayment of the Loan together with interest thereon and all other amounts payable hereunder, shall be secured in particular by the following:

(a) a security agreement made by the Borrower in favour of the Lender, creating a first fixed charge on the Borrower's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(b) a pledge and assignment by the Borrower in favour of the Lender of all of the Capital Stock of Landdrill NB, as security for all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(c) a guarantee made by Landdrill NB in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(d) a security agreement made by Landdrill NB in favour of the Lender, creating a third fixed charge on the Business Assets of Landdrill NB and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(e) a pledge and assignment by Landdrill NB in favour of the Lender of all of the Capital Stock of Landdrill Barbados, as security for all present and future Indebtedness of Landdrill NB to the Lender, in a form reasonably acceptable to the Lender;

(f) a guarantee made by Landdrill Barbados in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(g) a pledge and assignment by Landdrill Barbados in favour of the Lender of all of the Capital Stock of Landdrill Mexico, as security for all present and future Indebtedness of Landdrill Barbados to the Lender, in a form reasonably acceptable to the Lender;

(h) a guarantee made by Landdrill Mexico in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(i) a non-possessory pledge agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(j) a security agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(k) an intercreditor agreement in a form satisfactory to the Lender and its legal counsel, acting reasonably, among the Borrower, the Guarantor, the Lender and the Senior Lenders; and

(l) such further and other security and documentation as the Lender shall request, acting reasonably.

10.2 Registration. The Borrower and the Guarantors will cooperate to the extent necessary and, at its expense, register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the Security. The Borrower and the Guarantors will cooperate to the extent necessary to effect such registrations, filings and recordings from time to time as and when required and to keep them in full force and effect.

10.3 After Acquired Property and Further Assurances. The Borrower and the Guarantors shall, from time to time, execute and deliver all such further deeds and other instruments of conveyance, assignment, transfer, hypothec, pledge or charge in connection with all assets acquired by the Borrower and the Guarantors after the date hereof and intended to be subject to the Security.

10.4 Discharge. Upon payment of all of the Loan Obligations and all other amounts outstanding under this Agreement and satisfaction by the Borrower of all of the Borrower's other obligations hereunder, the Lender shall, at the request and expense of the Borrower, cancel, discharge and surrender or cause to be cancelled, discharged and surrendered the Security and shall execute and cause to be executed such deeds and other instruments as shall be requisite

therefor including, without limitation, reassignments of any assets assigned pursuant to the Security.

11. DISPUTES AND ARBITRATION

11.1 Disputes. If there is any dispute, question or difference of opinion between the parties hereto concerning or arising out of or under this Agreement ("**Dispute**"), then a party may give to the other party a notice ("**Dispute Notice**") specifying the Dispute and requiring its resolution under this Article 11.

11.2 Dispute Representatives to Seek Resolution. If the Dispute is not resolved within 5 Business Days after a Dispute Notice is given by a party to the other party, each party must nominate 1 representative from its senior management to resolve the Dispute (each, a "**Dispute Representative**"), who must negotiate in good faith using their respective commercially reasonable efforts to attain a resolution of the Dispute. If the Dispute is not resolved within 10 Business Days of the Dispute being referred to the respective Dispute Representatives, then either party may submit the Dispute to arbitration in accordance with Section 11.3.

11.3 Arbitration. Any Dispute which has not been resolved under Section 11.2 must be referred to and finally resolved by an arbitration conducted in accordance with the British Columbia *Commercial Arbitration Act*, R.S.B.C. 1996, c. 55 before a tribunal of three (3) arbitrators, one appointed by the Borrower and the Guarantors jointly, one appointed by the Lender and the third one appointed by the two party-appointed arbitrators. Each party shall appoint its nominee to the arbitral tribunal within 15 days after receipt of a written notice initiating the arbitration. The arbitration shall be conducted pursuant to the Domestic Commercial Arbitration Rules of the British Columbia International Commercial Arbitration Centre. The language of the arbitration shall be English. The interpretation and construction of this Section 11.3 will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia.

11.4 Enforcement. The award rendered by an arbitral panel may be enforced by judgment of any court having jurisdiction or an application may be made to such court for acceptance of the award and an order of enforcement, as the case may be.

12. MISCELLANEOUS

12.1 Survival of Representations, etc. All representations, warranties, covenants and agreements made herein and in any certificate or other document expressed to be delivered pursuant hereto by or on behalf of the Borrower and the Guarantors are material and shall conclusively be deemed to have been relied upon by the Lender, notwithstanding any prior or subsequent investigation by the Lender and shall survive Loan Advances made by the Lender under the Loan and the fulfilment of all other transactions and deliveries contemplated hereunder and shall continue in full force and effect so long as any of the principal amount of or interest on the Loan remains outstanding and unpaid. All statements contained in any certificate or other document expressed to be delivered to the Lender or the Lender's counsel under this Agreement shall be deemed to be representations and warranties by the party making the same.

12.2 Fees and Expenses. The Borrower shall pay all reasonable legal and other fees and disbursements in respect of the Loan including the preparation, execution and carrying out of this Agreement. The full amount of all costs, charges and expenses paid or incurred at any time or from time to time by the Lender for or in respect of any and all acts, actions and proceedings including without limiting the generality of the foregoing, any legal proceedings of any kind or nature done, taken or instituted by the Lender for the exercise, enforcement or preservation of any of its rights, remedies or recourses hereunder or in respect of the Loan, shall be paid by the Borrower on a solicitor and own client, lump sum basis.

12.3 Notice. A notice, demand, consent or request required or permitted to be given pursuant to this Agreement may only be given in writing and by delivery or by confirmed facsimile transmission to the address or facsimile number of such party set out below or at such other address or facsimile number as that party may designate by notice under this Agreement:

(a) To the Borrower:

Landdrill International Inc.
160 Macnaughton Avenue
Moncton, NB
E1H 3L9

Attention: Chief Executive Officer
Facsimile: 506 388 8990

(b) To the Lender:

Sprott Resource Lending Partnership
Suite 2750, 200 Bay Street
Royal Bank Plaza, South Tower
Toronto, ON
M5J 2J2

Attention: Chief Financial Officer
Facsimile: 416 977 9555

With a copy to:

Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC
V6C 0A3

Attention: Andrew P. Jackson
Facsimile: 604 631 3232

Any notice aforesaid shall, if actually delivered be deemed to have been given and made at the time of delivery and if sent by facsimile device be deemed to have been given or made on the day in the jurisdiction of the sender following the date it was sent.

12.4 No Prejudice. Nothing in this Agreement contained shall prejudice or impair any other right or remedy which the Lender may otherwise have with respect to the Loan hereunder or any rights or remedies it may have with respect to other loans which the Lender may make to the Borrower.

12.5 No Borrower Assignment. The Borrower shall have no right to assign or transfer its rights hereunder or any portion of the Loan.

12.6 Enurement. This Agreement shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors and assigns.

12.7 Time. Time shall be of the essence of this Agreement.

12.8 Counterparts. This Agreement may be signed in as many counterparts as may be necessary, and may be signed by telecopy (facsimile), Portable Document Format (PDF) or other means of electronic communications producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date set forth above.

AS EVIDENCE OF THEIR AGREEMENT the parties hereto have caused this Agreement to be executed and delivered by their authorized officers as of the date first noted above.

LANDDRILL INTERNATIONAL INC., by
its authorized signatory:

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL LTD., by
its authorized signatory:

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL INC., by
its authorized signatory:

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL MEXICO,
de C.V., by its authorized signatory:

Per: ______________________
Name:
Title:

SPROTT RESOURCE LENDING
PARTNERSHIP, by its Managing Partner
SPROTT LENDING CONSULTING LP, by
its General Partner, SPROTT LENDING
CONSULTING GP, INC.:

Per: ______________________
Name:
Title:

Per: ______________________

AS EVIDENCE OF THEIR AGREEMENT the parties hereto have caused this Agreement to be executed and delivered by their authorized officers as of the date first noted above.

LANDDRILL INTERNATIONAL INC., by its authorized signatory:

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL LTD., by its authorized signatory:

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL INC. , by its authorized signatory:

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL MEXICO, de C.V., by its authorized signatory:

Per: ______________________
Name:
Title:

SPROTT RESOURCE LENDING PARTNERSHIP, by its Managing Partner SPROTT LENDING CONSULTING LP, by its General Partner, SPROTT LENDING CONSULTING GP, INC.

Per: ______________________
Name:
Title:

Per: ______________________

Name:
Title:

SCHEDULE "A"

PROMISSORY NOTE

Principal Amount: CAN$4,000,000

For value received, LANDDRILL INTERNATIONAL INC. (the "**Borrower**") hereby promises to pay to SPROTT RESOURCE LENDING PARTNERSHIP (the "**Lender**") the principal sum of **Four Million Dollars ($4,000,000)**, together with interest on the outstanding balance of the principal sum from time to time calculated as set out herein, as follows:

(a) on the last Business Day of every month, the sum of **$100,000**, plus interest as set out herein;

(b) when due, any A/R Shortfall Payment (as defined in the Credit Agreement between the Borrower and the Lender dated for reference July <*>, 2011, as may be amended from time to time (the "**Credit Agreement**"); and

(c) the outstanding balance of the principal sum and all accrued and unpaid interest thereon on the earlier to occur of July ___, 2013 and the occurrence and continuance of an Event of Default (as defined in the Credit Agreement),

together with interest accruing on the outstanding principal amount from the date hereof at a rate of **TWELVE PERCENT (12%) per annum, compounded** monthly (being an effective annual rate of 12.68%), before and after each of maturity, default and judgment, **payable monthly on the last Business Day of every month.**

All payments under this promissory note will be made by wire transfer (pursuant to wire transfer instructions provided by the Lender from time to time) and delivered to the Lender at office at Suite 1028, 550 Burrard Street, Vancouver, British Columbia V6C 2B5.

The undersigned is entitled to prepay this promissory note, in whole or in part, without penalty, provided that such prepayment is made on the last Business Day of a calendar month and the Borrower has provided not less than ten (10) Business Days' prior notice of its intention to prepay the Facility. The undersigned waives demand and presentment for payment, notice of non-payment, protest, notice of protest and notice of dishonour.

This promissory note will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. In this promissory note, "Business Day" means a day which is not a Saturday, Sunday or a statutory holiday in New Brunswick or British Columbia.

Dated: July ___, 2011.

LANDDRILL INTERNATIONAL INC.

Per: [signature]

Name: <*>
Title: <*>

Court File No.____________

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)

Book 2 of 4
Exhibits to the Affidavit of Ronald J. Goguen
sworn to August 27, 2012

GENERAL SECURITY AGREEMENT

This Agreement dated for reference July 29, 2011

executed by:

LANDDRILL INTERNATIONAL INC. (the "**Debtor**"), having a mailing address at Suite 700, 625 Howe Street, Vancouver, BC V6C 2TC;

in favour of:

SPROTT RESOURCE LENDING PARTNERSHIP (the "**Secured Party**"), having a mailing address at suite 1028, 550 Burrard Street, Vancouver, BC V6C 2B5

witnesses that for valuable consideration the Debtor covenants and agrees with the Secured Party as follows:

1. ORGANIZATION OF AGREEMENT

1.1 Organization of Agreement. This Agreement has been organized on the basis of the following sections:

Section	Heading
1	Organization of Agreement
2	Secured Obligations
3	Charged Property; Discharge Provision
4	Representations and Covenants
5	Events of Default
6	Rights, Remedies and Disclaimers
7	Other Agreements
8	Interpretation

1.2 Defined Terms. Unless the context otherwise requires the terms defined in Schedule A will have those defined meanings and terms defined in the PPSA will have those defined meanings unless such terms are otherwise defined herein.

1.3 Conflicts with Credit Agreement. If and to the extent the terms of this Agreement conflict with the terms of the Credit Agreement, the terms of the Credit Agreement will prevail.

2. SECURED OBLIGATIONS

2.1 General. The Charges created hereby secure payment, observance, performance and satisfaction of all present and future debts, liabilities and obligations of the Debtor to the Secured Party (including all Future Advances and re-Advances), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed as principal, guarantor, indemnitor or otherwise, in connection with the credit facility contemplated by the Credit Agreement or in connection with any guarantees, security documents, or other documents referred to therein (including this Agreement), (collectively, the "**Secured Obligations**").

2.2 **Continuing Security.** The Charges created hereby are general and continuing security for the Secured Obligations and any ultimate unpaid balance thereof, including a current or running account, and the Secured Obligations may be reduced to zero from time to time without affecting the continuing nature of the Charges created hereby as security for Secured Obligations thereafter incurred. No payment, observance, performance or satisfaction of the Secured Obligations, nor any ceasing by the Debtor to be indebted or liable to the Secured Party, will be deemed to be a redemption or discharge of the Charges created hereby.

3. CHARGED PROPERTY; DISCHARGE PROVISION

3.1 **Grant.** As security for the Secured Obligations:

(a) the Debtor grants to the Secured Party a Security Interest in, and grants, mortgages and charges to the Secured Party by way of a fixed and specific charge, and absolutely assigns to the Secured Party, all of the Debtor's present and after-acquired Personal Property and rights and interests in Personal Property of every nature and kind and wherever situate, including all Goods (including Equipment and Inventory), Investment Property, Instruments, Chattel Paper, Documents of Title, Money and Intangibles in which the Debtor now or hereafter has a right or interest (whether leasehold or otherwise), and including any Personal Property described in Schedule B, and all Proceeds that are Goods, Investment Property, Instruments, Chattel Paper, Documents of Title, Money or Intangibles; and

(b) the Debtor grants, mortgages and charges to the Secured Party by way of a floating charge all of the Debtor's property, assets and undertaking, both present and future, of every nature and kind and wherever situate, other than Personal Property that is validly and effectively subject to the Charges created by subparagraph (a) above, including all goodwill, uncalled capital, and real property and interests therein, whether freehold, leasehold or otherwise, including all buildings, structures, fixtures and improvements and all easements, rights of way, privileges, benefits, licences, profits and similar rights, whether connected with or appurtenant to such property or otherwise.

3.2 **Exclusions; Deferral.** The Charged Property and the Charges created hereby are subject to the following:

(a) the last day of the term of any lease of Charged Real Property is excluded, but the Debtor will stand possessed of such last day in trust to dispose of as the Secured Party may direct; and

(b) with respect to each lease, licence, quota, permit or other agreement, and each share or other Security, that the Debtor has an interest in and that requires the consent or approval of another party thereto for the creation of an assignment or Charge thereof or therein (each, a "**Consent-Requiring Asset**"), those of the Charges created hereby that require such consent or approval in order for such Charges to be effective will not become effective against such Consent-Requiring Asset until all such consents or approvals with respect thereto that are required for such Charges to be effective have been obtained or until such other assurances as may be acceptable to the Secured Party have been received or until the Secured Party has determined (following an Event of Default) that this deferral will not apply with respect thereto, but notwithstanding such deferral the Debtor will not amend, terminate or dispose of its interest in such Consent-Requiring Asset (including by way of Charge) except as the Secured Party may direct; and

(c) the assignment provided for in section 3.1(a) will not apply to (but the other security interests created hereby will apply to) any intellectual property now or hereafter included in the Charged Property.

3.3 **Attachment.** The Debtor acknowledges that Value has been given and that the parties have not agreed to postpone the time for attachment of the Charges created hereby except as provided in the preceding paragraph.

3.4 **Discharge.** Following full payment, observance, performance and satisfaction of the Secured Obligations (or the provision of alternate security for the Secured Obligations to the satisfaction of the Secured Party in its absolute discretion), the Debtor will be entitled to a discharge of the Charges created hereby if the Debtor gives and the Secured Party receives, prior to any other Secured Obligations arising, a written request for a discharge of this Agreement. No discharge will be effective unless it is in writing and is executed by the Secured Party.

4. <u>REPRESENTATIONS AND COVENANTS</u>

4.1 **General.** The Debtor represents and warrants to the Secured Party that each statement made in this Agreement is true, complete and accurate. No investigation by the Secured Party will diminish its right to rely on such statements, all of which will survive until the Secured Party has discharged this Agreement. The Debtor will strictly observe and perform each of its agreements set out herein **except to the extent the Secured Party may from time to time in its absolute discretion, by prior written notice, consent or agree otherwise or waive such compliance.**

4.2 **Authority to Charge.** The Debtor has good right, full power and lawful authority to enter into this Agreement and to create the Charges provided for herein, and all necessary resolutions have been passed and all other necessary steps have been taken to authorize the execution and delivery of this Agreement and to make the Charges provided for herein effective.

4.3 Promise to Pay. The Debtor will pay, observe, perform and satisfy all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied.

4.4 Title and Adverse Claims. All assets in the possession of the Debtor or used in the business of the Debtor are, and all other existing Charged Property is, legally and beneficially owned by the Debtor except as disclosed in **Schedule B** or in the Credit Agreement. The Debtor will defend the Charged Property for the benefit of the Secured Party against the claims and demands of all Persons. The Debtor will immediately notify the Secured Party of any claim, litigation or contemplated expropriation affecting the Debtor or any of the Charged Property.

4.5 Charges. All of the Charged Property is free and clear of all Charges other than the Charges created hereby except as disclosed in **Schedule B** or in the Credit Agreement. The Debtor will not create, assume or permit the existence of any Charge affecting any of the Charged Property except the Debtor may create and permit (but the Secured Party does not grant priority to) the following Charges (collectively, **"Permitted Charges"**):

(a) Charges in favour of the Secured Party;

(b) Charges approved in writing by the Secured Party prior to their creation or assumption; and

(c) Purchase Money Security Interests in Goods acquired for the purpose of carrying on the Debtor's business, provided the Debtor immediately gives notice of the Purchase Money Security Interest to the Secured Party.

Without limiting the above prohibition the Debtor will, upon written request by the Secured Party, immediately pay all obligations, whether or not due, under all Charges prohibited hereby and will cause the same to be discharged immediately. With respect to Permitted Charges, the Debtor will pay all moneys payable thereunder when due and will promptly observe and perform all of its other obligations thereunder.

4.6 Dispositions. The Debtor will not sell, lease, assign, release, surrender or otherwise dispose of or part with possession of Charged Property or agree to do so, except the Debtor may, in the ordinary course of the Debtor's business, and provided there is not an existing Event of Default nor an event which might become an Event of Default with the passage of time or the giving of notice or both, process and, for New Value, sell, lease and otherwise deal with its inventory (as such term is generally used for accounting purposes)and sell and otherwise for value dispose of immaterial Equipment which has become worn out, obsolete or substantially damaged, provided the Debtor immediately substitutes therefor Equipment of equal or greater value free from all Charges other than the Charges created hereby.

4.7 Trust. The Debtor will hold all Receivables included in the Charged Property, and all payments and Proceeds thereof, separate and in trust for the Secured Party, and upon request following an Event of Default will forward to the Secured Party all such payments and Proceeds.

4.8 **Distributions.** The Debtor will not declare or pay any dividend on, or make any other distribution in respect of, any shares in the capital stock of the Debtor.

4.9 **Shareholder Loans.** The Debtor will not repay any loan from any shareholder in whole or in part or pay any interest, bonus or other sum in respect of any such loan.

4.10 **Financial Assistance.** The Debtor will not lend to, invest in, guarantee or otherwise become liable for obligations of, or otherwise provide financial assistance to, any Person.

4.11 **Additional Indebtedness.** The Debtor will not incur additional debt other than in the ordinary course of business.

4.12 **Jurisdictions and Locations.** The Debtor has its chief executive office in British Columbia, and will not allow its chief executive office to be in any other jurisdiction except upon 15 days' prior written notice to the Secured Party. All of the Charged Property and all of the Debtor's places of business are, and for the past 60 days have been, situate in British Columbia or in any other jurisdictions disclosed in **Schedule B**. The Debtor will keep all Charged Property at, or in the case of Mobile Goods will keep such Goods based at, the locations disclosed in **Schedule B** or at any other locations, within British Columbia or any other jurisdictions disclosed in **Schedule B**, that the Debtor may hereafter give the Secured Party prior notice of, and the Debtor will maintain places of business at those locations only. The Debtor will not permit Mobile Goods to be based in any jurisdiction other than in British Columbia and any other jurisdictions disclosed in **Schedule B**.

4.13 **Taxes.** The Debtor will pay when due all taxes, rates, levies, assessments and other charges of every nature which may be imposed against or in respect of the Debtor or any of the Charged Property, provided that the Debtor may refrain from paying such charges if and for so long as the Debtor diligently and in good faith contests the charges and gives to the Secured Party such security as the Secured Party may in its absolute discretion require.

4.14 **Insurance.** With respect to insurance:

(a) the Debtor will keep all of the Charged Property that is of an insurable nature insured for full replacement value against loss or damage by fire (with extended perils coverage), theft, other risks as are customarily insured against for similar property, and such other risks as the Secured Party may reasonably require;

(b) all such insurance will be with insurers acceptable to the Secured Party, and will contain a standard mortgage clause in favour of the Secured Party as its interest may appear in a form approved by the Insurance Bureau of Canada;

(c) the Debtor assigns to the Secured Party the proceeds of all insurance required hereby and upon request will do everything necessary to enable the Secured Party to obtain the insurance proceeds, and if any such proceeds are or become payable the Secured Party may apply the same on account of the Secured Obligations, whether or not then due, and the Debtor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner;

(d) the Debtor will maintain public liability insurance in amounts and with insurers acceptable to the Secured Party and, if the Secured Party requests, with the Secured Party as an additional insured;

(e) the Debtor will pay when due all premiums in connection with all insurance required hereby, and will provide to the Secured Party insurance certificates evidencing all such insurance and certified copies of the applicable policies, and will provide the Secured Party with evidence of renewal or replacement insurance at least 10 days before any policy expires or is terminated; and

(f) if any insurance obtained is unacceptable to the Secured Party, the Secured Party may require the Debtor to obtain new insurance approved by the Secured Party.

4.15 **Maintenance, Damage and Use.** The Debtor will keep all of the Charged Property in good condition and repair, and will make all repairs requested by the Secured Party. The Debtor will give the Secured Party immediate written notice of any material loss or destruction of or damage to any of the Charged Property. The Debtor will not permit any of the Charged Property to be used in violation of any present or future insurance policy. The Debtor will comply with all present and future laws, by-laws, rules, regulations, ordinances, orders and directions of any governmental, municipal or civic authority or agency with respect to the Charged Property.

4.16 **Marking Charged Property.** Upon request the Debtor will mark and otherwise take appropriate steps to indicate that the Charged Property is subject to the Charges created hereby.

4.17 **Environment/Hazardous Materials.** All of the Charged Real Property and the Debtor's operations and places of business are and will be kept in compliance with all Environmental/Hazardous Materials Laws. No contaminated site designation, remediation order or other enforcement action in respect of any Environmental/Hazardous Materials Laws is pending or contemplated, nor has in the past been made or taken, in respect of any of the Charged Real Property or the Debtor's operations or places of business. No Wastes/Hazardous Materials have at any time been transported to or from any of the Charged Real Property or the Debtor's places of business, or used, generated, manufactured or disposed of on, under or about any such property or places, or leaked, spilled, discharged, emitted or released therefrom or from any nearby property; and the Debtor will not permit any such activity with respect thereto except in compliance with all Environmental/Hazardous Materials Laws. Upon request from time to time the Debtor will promptly submit to the Secured Party a comprehensive report regarding the foregoing matters prepared by a consultant approved by the Secured Party. The Debtor has provided the Secured Party with copies of all communications from or to all levels of government and other authorized agencies relating to any Environmental/Hazardous Materials Laws and all communications from or to any Person relating to an Environmental/Hazardous Materials Claim in connection with any of the Charged Real Property or the Debtor's operations or places of business, and upon receipt or sending of any such communications in the future will immediately provide copies of the same to the Secured Party.

4.18 Wastes/Hazardous Materials Indemnity. The Debtor will protect, indemnify and hold harmless the Secured Party, and any Receiver, and all direct and indirect successors and assigns of the Secured Party or the Secured Party's interest in any of the Charged Property or the Debtor's places of business, and all directors, officers, employees and agents thereof, from and against all actual, potential or future claims, liabilities, losses, fines, penalties, judgments, awards and expenses (including legal costs, investigation costs, the costs of removal, treatment, storage and disposal of any Wastes/Hazardous Materials, and other costs of remediation) which relate in any way, directly or indirectly, to the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of any Wastes/Hazardous Materials in, on, under or about the Charged Real Property or the Debtor's operations or places of business, or the escape, seepage, leakage, spillage, discharge, emission or release of any Wastes/Hazardous Materials therefrom or from any nearby property into, on or under any land, the atmosphere or any watercourse, body of water, or wetland. The Debtor will pay to the indemnified parties on demand all amounts payable under this paragraph as determined by the indemnified parties from time to time. The Debtor's liability to the indemnified parties will arise upon the earlier of the discovery of any Wastes/Hazardous Materials, and the institution of any Environmental/Hazardous Materials Claims, and will not be dependent upon the realization of any loss or damage or the determination of any liability. This indemnity and the Debtor's liability hereunder will survive after this Agreement and the Charges created hereby have been discharged, but only insofar as such liability is in connection with Wastes/Hazardous Materials that were in, on, under or about the Charged Real Property or the Debtor's places of business, or that escaped, seeped or leaked or were discharged, emitted or released therefrom or from nearby property, or that were used in connection with the Debtor's operations, prior to this Agreement being discharged.

4.19 Serial Numbered Goods. The type, make (or manufacturer), model and Serial Number of each Motor Vehicle, Trailer, Manufactured Home, Boat, outboard motor and Aircraft included in the Charged Property and which is not Inventory is set out in **Schedule B.** Upon the Debtor's acquisition of rights in additional Serial Numbered Goods which are not Inventory, or upon repossession by or return to the Debtor of any such Goods, the Debtor will immediately give written notice to the Secured Party of full particulars of the same.

4.20 Fixtures, Accessions and Commingled Goods. None of the Charged Property is nor will the Debtor permit Charged Property to become:

(a) a Fixture unless the Fixture is described in Schedule B so that it can be readily identified and is affixed or attached to Charged Real Property described in Schedule B (or in the Credit Agreement) that is either owned by the Debtor free and clear of all Charges (other than those in favour of the Secured Party) or that is leased to the Debtor on terms acceptable to the Secured Party (including with non-disturbance agreements and other agreements acceptable to the Secured Party from the landlord and its mortgagees); or

(b) an Accession to or part of other property unless the other property is Charged Property owned by the Debtor free and clear of all Charges other than those in favour of the Secured Party.

4.21 Consent-Requiring Assets. The Debtor has obtained every consent and approval required with respect to each Consent-Requiring Asset in which the Debtor has an interest, and upon acquiring an interest in any other Consent-Requiring Asset the Debtor will immediately use best efforts to obtain all consents and approvals required for such asset to be subject to the Charges created hereby.

4.22 Intangibles, Instruments and Chattel Paper. With respect to all Intangibles, Instruments and Chattel Paper included in the Charged Property (including Receivables and contracts):

(a) all such Charged Property is enforceable against the party obligated to pay or otherwise perform thereunder, and any amount represented by the Debtor to the Secured Party as owing by each such party thereunder is the correct amount actually and unconditionally owing by such party thereunder, except for the normal cash discounts where applicable and a reasonable reserve for bad debts, and no such third party has any defence, set-off, claim or counterclaim against the Debtor which can be asserted against the Secured Party, and no such party is in default or involved in a dispute thereunder, and the Debtor will give the Secured Party immediate written notice of any such unenforceability, defence, set-off, claim, counterclaim, default or dispute that may be material;

(b) the Debtor will not, except in good faith in the ordinary course of business, collect or accept any payment in respect of any such Charged Property or amend, terminate or accept the surrender of any such Charged Property, or give any consent, concession or waiver in connection with or exercise any option permitted by any provision of any such Charged Property; and

(c) the Debtor will observe and perform all of the obligations imposed upon the Debtor by or in respect of any such Charged Property and will maintain the same in good standing.

4.23 Negotiable Property. Upon request from time to time the Debtor will immediately deliver to the Secured Party all Chattel Paper, Investment Property, Instruments, and Documents of Title included in the Charged Property, and where applicable will duly endorse the same for transfer in blank as the Secured Party may direct.

4.24 Legal and Trade Names. Each name of the Debtor (including its name in any French or combined English-French form) is set out on the first page hereof, and the Debtor has not had, used, or carried on business under, and will not at any time have, use or carry on business under, any other name (including any French or combined English-French form) except as disclosed in **Schedule B** or upon giving 15 days' prior written notice to the Secured Party.

4.25 Other Obligors. If any Person other than the Debtor is an Other Obligor, no such Person also has rights in Charged Property except as disclosed in **Schedule B.**

4.26 Conduct of Business and Records. The Debtor will conduct its business in a proper and efficient manner so as to protect and preserve the Charged Property. The Debtor will

keep complete and accurate records of the Charged Property as well as proper books of account for its business.

4.27 Information and Inspection. The Debtor will from time to time immediately deliver to the Secured Party all information requested by the Secured Party relating to Charged Property and the Debtor's financial or business affairs. All such information will be prepared by a qualified accountant in accordance with generally accepted accounting principles applied consistently from year to year, and if requested by the Secured Party will be audited at the expense of the Debtor. The Secured Party may from time to time inspect Charged Property and Books and Records wherever located and for that purpose the Secured Party will have access without charge to the Debtor's places of business, and to all other places where Charged Property is or may be kept, and to all mechanical or electronic equipment and processes where any Charged Property or Books and Records may be kept or from which any of the same may be retrieved, and the Debtor will render all necessary assistance. The Debtor authorizes any Person holding any Books and Records to make the same available in a readable form to the Secured Party upon request by the Secured Party.

4.28 Amalgamations. The Debtor will not permit any corporation to wind-up into or amalgamate or enter into a similar arrangement with the Debtor.

4.29 Further Assurances. Upon the Secured Party's request from time to time the Debtor will execute and deliver such further documents (including registrable fixed and specific Charges on such of the Charged Property as the Secured Party may request) and do such other acts as the Secured Party requires in order to give effect to the intent of this Agreement or to confirm, create, perfect or maintain perfection of the Charges provided for herein.

4.30 Charges and Expenses. The Debtor will pay on demand, whether or not any Advance is made, all reasonable charges and expenses, including legal costs on a solicitor and his own client basis, which may be incurred or charged by or on behalf of the Secured Party or any Receiver in connection with:

(a) preparing, negotiating, interpreting, amending, registering, renewing or discharging this Agreement or any related registration;

(b) establishing or confirming the priority of the Charges created hereby;

(c) complying with a demand by any Person purporting to be entitled under the PPSA to a copy of this Agreement or any related information; and

(d) exercising and enforcing rights, remedies and powers under this Agreement or otherwise in relation to any of the Secured Obligations (including correcting any non-compliance by the Debtor, and inspecting, preserving, maintaining, repairing, completing, repossessing, preparing for disposition, disposing of, collecting payments under, borrowing on the security of, and otherwise realizing on the Charged Property, and carrying on the Debtor's business, and taking proceedings in relation to this Agreement or by reason of non-payment of or to procure payment of any of the Secured Obligations).

The Debtor will on demand pay interest on all such amounts at the highest rate then applicable to any of the Secured Obligations.

4.31 **Liability for Deficiency.** If the amounts realized pursuant hereto are insufficient to pay the Secured Obligations in full, the Debtor will immediately pay the deficiency to the Secured Party.

5. EVENTS OF DEFAULT

5.1 **General.** The occurrence of any of the following events will constitute an Event of Default:

(a) the Debtor fails to observe or perform any covenant, agreement, condition or obligation in favour of the Secured Party, whether or not herein contained, including a failure to pay any of the Secured Obligations when due, and such failure (if curable) is not remedied within 10 days after notice;

(b) any representation, warranty or statement made by or on behalf of the Debtor or any officer or director thereof to the Secured Party, whether or not herein contained, proves to have been incorrect as of the date made;

(c) the Debtor is in default under any other document in favour of the Secured Party or is in default under any other Charge on any of the Charged Property and any applicable grace period has expired;

(d) there is a direct or indirect change in effective control of the Debtor (if a corporation) or there is a dissolution of or change in the membership of the Debtor (if a partnership) or the Debtor dies or is declared incompetent (if an individual);

(e) the holder of any Charge on or claim against any Charged Property does anything to enforce or realize on such Charge or claim, or any execution, sequestration, or other process becomes enforceable against the Debtor, or a distress, seizure or similar process is levied upon or exercised against any Charged Property, and such event is not immediately contested by the Debtor and in any event stayed, quashed or rescinded within 30 days;

(f) any Charged Property is lost, destroyed or substantially damaged without being insured as required hereby, is expropriated or is designated or considered for designation as a contaminated site;

(g) the Debtor ceases or threatens to cease to carry on business or any part thereof, or commits or threatens to commit an act of bankruptcy;

(h) a receiver, receiver manager, trustee or similar official of any Charged Property is appointed;

(i) the Debtor becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or a petition is filed, an order is made, a resolution is passed, or any other step is taken for the bankruptcy, liquidation, dissolution, winding-up or reorganization of the Debtor or for any arrangement or composition of its debts; or

(j) the Secured Party believes in good faith and upon commercially reasonable grounds that the prospect of payment or performance of any of the Secured Obligations is or is about to be impaired or that Charged Property is or is about to be placed in jeopardy.

5.2 **Floating Charge.** The floating charge created hereby will not become a fixed charge until, but will become a fixed charge immediately upon, the earlier of the occurrence of an Event of Default referred to in paragraph 5.1(g), (h) or (i) and the declaration by the Secured Party of any other Event of Default.

6. RIGHTS, REMEDIES AND DISCLAIMERS

6.1 **Correct Non-Compliance.** If the Debtor fails to perform any of its obligations hereunder or fails upon request to give the Secured Party proof thereof, the Secured Party may (but will not be obligated to) perform any or all of such obligations or cause them to be performed without prejudice to the other rights and remedies of the Secured Party.

6.2 **Indulgences.** The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges, refrain from perfecting or maintaining perfection of Charges, and otherwise deal with the Debtor, debtors of the Debtor, sureties and other Persons and with the Charged Property and other security, all as the Secured Party may see fit in its absolute discretion and without prejudice to the liability of the Debtor or the rights or remedies of the Secured Party.

6.3 **Allocation of Payments and Increases.** All payments made in respect of the Secured Obligations from time to time, and any monies realized from any security held therefor, may be applied to such parts of the Secured Obligations (whether or not then due) as the Secured Party may see fit or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, and the Secured Party may from time to time revoke or alter such application or holding, all in the absolute discretion of the Secured Party and without prejudice to the liability of the Debtor or the rights or remedies of the Secured Party. The Secured Party may also hold as additional security any increases or profits (including dividends) in respect of Charged Property.

6.4 **Set-Off.** Whenever any or all of the Secured Obligations are immediately due and payable or the Secured Party has the right to declare the same to be immediately due and payable (whether or not it has so declared), the Secured Party may at any time set off any amounts owed to the Debtor by the Secured Party in any capacity against any or all of the Secured Obligations, whether or not then due and whether absolute or contingent.

6.5 Collections. The Secured Party may give notice of the Charges created hereby to any debtors or other Persons under any Receivables or real property leases included in the Charged Property, and may direct such Persons to make payments thereunder to the Secured Party, and may demand and collect payments under, give receipts for, realize, sell, take proceedings to collect, and otherwise deal with such Charged Property, all in such manner, upon such terms and conditions, and at such times, after an Event of Default, as the Secured Party may consider advisable, and with or without notice to the Debtor.

6.6 Investment Property. If the Charged Property includes any Investment Property from time to time the Secured Party may, after an Event of Default, transfer any such Investment Property into its own name or the name of its nominee and exercise as to such Investment Property any of the rights and remedies of the owner or holder thereof, including the right to vote at any meeting at which the holder thereof is entitled to vote.

6.7 Acceleration. Upon the occurrence of an Event of Default the Secured Party may declare any or all of the Secured Obligations to be immediately due and payable.

6.8 Enforcement on Default. Upon the occurrence of an Event of Default the Charges created hereby will immediately become enforceable. To enforce the Charges created hereby the Secured Party may in its absolute discretion exercise any one or more of the following rights and remedies with respect to all or such of the Charged Property as the Secured Party considers appropriate:

(a) appoint by instrument a Receiver with or without bond as the Secured Party may determine, and may from time to time remove such Receiver and appoint another in its place;

(b) immediately and without notice:

  (i) enter upon, occupy (and remain in occupation of until the realization is complete) and use any of the Debtor's places of business and any other premises where Charged Property is or may be kept, and take possession of, use, remove, preserve, protect, disable, maintain, repair and complete the Charged Property, all with power to exclude the Debtor and its agents and employees;

  (ii) enforce the observance and performance by others of their obligations and liabilities in respect of the Charged Property; and

  (iii) exercise any or all of the rights and remedies of the Debtor in respect of the Charged Property;

all in the manner and to the extent the Secured Party may consider reasonable, and without limitation any completion of any Charged Property may be in accordance with existing plans or otherwise as the Secured Party may determine in its absolute discretion;

(c) sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Charged Property, whether by public or private sale or lease or otherwise, in such manner, at such price, and on such terms and conditions (as to deferred payment and otherwise) as the Secured Party may consider reasonable; and

(d) exercise any other rights and remedies hereunder and any other rights and remedies of a secured party or mortgagee under the PPSA, as amended or replaced from time to time, or otherwise at law or in equity.

6.9 Receiver. A Receiver appointed pursuant hereto will be the agent of the Debtor and not of the Secured Party. To the extent permitted by law or to such lesser extent permitted by its appointment the Receiver will have all of the rights, remedies and powers of the Secured Party hereunder and, in addition, will have power to carry on or concur in carrying on all or any part of the business of the Debtor. For these purposes the Receiver may from time to time borrow money and may secure such borrowings and related interest and costs by granting Charges and certificates on the Charged Property in priority to the Charges created hereby.

6.10 Proceeds of Disposition. Subject to applicable law and any Charges ranking in priority to the Charges created hereby, all amounts realized from Charged Property pursuant hereto will be applied as the Secured Party may see fit within the following constraints:

(a) firstly, in or toward payment of all charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred or charged by the Secured Party or Receiver in connection with the exercise by the Secured Party or Receiver of the rights, remedies and powers granted pursuant hereto or otherwise, including the Receiver's remuneration and all amounts properly payable by the Receiver; and

(b) secondly, in or toward payment to the Secured Party of the Secured Obligations.

6.11 Liability of Secured Party and Receiver. Neither the Secured Party nor any Receiver will be liable or accountable for any failure to exercise or for any delay in exercising any of its rights, remedies or powers; nor will the Secured Party or any Receiver be responsible for any debts contracted by it, for damages to Persons or property, or for salaries or non-fulfilment of contracts, during any period when it manages or otherwise deals with Charged Property; nor will the Secured Party be responsible for any misconduct, negligence or failure to act on the part of any Receiver; nor will anything contained herein or any act of the Secured Party or any Receiver render the Secured Party or any Receiver a mortgagee in possession or render them liable to account as a mortgagee in possession or for any loss on realization; nor will the Secured Party or any Receiver be accountable for the proceeds of any disposition until the monies therefor are actually received; nor will the Secured Party or any Receiver be bound to do, observe, perform, or to see to the observance or performance by the Debtor of, any obligation of the Debtor; nor will the Secured Party or any Receiver be obligated to keep Charged Property identifiable; nor will the Secured Party or any Receiver be obligated to take necessary or other steps to preserve rights against other Persons with respect to Investment Property, Instruments or Chattel Paper included in the Charged Property.

6.12 Statutory Waiver. To the fullest extent permitted by law the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statutes which impose any greater obligations upon the Secured Party than those provided for herein or which impose limitations upon the rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statutes. Without limiting the foregoing, the Debtor agrees that *The Land Contracts (Actions) Act* (Saskatchewan) will not apply to any action (as defined in that Act) with respect to, nor will *The Limitation of Civil Rights Act* (Saskatchewan) apply to:

(a) the Charges created hereby or any other Charge securing the payment of money made, given or created by the Debtor;

(b) this Agreement or any other agreement or instrument entered into by the Debtor involving the payment by it of money or its liability to pay money;

(c) any agreement or instrument renewing or extending or collateral to the Charges created hereby or this Agreement or any other Charge, agreement or instrument referred to in subparagraph (a) or (b) above;

(d) the rights, powers or remedies of the Secured Party or any other Person under the Charges created hereby or this Agreement or any other Charge, agreement or instrument referred to in subparagraph (a), (b) or (c) above.

6.13 No Obligation to Advance. None of the preparation, execution, perfection or registration of this Agreement nor the making of any Advance will bind the Secured Party to advance, continue, extend time for payment of, or accept anything which constitutes or would constitute a Secured Obligation, all of which will remain in the absolute discretion of the Secured Party.

6.14 Power of Attorney. The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, as the attorney of the Debtor, with full power of substitution, to execute and deliver under seal or otherwise in the name of the Debtor all documents, and generally to use the name of the Debtor and to do all things, as may be necessary or incidental to the exercise of any of the rights, remedies or powers conferred on the Secured Party or the Receiver, as the case may be, pursuant hereto or otherwise.

6.15 Waiver. The Secured Party may from time to time waive in whole or in part any right, remedy, breach or default under any provision of this Agreement, but any such waiver on any particular occasion will not be deemed to be a waiver of any such right, remedy, breach or default thereafter or of any other right, remedy, breach or default. No waiver will be effective unless in writing and executed by the Secured Party and, without limitation, no failure to exercise or delay in exercising any right or remedy of the Secured Party will operate as a waiver of such right or remedy.

6.16 Additional Security. The Charges created hereby are in addition to and not in substitution for any other Charges now or hereafter held by the Secured Party.

6.17 **Rights Cumulative.** No right, remedy or power of the Secured Party or any Receiver is intended to be exclusive, and each will be in addition to every other right, remedy and power now or hereafter existing whether or not contained herein.

6.18 **Order of Realization.** The Secured Party may realize upon the Charges created hereby and any other present or future Charges in such order as it may consider appropriate, and any such realization will not prevent realization on any other Charges.

7. OTHER AGREEMENTS

7.1 **Amalgamation.** Without limiting the prohibition contained herein against the Debtor amalgamating without the Secured Party's consent, if the Debtor amalgamates with any other corporations the Charges created hereby will extend to Charged Property of each of the amalgamating corporations at the time of the amalgamation and to Charged Property thereafter owned or acquired by the amalgamated corporation, and the Secured Obligations will include all Secured Obligations of the amalgamated corporation.

7.2 **Secured Obligations Absolute.** The obligation of the Debtor to pay, observe, perform and satisfy the Secured Obligations is absolute and unconditional and will not be affected by any circumstance, including any set-off, claim, counterclaim, defence or other right which the Debtor now or hereafter has against the Secured Party or anyone else for any reason whatsoever.

7.3 **Amendment.** This Agreement may only be amended by a document executed by the party against whom enforcement of the amendment is sought.

7.4 **Communication.** No notice, consent or other communication in connection herewith (including legal process) will be effective unless it is in writing and is executed by the party giving the same or the party's authorized agent. Any such communication may be validly given by delivery, mail or fax to the address for the intended party set out on the first page hereof, or a corresponding fax number, or such other address or fax number as the intended party may have given notice of.

7.5 **Assignment.** The Debtor will not assign this Agreement or any of its rights or benefits hereunder.

7.6 **Copies of Agreement and Financing Statements.** The Debtor acknowledges receipt of a copy of this Agreement and waives the right to receive a copy of all present and future Financing Statements and Financing Change Statements filed in connection with the Charges created hereby and all related Verification Statements.

8. INTERPRETATION

8.1 **Governing Law and Attornment.** This Agreement will be governed by the laws in effect in British Columbia. The Debtor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of British Columbia with respect to all matters arising in connection with this Agreement and the Secured Obligations.

8.2 **Joint and Several.** If more than on Person executes this Agreement as the Debtor, all representations, warranties, covenants and agreements of the Debtor will be joint and several, the Secured Obligations will include all those of any one or more such Persons, and the Charged Property will include all Charged Property of any one or more such Persons.

8.3 **Successors.** This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, personal representatives, successors and permitted assigns.

8.4 **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the remaining provisions or the remainder of the impugned provision.

8.5 **Number and Gender.** Unless the context otherwise requires, words importing the singular will include the plural and *vice versa*, and words importing gender will include all genders.

8.6 **Headings.** Headings have been inserted for convenience of reference only and are not to affect interpretation.

8.7 **Entire Agreement.** The Secured Party has not made any representation or agreement or undertaken any obligation in connection with the subject matter of this Agreement other than as specifically set out herein and in any other document executed by the Secured Party.

In witness whereof the Debtor has executed this Agreement under seal, with the intent that it take effect as a deed, at ____________________, British Columbia.

OFFICER SIGNATURE(S)

____

EXECUTION DATE

Y	M	D
11	09	09
11	09	29

BORROWER(S) SIGNATURE(S)

LANDDRILL INTERNATIONAL INC.
by its authorized signatory(ies):

____
Full Name: Ronald D. Gibson, Sr.

____
Full Name: Barry Mawe

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to execution of this instrument.

SCHEDULE A

DEFINED TERMS

"this Agreement", "hereby", "herein", "hereof", "hereto" and **"hereunder"** refer to the whole of this Agreement, including the attachments, all as amended from time to time, and not to any subdivision hereof.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording, evidencing or relating to Charged Property or the Debtor to which the Debtor (or any Person on the Debtor's behalf) has a right of access.

"Charge" means any Security Interest, mortgage, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), assignment, lease, conditional sale or other title retention agreement, trust or other encumbrance of any nature however arising.

"Charged Property" means all property, assets, undertaking and interests now or hereafter subject to the Charges created hereby, and any reference to "Charged Property" will unless otherwise provided be deemed to refer to the Charged Property as a whole or any parts thereof.

"Charged Real Property" means all real property and interests therein now or hereafter subject to the Charges created hereby, and any reference to "Charged Real Property" will unless otherwise provided be deemed to refer to the Charged Real Property as a whole or any parts thereof.

"Consent-Requiring Asset" has the meaning given to it in paragraph 3.2.

"Credit Agreement" means the credit agreement dated the date hereof between the Secured Party as lender, the Debtor as borrower and Landdrill International Ltd., Landdrill International Inc. (Barbados) and Landdrill International Mexico S.A. de C.V. as guarantors, as amended, restated and replaced from time to time.

"Debtor" has the meaning given to in on the first page of this Agreement, and includes any heirs, personal representatives, successors and permitted assigns of the Debtor, as the case may be, whether immediate or derivative.

"Environmental/Hazardous Materials Claims" means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against the Debtor or the Debtor's operations or Business Premises relating to the environment, health, safety or any Wastes/Hazardous Materials.

"Environmental/Hazardous Materials Laws" means laws, bylaws, rules, ordinances, regulations, notices, approvals, orders, licences, permits, standards, guidelines and policies from time to time of any level of government or other authorized agency relating to the environment, health, safety or any Wastes/Hazardous Materials.

"Event of Default" means any event referred to in paragraph 5.1 as constituting an Event of Default.

"including" means including without limitation.

"Mobile Goods" means Goods that are of a type that are normally used in more than one jurisdiction and that are Equipment or are Inventory leased or held for lease by the Debtor to others.

"Permitted Charges" has the meaning given to it in paragraph 4.5.

"Person" means any individual, proprietorship, firm or artificial body, including any corporation, government or instrumentality.

"Personal Property" includes Fixtures.

"PPSA" means the *Personal Property Security Act* (British Columbia) and the regulations made thereunder.

"Receivables" means all debts, claims, demands and choses in action now or hereafter due or owing to or owned by the Debtor wherever situate and all interests therein of every nature and kind.

"Receiver" means a receiver, receiver-manager or receiver and manager of the Debtor or Charged Property, whether appointed by the Secured Party or a court upon the application of the Secured Party.

"Secured Obligations" has the meaning given to it in section 2.

"Secured Party" has the meaning given to in on the first page of this Agreement, and includes any successors or assigns of the Secured Party, whether immediate or derivative.

"Serial Number" means, with respect to a particular Good, the number which is required for a specific registration against the Good under section 12(c) of the *Personal Property Security Regulation;* for example, the Serial Number for a Motor Vehicle is its vehicle identification number, and for a Canadian-registered Boat is its registration/recorded/licence number under the *Canada Shipping Act*, and for a Canadian-registered Aircraft is its Transport Canada registration marks.

"Wastes/Hazardous Materials" means explosives, radioactive materials, asbestos, urea formaldehyde, compounds known as chlorobiphenyls, contaminants, pollutants, corrosive substances, toxic substances, and other wastes or substances the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of which into the environment is likely to immediately or in the future cause harm or degradation to the environment or the Debtor's operations or Business Premises or is prohibited, controlled or licensed under any

Environmental/ Hazardous Materials Laws, including special waste, toxic waste and deleterious substances.

SCHEDULE B

OTHER ITEMS TO BE SET OUT

Serial Numbered Goods

Type	Make (or Manufacturer) and Model	Serial Number (as defined herein)

Other Specified Personal Property

Other Charges (including Title Reservations)

Jurisdictions (Other Than B.C.) and Locations

Other Names

Other Obligors with Rights in Charged Property

GENERAL SECURITY AGREEMENT

This Agreement dated for reference July 29, 2011

executed by:

LANDDRILL INTERNATIONAL LTD. (the "**Debtor**"), having a mailing address at 160 MacNaughton Avenue, Moncton NB E1H 3L9

in favour of:

SPROTT RESOURCE LENDING PARTNERSHIP (the "**Secured Party**"), having a mailing address at suite 1028, 550 Burrard Street, Vancouver, BC V6C 2B5

witnesses that for valuable consideration the Debtor covenants and agrees with the Secured Party as follows:

1. ORGANIZATION OF AGREEMENT

1.1 Organization of Agreement. This Agreement has been organized on the basis of the following sections:

Section	Heading
1	Organization of Agreement
2	Secured Obligations
3	Charged Property; Discharge Provision
4	Representations and Covenants
5	Events of Default
6	Rights, Remedies and Disclaimers
7	Other Agreements
8	Interpretation

1.2 Defined Terms. Unless the context otherwise requires the terms defined in Schedule A will have those defined meanings and terms defined in the PPSA will have those defined meanings unless such terms are otherwise defined herein.

1.3 Conflicts with Credit Agreement. If and to the extent the terms of this Agreement conflict with the terms of the Credit Agreement, the terms of the Credit Agreement will prevail.

2. SECURED OBLIGATIONS

2.1 General. The Charges created hereby secure payment, observance, performance and satisfaction of all present and future debts, liabilities and obligations of the Debtor to the Secured Party (including all Future Advances and re-Advances), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed as principal, guarantor, indemnitor or otherwise, in connection with the credit facility contemplated by the Credit Agreement or in connection with any guarantees, security documents, or other documents referred to therein (including this Agreement), (collectively, the **"Secured Obligations"**).

2.2 **Continuing Security.** The Charges created hereby are general and continuing security for the Secured Obligations and any ultimate unpaid balance thereof, including a current or running account, and the Secured Obligations may be reduced to zero from time to time without affecting the continuing nature of the Charges created hereby as security for Secured Obligations thereafter incurred. No payment, observance, performance or satisfaction of the Secured Obligations, nor any ceasing by the Debtor to be indebted or liable to the Secured Party, will be deemed to be a redemption or discharge of the Charges created hereby.

3. **CHARGED PROPERTY; DISCHARGE PROVISION**

3.1 **Grant.** As security for the Secured Obligations:

(a) the Debtor grants to the Secured Party a Security Interest in, and grants, mortgages and charges to the Secured Party by way of a fixed and specific charge, and absolutely assigns to the Secured Party, all of the Debtor's present and after-acquired Personal Property and rights and interests in Personal Property of every nature and kind and wherever situate, including all Goods (including Equipment and Inventory), Investment Property, Instruments, Chattel Paper, Documents of Title, Money and Intangibles in which the Debtor now or hereafter has a right or interest (whether leasehold or otherwise), and including any Personal Property described in Schedule B, and all Proceeds that are Goods, Investment Property, Instruments, Chattel Paper, Documents of Title, Money or Intangibles; and

(b) the Debtor grants, mortgages and charges to the Secured Party by way of a floating charge all of the Debtor's property, assets and undertaking, both present and future, of every nature and kind and wherever situate, other than Personal Property that is validly and effectively subject to the Charges created by subparagraph (a) above, including all goodwill, uncalled capital, and real property and interests therein, whether freehold, leasehold or otherwise, including all buildings, structures, fixtures and improvements and all easements, rights of way, privileges, benefits, licences, profits and similar rights, whether connected with or appurtenant to such property or otherwise.

3.2 **Exclusions; Deferral.** The Charged Property and the Charges created hereby are subject to the following:

(a) the last day of the term of any lease of Charged Real Property is excluded, but the Debtor will stand possessed of such last day in trust to dispose of as the Secured Party may direct; and

(b) with respect to each lease, licence, quota, permit or other agreement, and each share or other Security, that the Debtor has an interest in and that requires the consent or approval of another party thereto for the creation of an assignment or Charge thereof or therein (each, a "Consent-Requiring Asset"), those of the Charges created hereby that require such consent or approval in order for such Charges to be effective will not become effective against such Consent-Requiring Asset until all such consents or approvals with respect thereto that are required for such Charges to be effective have been obtained or until such other assurances as may be acceptable to the Secured Party have been received or until the Secured Party has determined (following an Event of Default) that this deferral will not apply with respect thereto, but notwithstanding such deferral the Debtor will not amend, terminate or dispose of its interest in such Consent-Requiring Asset (including by way of Charge) except as the Secured Party may direct; and

(c) the assignment provided for in section 3.1(a) will not apply to (but the other security interests created hereby will apply to) any intellectual property now or hereafter included in the Charged Property.

3.3 **Attachment.** The Debtor acknowledges that Value has been given and that the parties have not agreed to postpone the time for attachment of the Charges created hereby except as provided in the preceding paragraph.

3.4 **Discharge.** Following full payment, observance, performance and satisfaction of the Secured Obligations (or the provision of alternate security for the Secured Obligations to the satisfaction of the Secured Party in its absolute discretion), the Debtor will be entitled to a discharge of the Charges created hereby if the Debtor gives and the Secured Party receives, prior to any other Secured Obligations arising, a written request for a discharge of this Agreement. No discharge will be effective unless it is in writing and is executed by the Secured Party.

4. REPRESENTATIONS AND COVENANTS

4.1 **General.** The Debtor represents and warrants to the Secured Party that each statement made in this Agreement is true, complete and accurate. No investigation by the Secured Party will diminish its right to rely on such statements, all of which will survive until the Secured Party has discharged this Agreement. The Debtor will strictly observe and perform each of its agreements set out herein **except to the extent the Secured Party may from time to time in its absolute discretion, by prior written notice, consent or agree otherwise or waive such compliance.**

4.2 **Authority to Charge.** The Debtor has good right, full power and lawful authority to enter into this Agreement and to create the Charges provided for herein, and all necessary resolutions have been passed and all other necessary steps have been taken to authorize the execution and delivery of this Agreement and to make the Charges provided for herein effective.

4.3 **Promise to Pay.** The Debtor will pay, observe, perform and satisfy all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied.

4.4 **Title and Adverse Claims.** All assets in the possession of the Debtor or used in the business of the Debtor are, and all other existing Charged Property is, legally and beneficially owned by the Debtor except as disclosed in **Schedule B** or in the Credit Agreement. The Debtor will defend the Charged Property for the benefit of the Secured Party against the claims and demands of all Persons. The Debtor will immediately notify the Secured Party of any claim, litigation or contemplated expropriation affecting the Debtor or any of the Charged Property.

4.5 **Charges.** All of the Charged Property is free and clear of all Charges other than the Charges created hereby except as disclosed in **Schedule B** or in the Credit Agreement. The Debtor will not create, assume or permit the existence of any Charge affecting any of the Charged Property except the Debtor may create and permit (but the Secured Party does not grant priority to) the following Charges (collectively, "**Permitted Charges**"):

(a) Charges in favour of the Secured Party;

(b) Charges approved in writing by the Secured Party prior to their creation or assumption; and

(c) Purchase Money Security Interests in Goods acquired for the purpose of carrying on the Debtor's business, provided the Debtor immediately gives notice of the Purchase Money Security Interest to the Secured Party.

Without limiting the above prohibition the Debtor will, upon written request by the Secured Party, immediately pay all obligations, whether or not due, under all Charges prohibited hereby and will cause the same to be discharged immediately. With respect to Permitted Charges, the Debtor will pay all moneys payable thereunder when due and will promptly observe and perform all of its other obligations thereunder.

4.6 **Dispositions.** The Debtor will not sell, lease, assign, release, surrender or otherwise dispose of or part with possession of Charged Property or agree to do so, except the Debtor may, in the ordinary course of the Debtor's business, and provided there is not an existing Event of Default nor an event which might become an Event of Default with the passage of time or the giving of notice or both, process and, for New Value, sell, lease and otherwise deal with its inventory (as such term is generally used for accounting purposes)and sell and otherwise for value dispose of immaterial Equipment which has become worn out, obsolete or substantially damaged, provided the Debtor immediately substitutes therefor Equipment of equal or greater value free from all Charges other than the Charges created hereby.

4.7 **Trust.** The Debtor will hold all Receivables included in the Charged Property, and all payments and Proceeds thereof, separate and in trust for the Secured Party, and upon request following an Event of Default will forward to the Secured Party all such payments and Proceeds.

4.8 **Distributions.** The Debtor will not declare or pay any dividend on, or make any other distribution in respect of, any shares in the capital stock of the Debtor.

4.9 **Shareholder Loans.** The Debtor will not repay any loan from any shareholder in whole or in part or pay any interest, bonus or other sum in respect of any such loan.

4.10 **Financial Assistance.** The Debtor will not lend to, invest in, guarantee or otherwise become liable for obligations of, or otherwise provide financial assistance to, any Person.

4.11 **Additional Indebtedness.** The Debtor will not incur additional debt other than in the ordinary course of business.

4.12 **Jurisdictions and Locations.** The Debtor has its chief executive office in New Brunswick and will not allow its chief executive office to be in any other jurisdiction except upon 15 days' prior written notice to the Secured Party. All of the Charged Property and all of the Debtor's places of business are, and for the past 60 days have been, situate in New Brunswick or in any other jurisdictions disclosed in **Schedule B**. The Debtor will keep all Charged Property at, or in the case of Mobile Goods will keep such Goods based at, the locations disclosed in **Schedule B** or at any other locations, within New Brunswick or any other jurisdictions disclosed in **Schedule B**, that the Debtor may hereafter give the Secured Party prior notice of, and the Debtor will maintain places of business at those locations only. The Debtor will not permit Mobile Goods to be based in any jurisdiction other than New Brunswick and any other jurisdictions disclosed in **Schedule B.**

4.13 **Taxes.** The Debtor will pay when due all taxes, rates, levies, assessments and other charges of every nature which may be imposed against or in respect of the Debtor or any of the Charged Property, provided that the Debtor may refrain from paying such charges if and for so long as the Debtor diligently and in good faith contests the charges and gives to the Secured Party such security as the Secured Party may in its absolute discretion require.

4.14 **Insurance.** With respect to insurance:

(a) the Debtor will keep all of the Charged Property that is of an insurable nature insured for full replacement value against loss or damage by fire (with extended perils coverage), theft, other risks as are customarily insured against for similar property, and such other risks as the Secured Party may reasonably require;

(b) all such insurance will be with insurers acceptable to the Secured Party, and will contain a standard mortgage clause in favour of the Secured Party as its interest may appear in a form approved by the Insurance Bureau of Canada;

(c) the Debtor assigns to the Secured Party the proceeds of all insurance required hereby and upon request will do everything necessary to enable the Secured Party to obtain the insurance proceeds, and if any such proceeds are or become payable the Secured Party may apply the same on account of the Secured Obligations, whether or not then due, and the Debtor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner;

(d) the Debtor will maintain public liability insurance in amounts and with insurers acceptable to the Secured Party and, if the Secured Party requests, with the Secured Party as an additional insured;

(e) the Debtor will pay when due all premiums in connection with all insurance required hereby, and will provide to the Secured Party insurance certificates evidencing all such insurance and certified copies of the applicable policies, and will provide the Secured Party with evidence of renewal or replacement insurance at least 10 days before any policy expires or is terminated; and

(f) if any insurance obtained is unacceptable to the Secured Party, the Secured Party may require the Debtor to obtain new insurance approved by the Secured Party.

4.15 Maintenance, Damage and Use. The Debtor will keep all of the Charged Property in good condition and repair, and will make all repairs requested by the Secured Party. The Debtor will give the Secured Party immediate written notice of any material loss or destruction of or damage to any of the Charged Property. The Debtor will not permit any of the Charged Property to be used in violation of any present or future insurance policy. The Debtor will comply with all present and future laws, by-laws, rules, regulations, ordinances, orders and directions of any governmental, municipal or civic authority or agency with respect to the Charged Property.

4.16 Marking Charged Property. Upon request the Debtor will mark and otherwise take appropriate steps to indicate that the Charged Property is subject to the Charges created hereby.

4.17 Environment/Hazardous Materials. All of the Charged Real Property and the Debtor's operations and places of business are and will be kept in compliance with all Environmental/Hazardous Materials Laws. No contaminated site designation, remediation order or other enforcement action in respect of any Environmental/Hazardous Materials Laws is pending or contemplated, nor has in the past been made or taken, in respect of any of the Charged Real Property or the Debtor's operations or places of business. No Wastes/Hazardous Materials have at any time been transported to or from any of the Charged Real Property or the Debtor's places of business, or used, generated, manufactured or disposed of on, under or about any such property or places, or leaked, spilled, discharged, emitted or released therefrom or from any nearby property; and the Debtor will not permit any such activity with respect thereto except in compliance with all Environmental/Hazardous Materials Laws. Upon request from time to time the Debtor will promptly submit to the Secured Party a comprehensive report regarding the foregoing matters prepared by a consultant approved by the Secured Party. The Debtor has provided the Secured Party with copies of all communications from or to all levels of government and other authorized agencies relating to any Environmental/Hazardous Materials Laws and all communications from or to any Person relating to an Environmental/Hazardous Materials Claim in connection with any of the Charged Real Property or the Debtor's operations or places of business, and upon receipt or sending of any such communications in the future will immediately provide copies of the same to the Secured Party.

4.18 Wastes/Hazardous Materials Indemnity. The Debtor will protect, indemnify and hold harmless the Secured Party, and any Receiver, and all direct and indirect successors and assigns of the Secured Party or the Secured Party's interest in any of the Charged Property or the Debtor's places of business, and all directors, officers, employees and agents thereof, from and against all actual, potential or future claims, liabilities, losses, fines, penalties, judgments, awards and expenses (including legal costs, investigation costs, the costs of removal, treatment, storage and disposal of any Wastes/Hazardous Materials, and other costs of remediation) which relate in any way, directly or indirectly, to the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of any Wastes/Hazardous Materials in, on, under or about the Charged Real Property or the Debtor's operations or places of business, or the escape, seepage, leakage, spillage, discharge, emission or release of any Wastes/Hazardous Materials therefrom or from any nearby property into, on or under any land, the atmosphere or any watercourse, body of water, or wetland. The Debtor will pay to the indemnified parties on demand all amounts payable under this paragraph as determined by the indemnified parties from time to time. The Debtor's liability to the indemnified parties will arise upon the earlier of the discovery of any Wastes/Hazardous Materials, and the institution of any Environmental/Hazardous Materials Claims, and will not be dependent upon the realization of any loss or damage or the determination of any liability. This indemnity and the Debtor's liability hereunder will survive after this Agreement and the Charges created hereby have been discharged, but only insofar as such liability is in connection with Wastes/Hazardous Materials that were in, on, under or about the Charged Real Property or the Debtor's places of business, or that escaped, seeped or leaked or were discharged, emitted or released therefrom or from nearby property, or that were used in connection with the Debtor's operations, prior to this Agreement being discharged.

4.19 Serial Numbered Goods. The type, make (or manufacturer), model and Serial Number of each Motor Vehicle, Trailer, Manufactured Home, Boat, outboard motor and Aircraft included in the Charged Property and which is not Inventory is set out in **Schedule B.** Upon the Debtor's acquisition of rights in additional Serial Numbered Goods which are not Inventory, or upon repossession by or return to the Debtor of any such Goods, the Debtor will immediately give written notice to the Secured Party of full particulars of the same.

4.20 Fixtures, Accessions and Commingled Goods. None of the Charged Property is nor will the Debtor permit Charged Property to become:

(a) a Fixture unless the Fixture is described in Schedule B so that it can be readily identified and is affixed or attached to Charged Real Property described in Schedule B (or in the Credit Agreement) that is either owned by the Debtor free and clear of all Charges (other than those in favour of the Secured Party) or that is leased to the Debtor on terms acceptable to the Secured Party (including with non-disturbance agreements and other agreements acceptable to the Secured Party from the landlord and its mortgagees); or

(b) an Accession to or part of other property unless the other property is Charged Property owned by the Debtor free and clear of all Charges other than those in favour of the Secured Party.

4.21 Consent-Requiring Assets. The Debtor has obtained every consent and approval required with respect to each Consent-Requiring Asset in which the Debtor has an interest, and upon acquiring an interest in any other Consent-Requiring Asset the Debtor will immediately use best efforts to obtain all consents and approvals required for such asset to be subject to the Charges created hereby.

4.22 Intangibles, Instruments and Chattel Paper. With respect to all Intangibles, Instruments and Chattel Paper included in the Charged Property (including Receivables and contracts):

(a) all such Charged Property is enforceable against the party obligated to pay or otherwise perform thereunder, and any amount represented by the Debtor to the Secured Party as owing by each such party thereunder is the correct amount actually and unconditionally owing by such party thereunder, except for the normal cash discounts where applicable and a reasonable reserve for bad debts, and no such third party has any defence, set-off, claim or counterclaim against the Debtor which can be asserted against the Secured Party, and no such party is in default or involved in a dispute thereunder, and the Debtor will give the Secured Party immediate written notice of any such unenforceability, defence, set-off, claim, counterclaim, default or dispute that may be material;

(b) the Debtor will not, except in good faith in the ordinary course of business, collect or accept any payment in respect of any such Charged Property or amend, terminate or accept the surrender of any such Charged Property, or give any consent, concession or waiver in connection with or exercise any option permitted by any provision of any such Charged Property; and

(c) the Debtor will observe and perform all of the obligations imposed upon the Debtor by or in respect of any such Charged Property and will maintain the same in good standing.

4.23 Negotiable Property. Upon request from time to time the Debtor will immediately deliver to the Secured Party all Chattel Paper, Investment Property, Instruments, and Documents of Title included in the Charged Property, and where applicable will duly endorse the same for transfer in blank as the Secured Party may direct.

4.24 Legal and Trade Names. Each name of the Debtor (including its name in any French or combined English-French form) is set out on the first page hereof, and the Debtor has not had, used, or carried on business under, and will not at any time have, use or carry on business under, any other name (including any French or combined English-French form) except as disclosed in **Schedule B** or upon giving 15 days' prior written notice to the Secured Party.

4.25 Other Obligors. If any Person other than the Debtor is an Other Obligor, no such Person also has rights in Charged Property except as disclosed in **Schedule B**.

4.26 Conduct of Business and Records. The Debtor will conduct its business in a proper and efficient manner so as to protect and preserve the Charged Property. The Debtor will

keep complete and accurate records of the Charged Property as well as proper books of account for its business.

4.27 Information and Inspection. The Debtor will from time to time immediately deliver to the Secured Party all information requested by the Secured Party relating to Charged Property and the Debtor's financial or business affairs. All such information will be prepared by a qualified accountant in accordance with generally accepted accounting principles applied consistently from year to year, and if requested by the Secured Party will be audited at the expense of the Debtor. The Secured Party may from time to time inspect Charged Property and Books and Records wherever located and for that purpose the Secured Party will have access without charge to the Debtor's places of business, and to all other places where Charged Property is or may be kept, and to all mechanical or electronic equipment and processes where any Charged Property or Books and Records may be kept or from which any of the same may be retrieved, and the Debtor will render all necessary assistance. The Debtor authorizes any Person holding any Books and Records to make the same available in a readable form to the Secured Party upon request by the Secured Party.

4.28 Amalgamations. The Debtor will not permit any corporation to wind-up into or amalgamate or enter into a similar arrangement with the Debtor.

4.29 Further Assurances. Upon the Secured Party's request from time to time the Debtor will execute and deliver such further documents (including registrable fixed and specific Charges on such of the Charged Property as the Secured Party may request) and do such other acts as the Secured Party requires in order to give effect to the intent of this Agreement or to confirm, create, perfect or maintain perfection of the Charges provided for herein.

4.30 Charges and Expenses. The Debtor will pay on demand, whether or not any Advance is made, all reasonable charges and expenses, including legal costs on a solicitor and his own client basis, which may be incurred or charged by or on behalf of the Secured Party or any Receiver in connection with:

(a) preparing, negotiating, interpreting, amending, registering, renewing or discharging this Agreement or any related registration;

(b) establishing or confirming the priority of the Charges created hereby;

(c) complying with a demand by any Person purporting to be entitled under the PPSA to a copy of this Agreement or any related information; and

(d) exercising and enforcing rights, remedies and powers under this Agreement or otherwise in relation to any of the Secured Obligations (including correcting any non-compliance by the Debtor, and inspecting, preserving, maintaining, repairing, completing, repossessing, preparing for disposition, disposing of, collecting payments under, borrowing on the security of, and otherwise realizing on the Charged Property, and carrying on the Debtor's business, and taking proceedings in relation to this Agreement or by reason of non-payment of or to procure payment of any of the Secured Obligations).

The Debtor will on demand pay interest on all such amounts at the highest rate then applicable to any of the Secured Obligations.

4.31 **Liability for Deficiency.** If the amounts realized pursuant hereto are insufficient to pay the Secured Obligations in full, the Debtor will immediately pay the deficiency to the Secured Party.

5. EVENTS OF DEFAULT

5.1 **General.** The occurrence of any of the following events will constitute an Event of Default:

(a) the Debtor fails to observe or perform any covenant, agreement, condition or obligation in favour of the Secured Party, whether or not herein contained, including a failure to pay any of the Secured Obligations when due, and such failure (if curable) is not remedied within 10 days after notice;

(b) any representation, warranty or statement made by or on behalf of the Debtor or any officer or director thereof to the Secured Party, whether or not herein contained, proves to have been incorrect as of the date made;

(c) the Debtor is in default under any other document in favour of the Secured Party or is in default under any other Charge on any of the Charged Property and any applicable grace period has expired;

(d) there is a direct or indirect change in effective control of the Debtor (if a corporation) or there is a dissolution of or change in the membership of the Debtor (if a partnership) or the Debtor dies or is declared incompetent (if an individual);

(e) the holder of any Charge on or claim against any Charged Property does anything to enforce or realize on such Charge or claim, or any execution, sequestration, or other process becomes enforceable against the Debtor, or a distress, seizure or similar process is levied upon or exercised against any -Charged Property, and such event is not immediately contested by the Debtor and in any event stayed, quashed or rescinded within 30 days;

(f) any Charged Property is lost, destroyed or substantially damaged without being insured as required hereby, is expropriated or is designated or considered for designation as a contaminated site;

(g) the Debtor ceases or threatens to cease to carry on business or any part thereof, or commits or threatens to commit an act of bankruptcy;

(h) a receiver, receiver manager, trustee or similar official of any Charged Property is appointed;

(i) the Debtor becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or a petition is filed, an order is made, a resolution is passed, or any other step is taken for the bankruptcy, liquidation, dissolution, winding-up or reorganization of the Debtor or for any arrangement or composition of its debts; or

(j) the Secured Party believes in good faith and upon commercially reasonable grounds that the prospect of payment or performance of any of the Secured Obligations is or is about to be impaired or that Charged Property is or is about to be placed in jeopardy.

5.2 **Floating Charge.** The floating charge created hereby will not become a fixed charge until, but will become a fixed charge immediately upon, the earlier of the occurrence of an Event of Default referred to in paragraph 5.1(g), (h) or (i) and the declaration by the Secured Party of any other Event of Default.

6. RIGHTS, REMEDIES AND DISCLAIMERS

6.1 **Correct Non-Compliance.** If the Debtor fails to perform any of its obligations hereunder or fails upon request to give the Secured Party proof thereof, the Secured Party may (but will not be obligated to) perform any or all of such obligations or cause them to be performed without prejudice to the other rights and remedies of the Secured Party.

6.2 **Indulgences.** The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges, refrain from perfecting or maintaining perfection of Charges, and otherwise deal with the Debtor, debtors of the Debtor, sureties and other Persons and with the Charged Property and other security, all as the Secured Party may see fit in its absolute discretion and without prejudice to the liability of the Debtor or the rights or remedies of the Secured Party.

6.3 **Allocation of Payments and Increases.** All payments made in respect of the Secured Obligations from time to time, and any monies realized from any security held therefor, may be applied to such parts of the Secured Obligations (whether or not then due) as the Secured Party may see fit or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, and the Secured Party may from time to time revoke or alter such application or holding, all in the absolute discretion of the Secured Party and without prejudice to the liability of the Debtor or the rights or remedies of the Secured Party. The Secured Party may also hold as additional security any increases or profits (including dividends) in respect of Charged Property.

6.4 **Set-Off.** Whenever any or all of the Secured Obligations are immediately due and payable or the Secured Party has the right to declare the same to be immediately due and payable (whether or not it has so declared), the Secured Party may at any time set off any amounts owed to the Debtor by the Secured Party in any capacity against any or all of the Secured Obligations, whether or not then due and whether absolute or contingent.

6.5 Collections. The Secured Party may give notice of the Charges created hereby to any debtors or other Persons under any Receivables or real property leases included in the Charged Property, and may direct such Persons to make payments thereunder to the Secured Party, and may demand and collect payments under, give receipts for, realize, sell, take proceedings to collect, and otherwise deal with such Charged Property, all in such manner, upon such terms and conditions, and at such times, after an Event of Default, as the Secured Party may consider advisable, and with or without notice to the Debtor.

6.6 Investment Property. If the Charged Property includes any Investment Property from time to time the Secured Party may, after an Event of Default, transfer any such Investment Property into its own name or the name of its nominee and exercise as to such Investment Property any of the rights and remedies of the owner or holder thereof, including the right to vote at any meeting at which the holder thereof is entitled to vote.

6.7 Acceleration. Upon the occurrence of an Event of Default the Secured Party may declare any or all of the Secured Obligations to be immediately due and payable.

6.8 Enforcement on Default. Upon the occurrence of an Event of Default the Charges created hereby will immediately become enforceable. To enforce the Charges created hereby the Secured Party may in its absolute discretion exercise any one or more of the following rights and remedies with respect to all or such of the Charged Property as the Secured Party considers appropriate:

(a) appoint by instrument a Receiver with or without bond as the Secured Party may determine, and may from time to time remove such Receiver and appoint another in its place;

(b) immediately and without notice:

(i) enter upon, occupy (and remain in occupation of until the realization is complete) and use any of the Debtor's places of business and any other premises where Charged Property is or may be kept, and take possession of, use, remove, preserve, protect, disable, maintain, repair and complete the Charged Property, all with power to exclude the Debtor and its agents and employees;

(ii) enforce the observance and performance by others of their obligations and liabilities in respect of the Charged Property; and

(iii) exercise any or all of the rights and remedies of the Debtor in respect of the Charged Property;

all in the manner and to the extent the Secured Party may consider reasonable, and without limitation any completion of any Charged Property may be in accordance with existing plans or otherwise as the Secured Party may determine in its absolute discretion;

(c) sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Charged Property, whether by public or private sale or lease or otherwise, in such manner, at such price, and on such terms and conditions (as to deferred payment and otherwise) as the Secured Party may consider reasonable; and

(d) exercise any other rights and remedies hereunder and any other rights and remedies of a secured party or mortgagee under the PPSA, as amended or replaced from time to time, or otherwise at law or in equity.

6.9 **Receiver.** A Receiver appointed pursuant hereto will be the agent of the Debtor and not of the Secured Party. To the extent permitted by law or to such lesser extent permitted by its appointment the Receiver will have all of the rights, remedies and powers of the Secured Party hereunder and, in addition, will have power to carry on or concur in carrying on all or any part of the business of the Debtor. For these purposes the Receiver may from time to time borrow money and may secure such borrowings and related interest and costs by granting Charges and certificates on the Charged Property in priority to the Charges created hereby.

6.10 **Proceeds of Disposition.** Subject to applicable law and any Charges ranking in priority to the Charges created hereby, all amounts realized from Charged Property pursuant hereto will be applied as the Secured Party may see fit within the following constraints:

(a) firstly, in or toward payment of all charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred or charged by the Secured Party or Receiver in connection with the exercise by the Secured Party or Receiver of the rights, remedies and powers granted pursuant hereto or otherwise, including the Receiver's remuneration and all amounts properly payable by the Receiver; and

(b) secondly, in or toward payment to the Secured Party of the Secured Obligations.

6.11 **Liability of Secured Party and Receiver.** Neither the Secured Party nor any Receiver will be liable or accountable for any failure to exercise or for any delay in exercising any of its rights, remedies or powers; nor will the Secured Party or any Receiver be responsible for any debts contracted by it, for damages to Persons or property, or for salaries or non-fulfilment of contracts, during any period when it manages or otherwise deals with Charged Property; nor will the Secured Party be responsible for any misconduct, negligence or failure to act on the part of any Receiver; nor will anything contained herein or any act of the Secured Party or any Receiver render the Secured Party or any Receiver a mortgagee in possession or render them liable to account as a mortgagee in possession or for any loss on realization; nor will the Secured Party or any Receiver be accountable for the proceeds of any disposition until the monies therefor are actually received; nor will the Secured Party or any Receiver be bound to do, observe, perform, or to see to the observance or performance by the Debtor of, any obligation of the Debtor; nor will the Secured Party or any Receiver be obligated to keep Charged Property identifiable; nor will the Secured Party or any Receiver be obligated to take necessary or other steps to preserve rights against other Persons with respect to Investment Property, Instruments or Chattel Paper included in the Charged Property.

6.12 **Statutory Waiver.** To the fullest extent permitted by law the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statutes which impose any greater obligations upon the Secured Party than those provided for herein or which impose limitations upon the rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statutes. Without limiting the foregoing, the Debtor agrees that *The Land Contracts (Actions) Act* (Saskatchewan) will not apply to any action (as defined in that Act) with respect to, nor will *The Limitation of Civil Rights Act* (Saskatchewan) apply to:

(a) the Charges created hereby or any other Charge securing the payment of money made, given or created by the Debtor;

(b) this Agreement or any other agreement or instrument entered into by the Debtor involving the payment by it of money or its liability to pay money;

(c) any agreement or instrument renewing or extending or collateral to the Charges created hereby or this Agreement or any other Charge, agreement or instrument referred to in subparagraph (a) or (b) above;

(d) the rights, powers or remedies of the Secured Party or any other Person under the Charges created hereby or this Agreement or any other Charge, agreement or instrument referred to in subparagraph (a), (b) or (c) above.

6.13 **No Obligation to Advance.** None of the preparation, execution, perfection or registration of this Agreement nor the making of any Advance will bind the Secured Party to advance, continue, extend time for payment of, or accept anything which constitutes or would constitute a Secured Obligation, all of which will remain in the absolute discretion of the Secured Party.

6.14 **Power of Attorney.** The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, as the attorney of the Debtor, with full power of substitution, to execute and deliver under seal or otherwise in the name of the Debtor all documents, and generally to use the name of the Debtor and to do all things, as may be necessary or incidental to the exercise of any of the rights, remedies or powers conferred on the Secured Party or the Receiver, as the case may be, pursuant hereto or otherwise.

6.15 **Waiver.** The Secured Party may from time to time waive in whole or in part any right, remedy, breach or default under any provision of this Agreement, but any such waiver on any particular occasion will not be deemed to be a waiver of any such right, remedy, breach or default thereafter or of any other right, remedy, breach or default. No waiver will be effective unless in writing and executed by the Secured Party and, without limitation, no failure to exercise or delay in exercising any right or remedy of the Secured Party will operate as a waiver of such right or remedy.

6.16 **Additional Security.** The Charges created hereby are in addition to and not in substitution for any other Charges now or hereafter held by the Secured Party.

6.17 Rights Cumulative. No right, remedy or power of the Secured Party or any Receiver is intended to be exclusive, and each will be in addition to every other right, remedy and power now or hereafter existing whether or not contained herein.

6.18 Order of Realization. The Secured Party may realize upon the Charges created hereby and any other present or future Charges in such order as it may consider appropriate, and any such realization will not prevent realization on any other Charges.

7. OTHER AGREEMENTS

7.1 Amalgamation. Without limiting the prohibition contained herein against the Debtor amalgamating without the Secured Party's consent, if the Debtor amalgamates with any other corporations the Charges created hereby will extend to Charged Property of each of the amalgamating corporations at the time of the amalgamation and to Charged Property thereafter owned or acquired by the amalgamated corporation, and the Secured Obligations will include all Secured Obligations of the amalgamated corporation.

7.2 Secured Obligations Absolute. The obligation of the Debtor to pay, observe, perform and satisfy the Secured Obligations is absolute and unconditional and will not be affected by any circumstance, including any set-off, claim, counterclaim, defence or other right which the Debtor now or hereafter has against the Secured Party or anyone else for any reason whatsoever.

7.3 Amendment. This Agreement may only be amended by a document executed by the party against whom enforcement of the amendment is sought.

7.4 Communication. No notice, consent or other communication in connection herewith (including legal process) will be effective unless it is in writing and is executed by the party giving the same or the party's authorized agent. Any such communication may be validly given by delivery, mail or fax to the address for the intended party set out on the first page hereof, or a corresponding fax number, or such other address or fax number as the intended party may have given notice of.

7.5 Assignment. The Debtor will not assign this Agreement or any of its rights or benefits hereunder.

7.6 Copies of Agreement and Financing Statements. The Debtor acknowledges receipt of a copy of this Agreement and waives the right to receive a copy of all present and future Financing Statements and Financing Change Statements filed in connection with the Charges created hereby and all related Verification Statements.

8. INTERPRETATION

8.1 Governing Law and Attornment. This Agreement will be governed by the laws in effect in British Columbia. The Debtor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of British Columbia with respect to all matters arising in connection with this Agreement and the Secured Obligations.

8.2 **Joint and Several.** If more than on Person executes this Agreement as the Debtor, all representations, warranties, covenants and agreements of the Debtor will be joint and serveral, the Secured Obligations will include all those of any one or more such Persons, and the Charged Property will include all Charged Property of any one or more such Persons.

8.3 **Successors.** This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, personal representatives, successors and permitted assigns.

8.4 **Severability.** The invalidity or unenforceability of any provision of this Agreement will not affect the remaining provisions or the remainder of the impugned provision.

8.5 **Number and Gender.** Unless the context otherwise requires, words importing the singular will include the plural and *vice versa*, and words importing gender will include all genders.

8.6 **Headings.** Headings have been inserted for convenience of reference only and are not to affect interpretation.

8.7 **Entire Agreement.** The Secured Party has not made any representation or agreement or undertaken any obligation in connection with the subject matter of this Agreement other than as specifically set out herein and in any other document executed by the Secured Party.

In witness whereof the Debtor has executed this Agreement under seal, with the intent that it take effect as a deed, at MONCTON, ~~British Columbia~~. NEW BRUNSWICK

OFFICER SIGNATURE(S)

EXECUTION DATE

Y	M	D
11	09	29
11	09	29

BORROWER(S) SIGNATURE(S)

LANDDRILL INTERNATIONAL LTD.
by its authorized signatory(ies):

Full Name: DONALD J GOSMAN

Full Name: BRIAN MAHER

OFFICER CERTIFICATION:
Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to execution of this instrument.

SCHEDULE A

DEFINED TERMS

"this Agreement", **"hereby"**, **"herein"**, **"hereof"**, **"hereto"** and **"hereunder"** refer to the whole of this Agreement, including the attachments, all as amended from time to time, and not to any subdivision hereof.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording, evidencing or relating to Charged Property or the Debtor to which the Debtor (or any Person on the Debtor's behalf) has a right of access.

"Charge" means any Security Interest, mortgage, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), assignment, lease, conditional sale or other title retention agreement, trust or other encumbrance of any nature however arising.

"Charged Property" means all property, assets, undertaking and interests now or hereafter subject to the Charges created hereby, and any reference to "Charged Property" will unless otherwise provided be deemed to refer to the Charged Property as a whole or any parts thereof.

"Charged Real Property" means all real property and interests therein now or hereafter subject to the Charges created hereby, and any reference to "Charged Real Property" will unless otherwise provided be deemed to refer to the Charged Real Property as a whole or any parts thereof.

"Consent-Requiring Asset" has the meaning given to it in paragraph 3.2.

"Credit Agreement" means the credit agreement dated the date hereof between the Secured Party as lender, Landdrill International Inc. as borrower and the Debtor, Landdrill International Inc. (Barbados) and Landdrill International Mexico S.A. de C.V. as guarantors, as amended, restated and replaced from time to time.

"Debtor" has the meaning given to in on the first page of this Agreement, and includes any heirs, personal representatives, successors and permitted assigns of the Debtor, as the case may be, whether immediate or derivative.

"Environmental/Hazardous Materials Claims" means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against the Debtor or the Debtor's operations or Business Premises relating to the environment, health, safety or any Wastes/Hazardous Materials.

"Environmental/Hazardous Materials Laws" means laws, bylaws, rules, ordinances, regulations, notices, approvals, orders, licences, permits, standards, guidelines and policies from time to time of any level of government or other authorized agency relating to the environment, health, safety or any Wastes/Hazardous Materials.

"Event of Default" means any event referred to in paragraph 5.1 as constituting an Event of Default.

"including" means including without limitation.

"Mobile Goods" means Goods that are of a type that are normally used in more than one jurisdiction and that are Equipment or are Inventory leased or held for lease by the Debtor to others.

"Permitted Charges" has the meaning given to it in paragraph 4.5.

"Person" means any individual, proprietorship, firm or artificial body, including any corporation, government or instrumentality.

"Personal Property" includes Fixtures.

"PPSA" means the *Personal Property Security Act* (British Columbia) and the regulations made thereunder.

"Receivables" means all debts, claims, demands and choses in action now or hereafter due or owing to or owned by the Debtor wherever situate and all interests therein of every nature and kind.

"Receiver" means a receiver, receiver-manager or receiver and manager of the Debtor or Charged Property, whether appointed by the Secured Party or a court upon the application of the Secured Party.

"Secured Obligations" has the meaning given to it in section 2.

"Secured Party" has the meaning given to in on the first page of this Agreement, and includes any successors or assigns of the Secured Party, whether immediate or derivative.

"Serial Number" means, with respect to a particular Good, the number which is required for a specific registration against the Good under section 12(c) of the *Personal Property Security Regulation;* for example, the Serial Number for a Motor Vehicle is its vehicle identification number, and for a Canadian-registered Boat is its registration/recorded/licence number under the *Canada Shipping Act,* and for a Canadian-registered Aircraft is its Transport Canada registration marks.

"Wastes/Hazardous Materials" means explosives, radioactive materials, asbestos, urea formaldehyde, compounds known as chlorobiphenyls, contaminants, pollutants, corrosive substances, toxic substances, and other wastes or substances the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of which into the environment is likely to immediately or in the future cause harm or degradation to the environment or the Debtor's operations or Business Premises or is prohibited, controlled or licensed under any Environmental/ Hazardous Materials Laws, including special waste, toxic waste and deleterious substances.

SCHEDULE B

OTHER ITEMS TO BE SET OUT

Serial Numbered Goods

Type	Make (or Manufacturer) and Model	Serial Number (as defined herein)

Other Specified Personal Property

Jurisdictions (Other Than B.C.) and Locations

Other Names

Other Obligors with Rights in Charged Property

GENERAL SECURITY AGREEMENT

This Agreement dated for reference July 29, 2011

executed by:

LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. (the "**Debtor**"), having a mailing address at Av. Principal No. 103, Bodega 6, Colonia Esperanza, C.P. 82180, Mazatlan, Sinaloa, Mexico;

in favour of:

SPROTT RESOURCE LENDING PARTNERSHIP (the "**Secured Party**"), having a mailing address at suite 1028, 550 Burrard Street, Vancouver, BC V6C 2B5

witnesses that for valuable consideration the Debtor covenants and agrees with the Secured Party as follows:

1. ORGANIZATION OF AGREEMENT

1.1 **Organization of Agreement.** This Agreement has been organized on the basis of the following sections:

1.2 **Defined Terms.** Unless the context otherwise requires the terms defined in Schedule A will have those defined meanings and terms defined in the PPSA will have those defined meanings unless such terms are otherwise defined herein.

1.3 **Conflicts with Credit Agreement.** If and to the extent the terms of this Agreement conflict with the terms of the Credit Agreement, the terms of the Credit Agreement will prevail.

2. SECURED OBLIGATIONS

2.1 **General.** The Charges created hereby secure payment, observance, performance and satisfaction of all present and future debts, liabilities and obligations of the Debtor to the

Secured Party (including all Future Advances and re-Advances), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed as principal, guarantor, indemnitor or otherwise, in connection with the credit facility contemplated by the Credit Agreement or in connection with any guarantees, security documents, or other documents referred to therein (including this Agreement), (collectively, the **"Secured Obligations"**).

2.2 Continuing Security. The Charges created hereby are general and continuing security for the Secured Obligations and any ultimate unpaid balance thereof, including a current or running account, and the Secured Obligations may be reduced to zero from time to time without affecting the continuing nature of the Charges created hereby as security for Secured Obligations thereafter incurred. No payment, observance, performance or satisfaction of the Secured Obligations, nor any ceasing by the Debtor to be indebted or liable to the Secured Party, will be deemed to be a redemption or discharge of the Charges created hereby.

3. CHARGED PROPERTY; DISCHARGE PROVISION

3.1 Grant. As security for the Secured Obligations:

(a) the Debtor grants to the Secured Party a Security Interest in, and grants, mortgages and charges to the Secured Party by way of a fixed and specific charge, and absolutely assigns to the Secured Party, all of the Debtor's present and after-acquired Personal Property and rights and interests in Personal Property of every nature and kind and wherever situate, including all Goods (including Equipment and Inventory), Investment Property, Instruments, Chattel Paper, Documents of Title, Money and Intangibles in which the Debtor now or hereafter has a right or interest (whether leasehold or otherwise), and including any Personal Property described in Schedule B, and all Proceeds that are Goods, Investment Property, Instruments, Chattel Paper, Documents of Title, Money or Intangibles; and

(b) the Debtor grants, mortgages and charges to the Secured Party by way of a floating charge all of the Debtor's property, assets and undertaking, both present and future, of every nature and kind and wherever situate, other than Personal Property that is validly and effectively subject to the Charges created by subparagraph (a) above, including all goodwill, uncalled capital, and real property and interests therein, whether freehold, leasehold or otherwise, including all buildings, structures, fixtures and improvements and all easements, rights of way, privileges, benefits, licences, profits and similar rights, whether connected with or appurtenant to such property or otherwise.

3.2 Exclusions; Deferral. The Charged Property and the Charges created hereby are subject to the following:

(a) the last day of the term of any lease of Charged Real Property is excluded, but the Debtor will stand possessed of such last day in trust to dispose of as the Secured Party may direct; and

(b) with respect to each lease, licence, quota, permit or other agreement, and each share or other Security, that the Debtor has an interest in and that requires the consent or approval of another party thereto for the creation of an assignment or Charge thereof or therein (each, a "Consent-Requiring Asset"), those of the Charges created hereby that require such consent or approval in order for such Charges to be effective will not become effective against such Consent-Requiring Asset until all such consents or approvals with respect thereto that are required for such Charges to be effective have been obtained or until such other assurances as may be acceptable to the Secured Party have been received or until the Secured Party has determined (following an Event of Default) that this deferral will not apply with respect thereto, but notwithstanding such deferral the Debtor will not amend, terminate or dispose of its interest in such Consent-Requiring Asset (including by way of Charge) except as the Secured Party may direct; and

(c) the assignment provided for in section 3.1(a) will not apply to (but the other security interests created hereby will apply to) any intellectual property now or hereafter included in the Charged Property.

3.3 **Attachment.** The Debtor acknowledges that Value has been given and that the parties have not agreed to postpone the time for attachment of the Charges created hereby except as provided in the preceding paragraph.

3.4 **Discharge.** Following full payment, observance, performance and satisfaction of the Secured Obligations (or the provision of alternate security for the Secured Obligations to the satisfaction of the Secured Party in its absolute discretion), the Debtor will be entitled to a discharge of the Charges created hereby if the Debtor gives and the Secured Party receives, prior to any other Secured Obligations arising, a written request for a discharge of this Agreement. No discharge will be effective unless it is in writing and is executed by the Secured Party.

4. <u>REPRESENTATIONS AND COVENANTS</u>

4.1 **General.** The Debtor represents and warrants to the Secured Party that each statement made in this Agreement is true, complete and accurate. No investigation by the Secured Party will diminish its right to rely on such statements, all of which will survive until the Secured Party has discharged this Agreement. The Debtor will strictly observe and perform each of its agreements set out herein **except to the extent the Secured Party may from time to time in its absolute discretion, by prior written notice, consent or agree otherwise or waive such compliance.**

4.2 **Authority to Charge.** The Debtor has good right, full power and lawful authority to enter into this Agreement and to create the Charges provided for herein, and all necessary resolutions have been passed and all other necessary steps have been taken to authorize the execution and delivery of this Agreement and to make the Charges provided for herein effective.

4.3 Promise to Pay. The Debtor will pay, observe, perform and satisfy all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied.

4.4 Title and Adverse Claims. All assets in the possession of the Debtor or used in the business of the Debtor are, and all other existing Charged Property is, legally and beneficially owned by the Debtor except as disclosed in **Schedule B** or in the Credit Agreement. The Debtor will defend the Charged Property for the benefit of the Secured Party against the claims and demands of all Persons. The Debtor will immediately notify the Secured Party of any claim, litigation or contemplated expropriation affecting the Debtor or any of the Charged Property.

4.5 Charges. All of the Charged Property is free and clear of all Charges other than the Charges created hereby except as disclosed in **Schedule B** or in the Credit Agreement. The Debtor will not create, assume or permit the existence of any Charge affecting any of the Charged Property except the Debtor may create and permit (but the Secured Party does not grant priority to) the following Charges (collectively, **"Permitted Charges"**):

(a) Charges in favour of the Secured Party or disclosed in Schedule B or in the Credit Agreement; and

(b) Charges approved in writing by the Secured Party prior to their creation or assumption.

(c) Purchase Money Security Interests in Goods acquired for the purpose of carrying on the Debtor's business, provided the Debtor immediately gives notice of the Purchase Money Security Interest to the Secured Party.

Without limiting the above prohibition the Debtor will, upon written request by the Secured Party, immediately pay all obligations, whether or not due, under all Charges prohibited hereby and will cause the same to be discharged immediately. With respect to Permitted Charges, the Debtor will pay all moneys payable thereunder when due and will promptly observe and perform all of its other obligations thereunder.

4.6 Dispositions. The Debtor will not sell, lease, assign, release, surrender or otherwise dispose of or part with possession of Charged Property or agree to do so, except the Debtor may, in the ordinary course of the Debtor's business, and provided there is not an existing Event of Default nor an event which might become an Event of Default with the passage of time or the giving of notice or both, process and, for New Value, sell, lease and otherwise deal with its inventory (as such term is generally used for accounting purposes)and sell and otherwise for value dispose of immaterial Equipment which has become worn out, obsolete or substantially damaged, provided the Debtor immediately substitutes therefor Equipment of equal or greater value free from all Charges other than the Charges created hereby.

4.7 Trust. The Debtor will hold all Receivables included in the Charged Property, and all payments and Proceeds thereof, separate and in trust for the Secured Party, and upon request following an Event of Default will forward to the Secured Party all such payments and Proceeds.

4.8 **Distributions.** The Debtor will not declare or pay any dividend on, or make any other distribution in respect of, any shares in the capital stock of the Debtor.

4.9 **Shareholder Loans.** The Debtor will not repay any loan from any shareholder in whole or in part or pay any interest, bonus or other sum in respect of any such loan.

4.10 **Financial Assistance.** The Debtor will not lend to, invest in, guarantee or otherwise become liable for obligations of, or otherwise provide financial assistance to, any Person.

4.11 **Additional Indebtedness.** The Debtor will not incur additional debt other than in the ordinary course of business.

4.12 **Jurisdictions and Locations.** The Debtor has its chief executive office in Sinaloa, Mexico, and will not allow its chief executive office to be in any other jurisdiction except upon 15 days' prior written notice to the Secured Party. All of the Charged Property and all of the Debtor's places of business are, and for the past 60 days have been, situate in Sinaloa, Mexico or in any other jurisdictions disclosed in **Schedule B**. The Debtor will keep all Charged Property at, or in the case of Mobile Goods will keep such Goods based at, the locations disclosed in **Schedule B** or at any other locations, within Sinaloa, Mexico or any other jurisdictions disclosed in **Schedule B**, that the Debtor may hereafter give the Secured Party prior notice of, and the Debtor will maintain places of business at those locations only. The Debtor will not permit Mobile Goods to be based in any jurisdiction other than Sinaloa, Mexico and any other jurisdictions disclosed in **Schedule B**.

4.13 **Taxes.** The Debtor will pay when due all taxes, rates, levies, assessments and other charges of every nature which may be imposed against or in respect of the Debtor or any of the Charged Property, provided that the Debtor may refrain from paying such charges if and for so long as the Debtor diligently and in good faith contests the charges and gives to the Secured Party such security as the Secured Party may in its absolute discretion require.

4.14 **Insurance.** With respect to insurance:

(a) the Debtor will keep all of the Charged Property that is of an insurable nature insured for full replacement value against loss or damage by fire (with extended perils coverage), theft, other risks as are customarily insured against for similar property, and such other risks as the Secured Party may reasonably require;

(b) all such insurance will be with insurers acceptable to the Secured Party, and will contain a standard mortgage clause in favour of the Secured Party as its interest may appear in a form approved by the Insurance Bureau of Canada;

(c) the Debtor assigns to the Secured Party the proceeds of all insurance required hereby and upon request will do everything necessary to enable the Secured Party to obtain the insurance proceeds, and if any such proceeds are or become payable the Secured Party may apply the same on account of the Secured Obligations, whether or not then due, and the Debtor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner;

(d) the Debtor will maintain public liability insurance in amounts and with insurers acceptable to the Secured Party and, if the Secured Party requests, with the Secured Party as an additional insured;

(e) the Debtor will pay when due all premiums in connection with all insurance required hereby, and will provide to the Secured Party insurance certificates evidencing all such insurance and certified copies of the applicable policies, and will provide the Secured Party with evidence of renewal or replacement insurance at least 10 days before any policy expires or is terminated; and

(f) if any insurance obtained is unacceptable to the Secured Party, the Secured Party may require the Debtor to obtain new insurance approved by the Secured Party.

4.15 **Maintenance, Damage and Use.** The Debtor will keep all of the Charged Property in good condition and repair, and will make all repairs requested by the Secured Party. The Debtor will give the Secured Party immediate written notice of any material loss or destruction of or damage to any of the Charged Property. The Debtor will not permit any of the Charged Property to be used in violation of any present or future insurance policy. The Debtor will comply with all present and future laws, by-laws, rules, regulations, ordinances, orders and directions of any governmental, municipal or civic authority or agency with respect to the Charged Property.

4.16 **Marking Charged Property.** Upon request the Debtor will mark and otherwise take appropriate steps to indicate that the Charged Property is subject to the Charges created hereby.

4.17 **Environment/Hazardous Materials.** All of the Charged Real Property and the Debtor's operations and places of business are and will be kept in compliance with all Environmental/Hazardous Materials Laws. No contaminated site designation, remediation order or other enforcement action in respect of any Environmental/Hazardous Materials Laws is pending or contemplated, nor has in the past been made or taken, in respect of any of the Charged Real Property or the Debtor's operations or places of business. No Wastes/Hazardous Materials have at any time been transported to or from any of the Charged Real Property or the Debtor's places of business, or used, generated, manufactured or disposed of on, under or about any such property or places, or leaked, spilled, discharged, emitted or released therefrom or from any nearby property; and the Debtor will not permit any such activity with respect thereto except in compliance with all Environmental/Hazardous Materials Laws. Upon request from time to time the Debtor will promptly submit to the Secured Party a comprehensive report regarding the foregoing matters prepared by a consultant approved by the Secured Party. The Debtor has provided the Secured Party with copies of all communications from or to all levels of government and other authorized agencies relating to any Environmental/Hazardous Materials Laws and all communications from or to any Person relating to an Environmental/Hazardous Materials Claim in connection with any of the Charged Real Property or the Debtor's operations or places of business, and upon receipt or sending of any such communications in the future will immediately provide copies of the same to the Secured Party.

4.18 Wastes/Hazardous Materials Indemnity. The Debtor will protect, indemnify and hold harmless the Secured Party, and any Receiver, and all direct and indirect successors and assigns of the Secured Party or the Secured Party's interest in any of the Charged Property or the Debtor's places of business, and all directors, officers, employees and agents thereof, from and against all actual, potential or future claims, liabilities, losses, fines, penalties, judgments, awards and expenses (including legal costs, investigation costs, the costs of removal, treatment, storage and disposal of any Wastes/Hazardous Materials, and other costs of remediation) which relate in any way, directly or indirectly, to the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of any Wastes/Hazardous Materials in, on, under or about the Charged Real Property or the Debtor's operations or places of business, or the escape, seepage, leakage, spillage, discharge, emission or release of any Wastes/Hazardous Materials therefrom or from any nearby property into, on or under any land, the atmosphere or any watercourse, body of water, or wetland. The Debtor will pay to the indemnified parties on demand all amounts payable under this paragraph as determined by the indemnified parties from time to time. The Debtor's liability to the indemnified parties will arise upon the earlier of the discovery of any Wastes/Hazardous Materials, and the institution of any Environmental/Hazardous Materials Claims, and will not be dependent upon the realization of any loss or damage or the determination of any liability. This indemnity and the Debtor's liability hereunder will survive after this Agreement and the Charges created hereby have been discharged, but only insofar as such liability is in connection with Wastes/Hazardous Materials that were in, on, under or about the Charged Real Property or the Debtor's places of business, or that escaped, seeped or leaked or were discharged, emitted or released therefrom or from nearby property, or that were used in connection with the Debtor's operations, prior to this Agreement being discharged.

4.19 Serial Numbered Goods. The type, make (or manufacturer), model and Serial Number of each Motor Vehicle, Trailer, Manufactured Home, Boat, outboard motor and Aircraft included in the Charged Property and which is not Inventory is set out in **Schedule B**. Upon the Debtor's acquisition of rights in additional Serial Numbered Goods which are not Inventory, or upon repossession by or return to the Debtor of any such Goods, the Debtor will immediately give written notice to the Secured Party of full particulars of the same.

4.20 Fixtures, Accessions and Commingled Goods. None of the Charged Property is nor will the Debtor permit Charged Property to become:

(a) a Fixture unless the Fixture is described in Schedule B so that it can be readily identified and is affixed or attached to Charged Real Property described in Schedule B (or in the Credit Agreement) that is either owned by the Debtor free and clear of all Charges (other than those in favour of the Secured Party) or that is leased to the Debtor on terms acceptable to the Secured Party (including with non-disturbance agreements and other agreements acceptable to the Secured Party from the landlord and its mortgagees); or

(b) an Accession to or part of other property unless the other property is Charged Property owned by the Debtor free and clear of all Charges other than those in favour of the Secured Party.

4.21 Consent-Requiring Assets. The Debtor has obtained every consent and approval required with respect to each Consent-Requiring Asset in which the Debtor has an interest, and upon acquiring an interest in any other Consent-Requiring Asset the Debtor will immediately use best efforts to obtain all consents and approvals required for such asset to be subject to the Charges created hereby.

4.22 Intangibles, Instruments and Chattel Paper. With respect to all Intangibles, Instruments and Chattel Paper included in the Charged Property (including Receivables and contracts):

(a) all such Charged Property is enforceable against the party obligated to pay or otherwise perform thereunder, and any amount represented by the Debtor to the Secured Party as owing by each such party thereunder is the correct amount actually and unconditionally owing by such party thereunder, except for the normal cash discounts where applicable and a reasonable reserve for bad debts, and no such third party has any defence, set-off, claim or counterclaim against the Debtor which can be asserted against the Secured Party, and no such party is in default or involved in a dispute thereunder, and the Debtor will give the Secured Party immediate written notice of any such unenforceability, defence, set-off, claim, counterclaim, default or dispute that may be material;

(b) the Debtor will not, except in good faith in the ordinary course of business, collect or accept any payment in respect of any such Charged Property or amend, terminate or accept the surrender of any such Charged Property, or give any consent, concession or waiver in connection with or exercise any option permitted by any provision of any such Charged Property; and

(c) the Debtor will observe and perform all of the obligations imposed upon the Debtor by or in respect of any such Charged Property and will maintain the same in good standing.

4.23 Negotiable Property. Upon request from time to time the Debtor will immediately deliver to the Secured Party all Chattel Paper, Investment Property, Instruments, and Documents of Title included in the Charged Property, and where applicable will duly endorse the same for transfer in blank as the Secured Party may direct.

4.24 Legal and Trade Names. Each name of the Debtor (including its name in any French or combined English-French form) is set out on the first page hereof, and the Debtor has not had, used, or carried on business under, and will not at any time have, use or carry on business under, any other name (including any French or combined English-French form) except as disclosed in **Schedule B** or upon giving 15 days' prior written notice to the Secured Party.

4.25 Other Obligors. If any Person other than the Debtor is an Other Obligor, no such Person also has rights in Charged Property except as disclosed in **Schedule B**.

4.26 Conduct of Business and Records. The Debtor will conduct its business in a proper and efficient manner so as to protect and preserve the Charged Property. The Debtor will

keep complete and accurate records of the Charged Property as well as proper books of account for its business.

4.27 **Information and Inspection.** The Debtor will from time to time immediately deliver to the Secured Party all information requested by the Secured Party relating to Charged Property and the Debtor's financial or business affairs. All such information will be prepared by a qualified accountant in accordance with generally accepted accounting principles applied consistently from year to year, and if requested by the Secured Party will be audited at the expense of the Debtor. The Secured Party may from time to time inspect Charged Property and Books and Records wherever located and for that purpose the Secured Party will have access without charge to the Debtor's places of business, and to all other places where Charged Property is or may be kept, and to all mechanical or electronic equipment and processes where any Charged Property or Books and Records may be kept or from which any of the same may be retrieved, and the Debtor will render all necessary assistance. The Debtor authorizes any Person holding any Books and Records to make the same available in a readable form to the Secured Party upon request by the Secured Party.

4.28 **Amalgamations.** The Debtor will not permit any corporation to wind-up into or amalgamate or enter into a similar arrangement with the Debtor.

4.29 **Further Assurances.** Upon the Secured Party's request from time to time the Debtor will execute and deliver such further documents (including registrable fixed and specific Charges on such of the Charged Property as the Secured Party may request) and do such other acts as the Secured Party requires in order to give effect to the intent of this Agreement or to confirm, create, perfect or maintain perfection of the Charges provided for herein.

4.30 **Charges and Expenses.** The Debtor will pay on demand, whether or not any Advance is made, all reasonable charges and expenses, including legal costs on a solicitor and his own client basis, which may be incurred or charged by or on behalf of the Secured Party or any Receiver in connection with:

(a) preparing, negotiating, interpreting, amending, registering, renewing or discharging this Agreement or any related registration;

(b) establishing or confirming the priority of the Charges created hereby;

(c) complying with a demand by any Person purporting to be entitled under the PPSA to a copy of this Agreement or any related information; and

(d) exercising and enforcing rights, remedies and powers under this Agreement or otherwise in relation to any of the Secured Obligations (including correcting any non-compliance by the Debtor, and inspecting, preserving, maintaining, repairing, completing, repossessing, preparing for disposition, disposing of, collecting payments under, borrowing on the security of, and otherwise realizing on the Charged Property, and carrying on the Debtor's business, and taking proceedings in relation to this Agreement or by reason of non-payment of or to procure payment of any of the Secured Obligations).

The Debtor will on demand pay interest on all such amounts at the highest rate then applicable to any of the Secured Obligations.

4.31 **Liability for Deficiency.** If the amounts realized pursuant hereto are insufficient to pay the Secured Obligations in full, the Debtor will immediately pay the deficiency to the Secured Party.

5. EVENTS OF DEFAULT

5.1 **General.** The occurrence of any of the following events will constitute an Event of Default:

(a) the Debtor fails to observe or perform any covenant, agreement, condition or obligation in favour of the Secured Party, whether or not herein contained, including a failure to pay any of the Secured Obligations when due, and such failure (if curable) is not remedied within 10 days after notice;

(b) any representation, warranty or statement made by or on behalf of the Debtor or any officer or director thereof to the Secured Party, whether or not herein contained, proves to have been incorrect as of the date made;

(c) the Debtor is in default under any other document in favour of the Secured Party or is in default under any other Charge on any of the Charged Property and any applicable grace period has expired;

(d) there is a direct or indirect change in effective control of the Debtor (if a corporation) or there is a dissolution of or change in the membership of the Debtor (if a partnership) or the Debtor dies or is declared incompetent (if an individual);

(e) the holder of any Charge on or claim against any Charged Property does anything to enforce or realize on such Charge or claim, or any execution, sequestration, or other process becomes enforceable against the Debtor, or a distress, seizure or similar process is levied upon or exercised against any -Charged Property, and such event is not immediately contested by the Debtor and in any event stayed, quashed or rescinded within 30 days;

(f) any Charged Property is lost, destroyed or substantially damaged without being insured as required hereby, is expropriated or is designated or considered for designation as a contaminated site;

(g) the Debtor ceases or threatens to cease to carry on business or any part thereof, or commits or threatens to commit an act of bankruptcy;

(h) a receiver, receiver manager, trustee or similar official of any Charged Property is appointed;

(i) the Debtor becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or a petition is filed, an order is made, a resolution is passed, or any other step is taken for the bankruptcy, liquidation, dissolution, winding-up or reorganization of the Debtor or for any arrangement or composition of itsdebts; or

(j) the Secured Party believes in good faith and upon commercially reasonable grounds that the prospect of payment or performance of any of the Secured Obligations is or is about to be impaired or that Charged Property is or is about to be placed in jeopardy.

5.2 **Floating Charge.** The floating charge created hereby will not become a fixed charge until, but will become a fixed charge immediately upon, the earlier of the occurrence of an Event of Default referred to in paragraph 5.1(g), (h) or (i) and the declaration by the Secured Party of any other Event of Default.

6. **<u>RIGHTS, REMEDIES AND DISCLAIMERS</u>**

6.1 **Correct Non-Compliance.** If the Debtor fails to perform any of its obligations hereunder or fails upon request to give the Secured Party proof thereof, the Secured Party may (but will not be obligated to) perform any or all of such obligations or cause them to be performed without prejudice to the other rights and remedies of the Secured Party.

6.2 **Indulgences.** The Secured Party may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges, refrain from perfecting or maintaining perfection of Charges, and otherwise deal with the Debtor, debtors of the Debtor, sureties and other Persons and with the Charged Property and other security, all as the Secured Party may see fit in its absolute discretion and without prejudice to the liability of the Debtor or the rights or remedies of the Secured Party.

6.3 **Allocation of Payments and Increases.** All payments made in respect of the Secured Obligations from time to time, and any monies realized from any security held therefor, may be applied to such parts of the Secured Obligations (whether or not then due) as the Secured Party may see fit or, at the option of the Secured Party, may be held unappropriated in a collateral account or released to the Debtor, and the Secured Party may from time to time revoke or alter such application or holding, all in the absolute discretion of the Secured Party and without prejudice to the liability of the Debtor or the rights or remedies of the Secured Party. The Secured Party may also hold as additional security any increases or profits (including dividends) in respect of Charged Property.

6.4 **Set-Off.** Whenever any or all of the Secured Obligations are immediately due and payable or the Secured Party has the right to declare the same to be immediately due and payable (whether or not it has so declared), theSecured Party may at any time set off any amounts owed to the Debtor by the Secured Party in any capacity against any or all of the Secured Obligations, whether or not then due and whether absolute or contingent.

6.5 Collections. The Secured Party may give notice of the Charges created hereby to any debtors or other Persons under any Receivables or real property leases included in the Charged Property, and may direct such Persons to make payments thereunder to the Secured Party, and may demand and collect payments under, give receipts for, realize, sell, take proceedings to collect, and otherwise deal with such Charged Property, all in such manner, upon such terms and conditions, and at such times, after an Event of Default, as the Secured Party may consider advisable, and with or without notice to the Debtor.

6.6 Investment Property. If the Charged Property includes any Investment Property from time to time the Secured Party may, after an Event of Default, transfer any such Investment Property into its own name or the name of its nominee and exercise as to such Investment Property any of the rights and remedies of the owner or holder thereof, including the right to vote at any meeting at which the holder thereof is entitled to vote.

6.7 Acceleration. Upon the occurrence of an Event of Default the Secured Party may declare any or all of the Secured Obligations to be immediately due and payable.

6.8 Enforcement on Default. Upon the occurrence of an Event of Default the Charges created hereby will immediately become enforceable. To enforce the Charges created hereby the Secured Party may in its absolute discretion exercise any one or more of the following rights and remedies with respect to all or such of the Charged Property as the Secured Party considers appropriate:

(a) appoint by instrument a Receiver with or without bond as the Secured Party may determine, and may from time to time remove such Receiver and appoint another in its place;

(b) immediately and without notice:

(i) enter upon, occupy (and remain in occupation of until the realization is complete) and use any of the Debtor's places of business and any other premises where Charged Property is or may be kept, and take possession of, use, remove, preserve, protect, disable, maintain, repair and complete the Charged Property, all with power to exclude the Debtor and its agents and employees;

(ii) enforce the observance and performance by others of their obligations and liabilities in respect of the Charged Property; and

(iii) exercise any or all of the rights and remedies of the Debtor in respect of the Charged Property;

all in the manner and to the extent the Secured Party may consider reasonable, and without limitation any completion of any Charged Property may be in accordance with existing plans or otherwise as the Secured Party may determine in its absolute discretion;

(c) sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Charged Property, whether by public or private sale or lease or otherwise, in such manner, at such price, and on such terms and conditions (as to deferred payment and otherwise) as the Secured Party may consider reasonable; and

(d) exercise any other rights and remedies hereunder and any other rights and remedies of a secured party or mortgagee under the PPSA, as amended or replaced from time to time, or otherwise at law or in equity.

6.9 Receiver. A Receiver appointed pursuant hereto will be the agent of the Debtor and not of the Secured Party. To the extent permitted by law or to such lesser extent permitted by its appointment the Receiver will have all of the rights, remedies and powers of the Secured Party hereunder and, in addition, will have power to carry on or concur in carrying on all or any part of the business of the Debtor. For these purposes the Receiver may from time to time borrow money and may secure such borrowings and related interest and costs by granting Charges and certificates on the Charged Property in priority to the Charges created hereby.

6.10 Proceeds of Disposition. Subject to applicable law and any Charges ranking in priority to the Charges created hereby, all amounts realized from Charged Property pursuant hereto will be applied as the Secured Party may see fit within the following constraints:

(a) firstly, in or toward payment of all charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred or charged by the Secured Party or Receiver in connection with the exercise by the Secured Party or Receiver of the rights, remedies and powers granted pursuant hereto or otherwise, including the Receiver's remuneration and all amounts properly payable by the Receiver; and

(b) secondly, in or toward payment to the Secured Party of the Secured Obligations.

6.11 Liability of Secured Party and Receiver. Neither the Secured Party nor any Receiver will be liable or accountable for any failure to exercise or for any delay in exercising any of its rights, remedies or powers; nor will the Secured Party or any Receiver be responsible for any debts contracted by it, for damages to Persons or property, or for salaries or non-fulfilment of contracts, during any period when it manages or otherwise deals with Charged Property; nor will the Secured Party be responsible for any misconduct, negligence or failure to act on the part of any Receiver; nor will anything contained herein or any act of the Secured Party or any Receiver render the Secured Party or any Receiver a mortgagee in possession or render them liable to account as a mortgagee in possession or for any loss on realization; nor will the Secured Party or any Receiver be accountable for the proceeds of any disposition until the monies therefor are actually received; nor will the Secured Party or any Receiver be bound to do, observe, perform, or to see to the observance or performance by the Debtor of, any obligation of the Debtor; nor will the Secured Party or any Receiver be obligated to keep Charged Property identifiable; nor will the Secured Party or any Receiver be obligated to take necessary or other steps to preserve rights against other Persons with respect to Investment Property, Instruments or Chattel Paper included in the Charged Property.

6.12 Statutory Waiver. To the fullest extent permitted by law the Debtor waives all of the rights, benefits and protections given by the provisions of any existing or future statutes which impose any greater obligations upon the Secured Party than those provided for herein or which impose limitations upon the rights or remedies of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statutes. Without limiting the foregoing, the Debtor agrees that *The Land Contracts (Actions) Act* (Saskatchewan) will not apply to any action (as defined in that Act) with respect to, nor will *The Limitation of Civil Rights Act* (Saskatchewan) apply to:

(a) the Charges created hereby or any other Charge securing the payment of money made, given or created by the Debtor;

(b) this Agreement or any other agreement or instrument entered into by the Debtor involving the payment by it of money or its liability to pay money;

(c) any agreement or instrument renewing or extending or collateral to the Charges created hereby or this Agreement or any other Charge, agreement or instrument referred to in subparagraph (a) or (b) above;

(d) the rights, powers or remedies of the Secured Party or any other Person under the Charges created hereby or this Agreement or any other Charge, agreement or instrument referred to in subparagraph (a), (b) or (c) above.

6.13 No Obligation to Advance. None of the preparation, execution, perfection or registration of this Agreement nor the making of any Advance will bind the Secured Party to advance, continue, extend time for payment of, or accept anything which constitutes or would constitute a Secured Obligation, all of which will remain in the absolute discretion of the Secured Party.

6.14 Power of Attorney. The Debtor hereby irrevocably appoints the Secured Party or the Receiver, as the case may be, as the attorney of the Debtor, with full power of substitution, to execute and deliver under seal or otherwise in the name of the Debtor all documents, and generally to use the name of the Debtor and to do all things, as may be necessary or incidental to the exercise of any of the rights, remedies or powers conferred on the Secured Party or the Receiver, as the case may be, pursuant hereto or otherwise.

6.15 Waiver. The Secured Party may from time to time waive in whole or in part any right, remedy, breach or default under any provision of this Agreement, but any such waiver on any particular occasion will not be deemed to be a waiver of any such right, remedy, breach or default thereafter or of any other right, remedy, breach or default. No waiver will be effective unless in writing and executed by the Secured Party and, without limitation, no failure to exercise or delay in exercising any right or remedy of the Secured Party will operate as a waiver of such right or remedy.

6.16 Additional Security. The Charges created hereby are in addition to and not in substitution for any other Charges now or hereafter held by the Secured Party.

6.17 Rights Cumulative. No right, remedy or power of the Secured Party or any Receiver is intended to be exclusive, and each will be in addition to every other right, remedy and power now or hereafter existing whether or not contained herein.

6.18 Order of Realization. The Secured Party may realize upon the Charges created hereby and any other present or future Charges in such order as it may consider appropriate, and any such realization will not prevent realization on any other Charges.

7. OTHER AGREEMENTS

7.1 Amalgamation. Without limiting the prohibition contained herein against the Debtor amalgamating without the Secured Party's consent, if the Debtor amalgamates with any other corporations the Charges created hereby will extend to Charged Property of each of the amalgamating corporations at the time of the amalgamation and to Charged Property thereafter owned or acquired by the amalgamated corporation, and the Secured Obligations will include all Secured Obligations of the amalgamated corporation.

7.2 Secured Obligations Absolute. The obligation of the Debtor to pay, observe, perform and satisfy the Secured Obligations is absolute and unconditional and will not be affected by any circumstance, including any set-off, claim, counterclaim, defence or other right which the Debtor now or hereafter has against the Secured Party or anyone else for any reason whatsoever.

7.3 Amendment. This Agreement may only be amended by a document executed by the party against whom enforcement of the amendment is sought.

7.4 Communication. No notice, consent or other communication in connection herewith (including legal process) will be effective unless it is in writing and is executed by the party giving the same or the party's authorized agent. Any such communication may be validly given by delivery, mail or fax to the address for the intended party set out on the first page hereof, or a corresponding fax number, or such other address or fax number as the intended party may have given notice of.

7.5 Assignment. The Debtor will not assign this Agreement or any of its rights or benefits hereunder.

7.6 Copies of Agreement and Financing Statements. The Debtor acknowledges receipt of a copy of this Agreement and waives the right to receive a copy of all present and future Financing Statements and Financing Change Statements filed in connection with the Charges created hereby and all related Verification Statements.

8. INTERPRETATION

8.1 Governing Law and Attornment. This Agreement will be governed by the laws in effect in British Columbia. The Debtor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of British Columbia with respect to all matters arising in connection with this Agreement and the Secured Obligations.

8.2 Joint and Several. If more than on Person executes this Agreement as the Debtor, all representations, warranties, covenants and agreements of the Debtor will be joint and serveral, the Secured Obligations will include all those of any one or more such Persons, and the Charged Property will include all Charged Property of any one or more such Persons.

8.3 Successors. This Agreement will enure to the benefit of and be binding upon the parties and their respective heirs, personal representatives, successors and permitted assigns.

8.4 Severability. The invalidity or unenforceability of any provision of this Agreement will not affect the remaining provisions or the remainder of the impugned provision.

8.5 Number and Gender. Unless the context otherwise requires, words importing the singular will include the plural and *vice versa*, and words importing gender will include all genders.

8.6 Headings. Headings have been inserted for convenience of reference only and are not to affect interpretation.

8.7 Entire Agreement. The Secured Party has not made any representation or agreement or undertaken any obligation in connection with the subject matter of this Agreement other than as specifically set out herein and in any other document executed by the Secured Party.

In witness whereof the Debtor has executed this Agreement under seal, with the intent that it take effect as a deed, at ____________________, British Columbia.

OFFICER SIGNATURE(S)

____

EXECUTION DATE

Y	M	D
11	07	29
11	07	28

BORROWER(S) SIGNATURE(S)

by its authorized signatory(ies):

____

Full Name: [illegible]

____

Full Name: [illegible]

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to execution of this instrument.

SCHEDULE A

DEFINED TERMS

"this Agreement", **"hereby"**, **"herein"**, **"hereof"**, **"hereto"** and **"hereunder"** refer to the whole of this Agreement, including the attachments, all as amended from time to time, and not to any subdivision hereof.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording, evidencing or relating to Charged Property or the Debtor to which the Debtor (or any Person on the Debtor's behalf) has a right of access.

"Charge" means any Security Interest, mortgage, charge (fixed or floating), pledge, hypothec, lien (statutory or otherwise), assignment, lease, conditional sale or other title retention agreement, trust or other encumbrance of any nature however arising.

"Charged Property" means all property, assets, undertaking and interests now or hereafter subject to the Charges created hereby, and any reference to "Charged Property" will unless otherwise provided be deemed to refer to the Charged Property as a whole or any parts thereof.

"Charged Real Property" means all real property and interests therein now or hereafter subject to the Charges created hereby, and any reference to "Charged Real Property" will unless otherwise provided be deemed to refer to the Charged Real Property as a whole or any parts thereof.

"Consent-Requiring Asset" has the meaning given to it in paragraph 3.2.

"Credit Agreement" means the credit agreement dated the date hereof between the Secured Party as lender, Landdrill International Inc. as borrower and Landdrill International Ltd. and the Debtor as guarantors, as amended, restated and replaced from time to time.

"Debtor" has the meaning given to in on the first page of this Agreement, and includes any heirs, personal representatives, successors and permitted assigns of the Debtor, as the case may be, whether immediate or derivative.

"Environmental/Hazardous Materials Claims" means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental/Hazardous Materials Laws, together with claims made or threatened by any third party against the Debtor or the Debtor's operations or Business Premises relating to the environment, health, safety or any Wastes/Hazardous Materials.

"Environmental/Hazardous Materials Laws" means laws, bylaws, rules, ordinances, regulations, notices, approvals, orders, licences, permits, standards, guidelines and policies from time to time of any level of government or other authorized agency relating to the environment, health, safety or any Wastes/Hazardous Materials.

"Event of Default" means any event referred to in paragraph 5.1 as constituting an Event of Default.

"including" means including without limitation.

"Mobile Goods" means Goods that are of a type that are normally used in more than one jurisdiction and that are Equipment or are Inventory leased or held for lease by the Debtor to others.

"Permitted Charges" has the meaning given to it in paragraph 4.5.

"Person" means any individual, proprietorship, firm or artificial body, including any corporation, government or instrumentality.

"Personal Property" includes Fixtures~~ and Crops~~.

"PPSA" means the *Personal Property Security Act* (British Columbia) and the regulations made thereunder.

"Receivables" means all debts, claims, demands and choses in action now or hereafter due or owing to or owned by the Debtor wherever situate and all interests therein of every nature and kind.

"Receiver" means a receiver, receiver-manager or receiver and manager of the Debtor or Charged Property, whether appointed by the Secured Party or a court upon the application of the Secured Party.

"Secured Obligations" has the meaning given to it in section 2.

"Secured Party" has the meaning given to in on the first page of this Agreement, and includes any successors or assigns of the Secured Party, whether immediate or derivative.

"Serial Number" means, with respect to a particular Good, the number which is required for a specific registration against the Good under section 12(c) of the *Personal Property Security Regulation;* for example, the Serial Number for a Motor Vehicle is its vehicle identification number, and for a Canadian-registered Boat is its registration/recorded/licence number under the *Canada Shipping Act*, and for a Canadian-registered Aircraft is its Transport Canada registration marks.

"Wastes/Hazardous Materials" means explosives, radioactive materials, asbestos, urea formaldehyde, compounds known as chlorobiphenyls, contaminants, pollutants, corrosive substances, toxic substances, and other wastes or substances the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of which into the environment is likely to immediately or in the future cause harm or degradation to the environment or the Debtor's operations or Business Premises or is prohibited, controlled or licensed under any Environmental/ Hazardous Materials Laws, including special waste, toxic waste and deleterious substances.

SCHEDULE B

OTHER ITEMS TO BE SET OUT

Serial Numbered Goods

Type	Make (or Manufacturer) and Model	Serial Number (as defined herein)

Other Specified Personal Property

Jurisdictions (Other Than B.C.) and Locations

Other Names

Other Obligors with Rights in Charged Property

SHARE PLEDGE AGREEMENT

THIS AGREEMENT is made as of the 24th day of May, 2011,

BETWEEN:

SPROTT RESOURCE LENDING PARTNERSHIP of Suite 1028, 550 Burrard Street, Vancouver, BC V6C 2B5

(the "**Lender**")

AND:

LANDDRILL INTERNATIONAL INC. of Suite 700, 625 Howe Street, Vancouver, BC V6C 2T~~0~~6

(the "**Debtor**")

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Debtor covenants, declares and agrees with the Lender as follows:

1. As general and continuing collateral security and as a pledge and an assignment to secure the payment and performance of all present and future indebtedness, liabilities and obligations of any nature or kind whatever which are now or may hereafter become owing by the Debtor to the Lender (such indebtedness, liabilities and obligations, the "**Obligations**"), the Debtor:

    (a) hereby pledges, hypothecates and charges in favour of, and grants to the Lender a security interest in all the shares in the capital of **LANDDRILL INTERNATIONAL LTD.** now or hereafter issued in the name of the Debtor, all renewals and replacements thereof, substitutions therefor and accretions thereto (the whole hereinafter called the "**Pledged Securities**");

    (b) without limiting the generality of Clause 1(a), hereby assigns to the Lender and creates in favour of the Lender a security interest in all of the Debtor's right, title, claim and interest in and to the moneys (comprising capital or interest) due and payable or to become due and payable to the Debtor under the terms of any of the Pledged Securities and all income and proceeds (including proceeds of sale, redemption or repurchase of any of the Pledged Securities) therefrom and under any further Pledged Securities evidencing re-investment of the whole or any part of any moneys paid under any of the Pledged Securities whether by sale thereof or otherwise;

    (c) shall deliver to the Lender, all the certificates evidencing the Pledged Shares now issued to the Debtor, and more particularly described in Schedule A hereto, contemporaneously with the execution of this Share Pledge Agreement, and any other certificates evidencing the Pledged Shares hereafter issued to the Debtor, as soon as such certificates are received by the Debtor.

2. The Debtor irrevocably covenants and agrees with the Lender that upon demand made by the Lender at any time after a default by the Debtor under this Share Pledge Agreement or any other agreements by the Debtor in favour of the Lender, the Lender shall be entitled and shall have the right and the power to do or cause to be done any or all of the following:

   (a) the Lender may, forthwith without any advertisement and without any other notice or formality, all of which are hereby irrevocably waived, sell the Pledged Securities or any of them by public or private sale for such price in money or other consideration and upon such terms and conditions as it deems best, as fully and effectually as if the Lender were the absolute owner thereof;

   (b) the Lender may hold all income from the Pledged Securities, and the proceeds of any collection or realization of the Pledged Securities, after deduction of all expenses thereof, which with interest shall be borne by the Debtor, as security as aforesaid and/or applied against any of the Obligations as the Lender deems best;

   (c) the Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and others and the Pledged Securities and other securities as it sees fit, without prejudice to any of its rights;

   (d) the Lender may exercise all rights and powers and perform all acts of ownership in respect of the Pledged Securities to the same extent as the Debtor might do and the Debtor shall forthwith repay all consequent outlay and expense with interest;

   (e) the Lender, or any officer thereof, as the lawful attorney of the Debtor, with full powers of substitution, may transfer or cause the redemption or repurchase of all or any of the Pledged Securities and may fill in any blanks in any transfers or shares, bonds or debentures or any power of attorney or other documents delivered to any of them;

   (f) the Lender, or any officer thereof, as the lawful attorney of the Debtor, with full powers of substitution, shall be entitled to vote in respect of the Pledged Securities at any meeting whether special or general at which the holder of the Pledged Securities is entitled to vote, and is authorized to give and grant to such person or persons as it may deem best power to vote upon the Pledged Securities; and

   (g) at the request of the Lender, the Debtor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting in the Lender, or such person or persons as the Lender may appoint, all and every of the Pledged Securities.

3. The Debtor covenants and agrees with the Lender that:

   (a) the Debtor shall defend the Pledged Securities against the claims and demands of all other parties claiming the same or an interest therein, take all reasonable action to keep the Pledged Securities free from all security interests, mortgages, lien claims, charges, leases, encumbrances or other adverse claim or interests (collectively, the "**Encumbrances**"), save for the Encumbrances in favour of the Lender, and not sell, exchange, transfer, assign, lease or otherwise dispose of the Pledged Securities or any interest therein without the prior written consent of the Lender;

(b) if an Affiliate (as such term is defined in the *Business Corporations Act* (British Columbia)) now or hereafter holds shares in the capital of **LANDDRILL INTERNATIONAL LTD.**, the Debtor shall cause such Affiliate to pledge such shares to the Lender as security for the Obligations, and a failure of such Affiliate to pledge such shares shall constitute a default hereunder;

(c) the Lender may delegate its powers and any delegate may sub-delegate the same and any of the powers hereby given may be exercised in the name and on the behalf of the successors and assigns of the Debtor;

(d) the Lender shall have the right but shall not be bound nor required to exercise any option or right which the holder of any Pledged Securities may at any time have;

(e) the Lender shall not be bound under any circumstances to realize upon any of the Pledged Securities or to allow any Pledged Securities to be sold, redeemed or repurchased, and shall not be responsible for any loss occasioned by any sale of any of the Pledged Securities or by the retention of or refusal to sell the same, nor shall the Lender be obliged to collect or see to the payment of dividends or interest thereon, but all such dividends or interest shall be forthwith paid to the Lender and until so paid shall be held by the Debtor in trust for the Lender;

(f) all costs and charges incurred by the Lender with reference to the Pledged Securities or the realization thereof (including therein all solicitor and counsel and court costs paid) shall be added to the Obligations and shall be secured by the Pledged Securities;

(g) any additional or substituted Pledged Securities shall be held by the Lender subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;

(h) if any payment on account of the Obligations is made the Lender shall not by reason thereof be required to surrender any of the Pledged Securities hereby pledged and assigned;

(i) the Lender's responsibility hereunder is limited to exercising in regard to the Pledged Securities the same degree of care which a reasonable person would give to valuable property similar to the Pledged Securities;

(j) this Share Pledge Agreement shall be deemed to have been made in the province of British Columbia and shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein; and

(k) the Debtor hereby acknowledges receipt of a copy of this Share Pledge Agreement and waives all rights to receive a copy of any financing statement or financing change statement filed or registered by the Lender or any verification statement issued by the Personal Property Registry established under the *Personal Property Security Act* (British Columbia) that relates to such financing statement or financing change statement.

THIS SHARE PLEDGE AGREEMENT shall enure to the benefit of the Lender and be binding upon the Debtor and their respective heirs, successors and assigns.

IN WITNESS WHEREOF the Debtor has executed this Share Pledge Agreement this 09th day of July, 2011.

LANDDRILL INTERNATIONAL INC.,
by its authorized signatory:

Print Name: Ronald A. Goguen

SCHEDULE A

1. 100 common shares in the capital of **LANDDRILL INTERNATIONAL LTD.**, represented by the share certificate No. ~~4~~ 3

COMMON SHARES

Certificate No. ______

For ______ Shares

Issued to

______

______

Dated ______ (year)

From whom transferred

______

Dated ______ (year)

No. Original Certificate	No. Original Shares	No. of Shares Transferred

Received Certificate No. ______

for ______ Shares

this ______ day of ______ (year)

______

______

INCORPORATED UNDER THE LAWS OF NEW BRUNSWICK

No. 3 100 Shares

This is to Certify that Landdrill International Inc.

is the registered holder of One Hundred (100) Class A

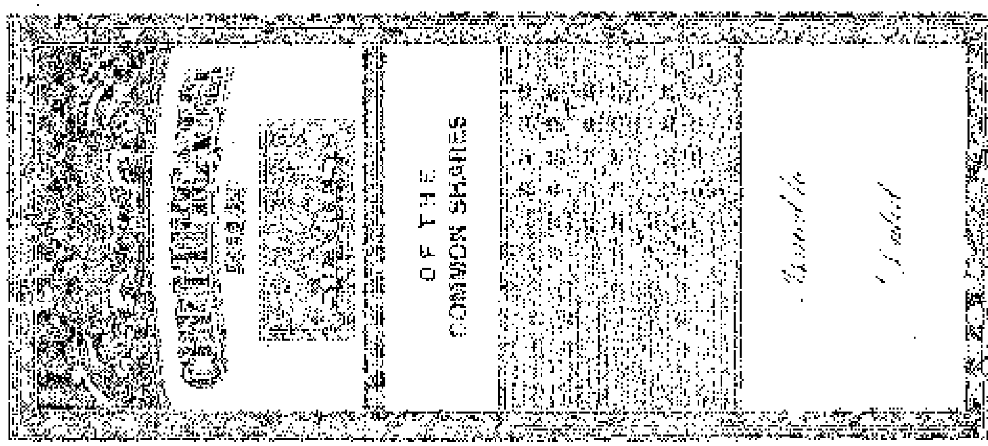
Common shares of Landdrill International Ltd.

The shares represented by this certificate are transferable subject to the restrictions prescribed by the Articles of the Corporation. A copy of the full text thereof is obtainable on demand and without charge from the Corporation.

IN WITNESS WHEREOF the Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the seal of the Corporation this 31st day of December 2005 (year)

SHARES EACH

DYE & DURHAM CO. INC.
NBRFC



For Value Received, the undersigned hereby sells, endorses and transfers unto ____

____ Shares

of the Common Shares represented by the within Certificate.

Dated ______________________ (Seal)

In presence of

____

____

IRREVOCABLE STOCK POWER

KNOW ALL MEN BY THESE PRESENTS, That LANDDRILL INTERNATIONAL INC., a British Columbia corporation (the "**Transferor**"),

FOR VALUE RECEIVED has bargained, sold, assigned and transferred and by these presents does bargain, sell, assign, and transfer unto

Sprott Resource Lending Partnership

100 Common Shares (the "**Shares**") in the capital of **LANDDRILL INTERNATIONAL LTD.**, a New Brunswick corporation (the "**Corporation**") standing in its name on the books of the said Corporation represented by Share Certificate(s) No(s). 2.

AND the Transferor does hereby constitute and appoint Sprott Resource Lending Partnership

as its true and lawful Attorney, IRREVOCABLY, for it and in its name and stead but to its use, to sell, assign, transfer and make over all or any part of the Shares and for that purpose to make and execute all necessary acts of assignment and transfer thereof, and to substitute one or more persons with like full power, hereby ratifying and confirming all that its said Attorney or its substitute or substitutes shall lawfully do by virtue hereof.

IN WITNESS WHEREOF, the Transferor has hereunto set its corporate seal at Moncton, New Brunswick, this 29th day of July, 2011.

LANDDRILL INTERNATIONAL INC.

Per: ______________________
Authorized Signatory

Per: ______________________
Authorized Signatory

SHARE PLEDGE AGREEMENT

THIS AGREEMENT is made as of the 28th day of July, 2011,

BETWEEN:

SPROTT RESOURCE LENDING PARTNERSHIP of Suite 1028, 550 Burrard Street, Vancouver, BC V6C 2B5

(the "**Lender**")

AND:

LANDDRILL INTERNATIONAL LTD. of 160 MacNaughton Avenue, Moncton NB E1H 3L9

(the "**Debtor**")

A. Landdrill International Inc., a British Columbia company (the "**Borrower**"), wishes to borrow from the Lender a loan in the principal amount of Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a credit agreement dated July 27, 2011 between the Borrower and the Lender, as such agreement may be amended, restated, renewed and or replaced from time to time (the "**Credit Agreement**");

B. In consideration of the Lender making the Loan, the Debtor has agreed to guarantee to the Lender all debts, obligations or liabilities under or in connection with the Credit Agreement.

C. The Debtor has been authorized by its Board to enter into this Agreement and pledge to the Lender all of the shares in the authorized capital of **LANDDRILL INTERNATIONAL INC. (BARBADOS)** now or hereafter issued in the name of the Debtor (the "**Shares**") to secure all obligations and debts of the Debtor to the Lender.

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Debtor covenants, declares and agrees with the Lender as follows:

1. As general and continuing collateral security and as a pledge and an assignment to secure the payment and performance of all present and future indebtedness, liabilities and obligations of any nature or kind whatever which are now or may hereafter become owing by the Debtor to the Lender (such indebtedness, liabilities and obligations, the "**Obligations**"), the Debtor:

   (a) hereby pledges, hypothecates and charges in favour of, and grants to the Lender a security interest in all the shares in the capital of **LANDDRILL INTERNATIONAL INC. (BARBADOS)** now or hereafter issued in the name of the Debtor, all renewals and replacements thereof, substitutions therefor and accretions thereto (the whole hereinafter called the "**Pledged Securities**");

(b) without limiting the generality of Clause 1(a), hereby assigns to the Lender and creates in favour of the Lender a security interest in all of the Debtor's right, title, claim and interest in and to the moneys (comprising capital or interest) due and payable or to become due and payable to the Debtor under the terms of any of the Pledged Securities and all income and proceeds (including proceeds of sale, redemption or repurchase of any of the Pledged Securities) therefrom and under any further Pledged Securities evidencing re-investment of the whole or any part of any moneys paid under any of the Pledged Securities whether by sale thereof or otherwise;

(c) shall deliver to the Lender, all the certificates evidencing the Pledged Shares now issued to the Debtor, and more particularly described in Schedule A hereto, contemporaneously with the execution of this Share Pledge Agreement, and any other certificates evidencing the Pledged Shares hereafter issued to the Debtor, as soon as such certificates are received by the Debtor.

2. The Debtor irrevocably covenants and agrees with the Lender that upon demand made by the Lender at any time after a default by the Debtor under this Share Pledge Agreement or any other agreements by the Debtor in favour of the Lender, the Lender shall be entitled and shall have the right and the power to do or cause to be done any or all of the following:

(a) the Lender may, forthwith without any advertisement and without any other notice or formality, all of which are hereby irrevocably waived, sell the Pledged Securities or any of them by public or private sale for such price in money or other consideration and upon such terms and conditions as it deems best, as fully and effectually as if the Lender were the absolute owner thereof;

(b) the Lender may hold all income from the Pledged Securities, and the proceeds of any collection or realization of the Pledged Securities, after deduction of all expenses thereof, which with interest shall be borne by the Debtor, as security as aforesaid and/or applied against any of the Obligations as the Lender deems best;

(c) the Lender may compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and others and the Pledged Securities and other securities as it sees fit, without prejudice to any of its rights;

(d) the Lender may exercise all rights and powers and perform all acts of ownership in respect of the Pledged Securities to the same extent as the Debtor might do and the Debtor shall forthwith repay all consequent outlay and expense with interest;

(e) the Lender, or any officer thereof, as the lawful attorney of the Debtor, with full powers of substitution, may transfer or cause the redemption or repurchase of all or any of the Pledged Securities and may fill in any blanks in any transfers or shares, bonds or debentures or any power of attorney or other documents delivered to any of them;

(f) the Lender, or any officer thereof, as the lawful attorney of the Debtor, with full powers of substitution, shall be entitled to vote in respect of the Pledged Securities at any meeting whether special or general at which the holder of the Pledged Securities is entitled to vote, and is authorized to give and grant to such person or persons as it may deem best power to vote upon the Pledged Securities; and

(g) at the request of the Lender, the Debtor shall, at its own expense, execute all such transfers and documents as may be reasonably required, with all such powers of sale and other necessary powers as may be expedient for vesting in the Lender, or such person or persons as the Lender may appoint, all and every of the Pledged Securities.

3. The Debtor covenants and agrees with the Lender that:

(a) the Debtor shall defend the Pledged Securities against the claims and demands of all other parties claiming the same or an interest therein, take all reasonable action to keep the Pledged Securities free from all security interests, mortgages, lien claims, charges, leases, encumbrances or other adverse claim or interests (collectively, the "**Encumbrances**"), save for the Encumbrances in favour of the Lender, and not sell, exchange, transfer, assign, lease or otherwise dispose of the Pledged Securities or any interest therein without the prior written consent of the Lender;

(b) if an Affiliate (as such term is defined in the *Business Corporations Act* (British Columbia)) now or hereafter holds shares in the capital of **LANDDRILL INTERNATIONAL INC. (BARBADOS)**, the Debtor shall cause such Affiliate to pledge such shares to the Lender as security for the Obligations, and a failure of such Affiliate to pledge such shares shall constitute a default hereunder;

(c) the Lender may delegate its powers and any delegate may sub-delegate the same and any of the powers hereby given may be exercised in the name and on the behalf of the successors and assigns of the Debtor;

(d) the Lender shall have the right but shall not be bound nor required to exercise any option or right which the holder of any Pledged Securities may at any time have;

(e) the Lender shall not be bound under any circumstances to realize upon any of the Pledged Securities or to allow any Pledged Securities to be sold, redeemed or repurchased, and shall not be responsible for any loss occasioned by any sale of any of the Pledged Securities or by the retention of or refusal to sell the same, nor shall the Lender be obliged to collect or see to the payment of dividends or interest thereon, but all such dividends or interest shall be forthwith paid to the Lender and until so paid shall be held by the Debtor in trust for the Lender;

(f) all costs and charges incurred by the Lender with reference to the Pledged Securities or the realization thereof (including therein all solicitor and counsel and court costs paid) shall be added to the Obligations and shall be secured by the Pledged Securities;

(g) any additional or substituted Pledged Securities shall be held by the Lender subject to the same terms and conditions and with the same powers and authorities as are hereby declared and conferred;

(h) if any payment on account of the Obligations is made the Lender shall not by reason thereof be required to surrender any of the Pledged Securities hereby pledged and assigned;

(i) the Lender's responsibility hereunder is limited to exercising in regard to the Pledged Securities the same degree of care which a reasonable person would give to valuable property similar to the Pledged Securities;

(j) this Share Pledge Agreement shall be deemed to have been made in the province of British Columbia and shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein; and

(k) the Debtor hereby acknowledges receipt of a copy of this Share Pledge Agreement and waives all rights to receive a copy of any financing statement or financing change statement filed or registered by the Lender or any verification statement issued by the Personal Property Registry established under the *Personal Property Security Act* (British Columbia) that relates to such financing statement or financing change statement.

THIS SHARE PLEDGE AGREEMENT shall enure to the benefit of the Lender and be binding upon the Debtor and their respective heirs, successors and assigns.

IN WITNESS WHEREOF the Debtor has executed this Share Pledge Agreement this 29th day of July, 2011.

LANDDRILL INTERNATIONAL LTD.
by its authorized signatory:

____

Print Name: Ronald J. Logan

SCHEDULE A

1. /00_ common shares in the capital of **LANDDRILL INTERNATIONAL INC. (BARBADOS)**, represented by the share certificate No. /__.

Incorporated under the Laws of Barbados

CERTIFICATE NO. 1

SHARES 100 Common

LANDDRILL INTERNATIONAL INC.

This Certifies that LANDDRILL INTERNATIONAL LTD.

is the registered holder of 100 COMMON *shares.*

Transferable only on the books of the Company by the holder hereof in person or by Attorney upon surrender of this Certificate.

Given under the common Seal of the said Company

this 23rd *day of* December *20* 04

DIRECTOR

SECRETARY

LANDDRILL INTERNATIONAL INC.

IRREVOCABLE STOCK POWER

KNOW ALL MEN BY THESE PRESENTS, That LANDDRILL INTERNATIONAL LTD., a New Brunswick corporation (the "**Transferor**"),

FOR VALUE RECEIVED has bargained, sold, assigned and transferred and by these presents does bargain, sell, assign, and transfer unto

Sprott Resource Lending Partnership

100 Common Shares (the "**Shares**") in the capital of **LANDDRILL INTERNATIONAL INC.,** a Barbados corporation (the "**Corporation**") standing in its name on the books of the said Corporation represented by Share Certificate(s) No(s). 1.

AND the Transferor does hereby constitute and appoint Sprott Resource Lending Partnership

as its true and lawful Attorney, IRREVOCABLY, for it and in its name and stead but to its use, to sell, assign, transfer and make over all or any part of the Shares and for that purpose to make and execute all necessary acts of assignment and transfer thereof, and to substitute one or more persons with like full power, hereby ratifying and confirming all that its said Attorney or its substitute or substitutes shall lawfully do by virtue hereof.

IN WITNESS WHEREOF, the Transferor has hereunto set its corporate seal at Moncton, New Brunswick, this 29th day of July 2011.

LANDDRILL INTERNATIONAL LTD.

Per: ______________________
Authorized Signatory

Per: ______________________
Authorized Signatory

STOCK PLEDGE AGREEMENT DATED JULY 29, 2011, ENTERED INTO BY AND BETWEEN LANDDRILL INTERNATIONAL INC., A BARBADOS COMPANY, REPRESENTED BY RONALD JOSEPH GOGUEN, IN THE CAPACITY OF PLEDGOR AND GUARANTOR ON ONE PART, AND SPROTT RESOURCE LENDING PARTNERSHIP, AN ONTARIO GENERAL PARTNERSHIP, REPRESENTED BY Narinder Nagra, IN THE CAPACITY OF CREDITOR AND SECURED PARTY, BY VIRTUE OF THE FOLLOWING BACKGROUND RECITALS AND CLAUSES:

BACKGROUND

Landdrill International Inc., a British Columbia corporation (hereinafter, the "Parent") has requested financing from Sprott Resource Lending Partnership and therefore on July 29, 2011 executed a credit agreement (hereinafter, the "Credit Agreement"), copy of which is attached hereto as Exhibit A.

Landdrill International Inc., a Barbados company (hereinafter, the "Pledgor"), and Landdrill International Mexico, S.A. de C.V. are related to the Parent.

RECITALS

I. The Pledgor hereby states, through its legal representative, that:

I.a. It is a corporation duly organized and validly existing under the laws of Barbados, with sufficient authority to enter into this agreement.

I.b. Its legal representative is duly authorized to execute this agreement on its behalf, which authority, as of this date, has not been modified, revoked or otherwise limited.

I.c. It is the lawful owner of 99 (ninety nine), ordinary, nominative shares, with a par-value of MXN$500.00 (Five hundred pesos 00/100 local currency of Mexico) each, of the corporate capital of Landdrill International Mexico, S.A. de C.V. (the "Issuer"), which shares currently represent 99% (ninety nine percent) of the corporate capital of the Issuer. Such shares have been legally issued, totally subscribed and paid for, and are free from any liens, encumbrances, limitations or restrictions of ownership, option or assignment, other than the pledge security interest created hereunder.

I.d. It is willing to pledge in favor of Pledgee (as defined below) 99 (ninety nine) ordinary, nominative shares, with a par-value of MXN$500.00 (Five hundred pesos 00/100 local currency of Mexico) each, of the corporate capital of the Issuer, representing in aggregate 99% (ninety nine percent) of the corporate capital of the Issuer, fully subscribed and paid for as of the date hereof (hereinafter the "Shares").

I.e. It does not require any authorization or approval in order to execute this agreement nor to pledge the Shares in favor of Pledgee.

I.f. It has full legal capacity and sufficient corporate authority in order to enter into this agreement and pledge the Shares in favor of Pledgee.

I.g. The pledge granted hereunder does not and shall not violate any law to which it may be subject.

I.h. It is willing to execute this agreement and pledge the Shares in favor of Pledgee, in order to secure the payment and performance of each and all of the Secured Obligations (as defined below), maintaining in pledge hereunder shares representing at all times 99% (ninety nine percent) of the corporate capital of the Issuer.

II. Sprott Resource Lending Partnership (hereinafter "Pledgee"), hereby states, through its legal representative, that:

II.a. It is a general partnership formed under the laws of Ontario.

II.b. Its legal representative is duly authorized to execute this agreement on its behalf, which authority has not been modified, revoked or otherwise limited.

III. The parties hereby state that they acknowledge and accept the authority of their respective legal representatives.

Based on the foregoing, the parties hereby agree as follows:

CLAUSES

1. **Defined Terms.** As used in this agreement (including in the recitals hereof), all terms defined in this agreement shall have the following meanings, in the understanding that such terms shall have the same meaning in the singular or plural forms:

"Credit Agreement" has the meaning set forth in the Background of this agreement;

"Dollars" means the legal currency of Canada;

"Event of Default" means any breach to any recital or clause of this agreement as well as any event contained in article 9.1 of the Credit Agreement;

"Issuer" means Landdrill International Mexico, S.A. de C.V., a company incorporated under the laws of México;

"Judgment Currency" has the meaning ascribed to such term in clause 11 of this agreement;

"Law" means the *Ley General de Títulos y Operaciones de Crédito* of Mexico;

"Parent" means Landdrill International Inc., a company incorporated under the laws of Ontario;

"Pledgee" means Sprott Resource Lending Partnership, a general partnership formed under the laws of Ontario;

"Pledgor" means Landdrill International Inc., a company incorporated under the laws of Barbados;

"Secured Obligations" means: (i) all the obligations owed by Parent, Pledgor and by Issuer to Pledgee pursuant to the Credit Agreement, including without limitation the repayment of the Loan (as defined in the Credit Agreement) together with interest thereon; and (ii) all obligations of Pledgor hereunder;

"Shares" has the meaning set forth in Recital I.d. of this agreement.

2. Pledge. Pledgor hereby creates a first priority pledge over the Shares in favor of Pledgee, in order to secure compliance of the Secured Obligations.

3. Delivery, Endorsement and Registration. The pledge mentioned in clause 2 above, is created in accordance with paragraph II of Article 334 of the Law, through: (i) endorsement in guarantee in favor of Pledgee of the certificates representing the Shares, (ii) delivery to Pledgee of the certificates representing the Shares, duly endorsed in guarantee in favor of Pledgee, and (iii) registration of the pledge in the share registry book of the Issuer, in favor of Pledgee. Pledgor hereby delivers to Pledgee the certificates representing the shares duly endorsed in guarantee, as well as a certified copy of the entry made in the share registry book of the Issuer evidencing the pledge created hereunder.

3.1 Pursuant to Article 337 of the Law, Pledgor and Pledgee expressly agree that this agreement shall serve as receipt by Pledgee of the certificates representing the Shares.

3.2 Pledgor hereby agrees to perform any act that results necessary or convenient in order to pledge shares in favor of Pledgee representing at all times at least 99 (ninety nine percent) of the corporate capital of the Issuer, including (i) endorsing the share certificates representing such shares, (ii) requesting the Issuer to make the corresponding entries in the share registry book of the Issuer reflecting the pledge granted hereunder, (iii) pledging immediately in favor of Pledgee and pursuant to this agreement any shares in the number necessary to maintain a pledge over at least 99 (ninety nine percent) of the corporate capital of the Issuer, and (iv) if such is the case, amending this agreement to expressly include such additional shares. Any breach to that provided for in this clause shall constitute an Event of Default.

4. Voting rights. Unless an Event of Default shall have occurred and be continuing, Pledgor will have the right to exercise voting rights pertaining to the Shares in a manner that does not result in a breach of, or a conflict with, the terms and conditions of this agreement and the Credit Agreement. Likewise, Pledgee shall, at Pledgor's cost and expense, issue any document required by Pledgor to exercise its voting rights. To such effect, Pledgor shall notify and specify in writing to Pledgee, at least ten (10) calendar days in advance, the documents that will be required and provide all information requested by Pledgee.

4.1 Upon the occurrence of an Event of Default, Pledgee will have the exclusive right to exercise any and all the voting rights pertaining to the Shares, in the understanding that Pledgee shall exercise all such rights in accordance with Article 338 of the Law.

5. Other corporate rights and economic rights. Unless an Event of Default shall have occurred and be continuing, Pledgor shall have the right to exercise all rights pertaining to the Shares, subject to any limitations provided for in the Credit Agreement.

5.1 Upon the occurrence and continuance of an Event of Default, Pledgee shall have the right to exercise any right pertaining to the Shares and receive and maintain hereunder any cash dividend, allocation of profits, or any distribution or payment made in cash, paid by the Issuer as a consequence of the rights conferred by the Shares. In case Pledgor receives any such dividends, profits, distributions or payments, Pledgor hereby agrees to immediately deliver them to Pledgee, which funds will be subject to this agreement and applied to payment of the Secured Obligations, all in accordance with the Law, clause 9 below and applicable provisions of the Credit Agreement. In such event and, until actual delivery to Pledgee, Pledgor shall have the obligation to maintain the amounts received in deposit, being regarded a depository in accordance with applicable law.

5.2 Pursuant to Article 343 of the Law, upon total or partial redemption of the Shares, Pledgee shall be entitled to receive the amount that Pledgor would have otherwise received for such concept, and the Issuer shall deliver to Pledgee such amount, in replacement of the redeemed Shares.

5.3 Subject to the foregoing, while this agreement is in force and effect:

(a) Pledgor hereby agrees to exercise any right of first refusal, preemptive or similar right in the event of any transfer of shares issued by the Issuer and/or upon capital increase of the Issuer, being Pledgor obligated to notify Pledgee in writing of such circumstance as soon as possible and in any event at least ten (10) calendar days in advance to the date when such rights need to be exercised, in the understanding that upon Pledgee's request, Pledgor shall execute to the satisfaction of Pledgee any documents required to create a pledge guarantee in favor of Pledgee with respect to the exercise of the corresponding preemptive or preference right equivalent to the 99 (ninety nine percent) of the corporate capital of the Issuer;

(b) Any shares or rights that Pledgor receives or is entitled to receive from the Issuer, shall automatically form part of the pledge created hereunder, including in an enunciative but not limitative manner, any shares issued as a consequence of a capital increase, the exercise of any first refusal or option rights, dividends in kind, any corporate reorganization or restructure, exchange of shares and any similar, so that at all moments at least 99 (ninety nine percent) of the Issuer's corporate capital is pledged in favor of Pledgee; Pledgor hereby agreeing to notify in writing to Pledgee of any such circumstance, as well as to endorse and deliver to Pledgee the corresponding share certificates, taking note of such pledge in the Issuer's share registry book and delivering a certified copy of the corresponding entry of such book for the benefit of Pledgee; and

(c) Pledgor hereby irrevocably agrees to deliver to Pledgee any amounts paid or deriving from the Shares, upon the corporate dissolution or liquidation of the Issuer, which amounts shall be applied to payment of the Secured Obligations, as these become due and payable, pursuant to applicable provisions of the Credit Agreement.

6. Termination. The pledge granted hereunder shall remain in full force and effect until each and all of the Secured Obligations are totally complied with and paid in full in accordance with the Credit Agreement.

7. Release of the Shares. Upon full compliance with and payment of the Secured Obligations, or such earlier time as an anticipated release or disposal of the Shares is permitted under the Credit Agreement, Pledgee shall release in favor of Pledgor: (i) the Shares, through delivery of the share certificates to Pledgor, authorizing the cancellation of the registration in the share registry book of the Issuer, and (ii) as the case may be, any cash dividend that Pledgee had received pursuant to this agreement.

8. Covenants of Pledgor. During the term of this agreement and as long as the Secured Obligations remain outstanding, Pledgor covenants and agrees as follows:

(a) not to sell, transfer, assign, grant, or otherwise dispose of, or grant any option with respect to, any Shares or any right deriving from the Shares;

(b) not to take any action or omit to take any action or corporate decision, which may have the purpose or may be expected to result in a decline in the value of the Shares or which may otherwise affect the Shares and, consequently, decline the value of the security interest created hereunder; and

(c) execute and deliver all documents and instruments requested by Pledgee from time to time and carry out any actions that Pledgee may consider necessary in order to maintain, perfect and protect the pledge created hereunder, and execute and deliver any documents and instruments that may result necessary in order to maintain a pledge in favor of Pledgee over shares of the Issuer representing at least 99 (ninety nine percent) of the corporate capital of the Issuer.

9. Foreclosure. If an Event of Default shall occur or in case of any breach of any obligations of Pledgor hereunder, Pledgee may foreclose upon the pledge and request the sale with judicial authorization of the Shares and other assets pledged hereunder, pursuant to Article 341 of the Law.

Pledgor hereby agrees to assist and support Pledgee and all relevant authorities to carry out all actions necessary to promptly foreclose on the Shares.

10. Notices. All notices, requests, demands, directions, consents and other communications given or sent under this agreement shall be in writing and mailed (return receipt requested) or delivered to the other party at its address indicated at the end of this clause.

10.2 The parties may change their notification address by written notice provided to the other party. The change of address should be considered in effect 10 days after said notice is received.

10.3 Notices shall be deemed to have been received, if delivered by hand, at the time of such delivery and if delivered by mail, on possession of evidence of delivery to the respective addressee.

10.4 Pledgor designates as its domicile 160 Macnaughton Avenue, Moncton NB, Canada E1H 3L9 Attention: Chief Executive Officer. Pledgee designates as its domicile Suite 2750, 200 Bay Street, Royal Bank Plaza, South Tower, Toronto, ON, Canada V6C 0A3, Attention: Chief Financial Officer.

11. Judgment Currency. Upon the issuance of an order or judgment being issued by a court of any jurisdiction for the payment of any amount due to Pledgee (including but not limited to, any amounts due as damages or under any order or judgment issued by a court of a different jurisdiction) such order or judgment being denominated in a currency other than Dollars (the "Judgment Currency"), Pledgor hereby agrees to indemnify Pledgee for any differential resulting from the variation between: (i) the rate of exchange applied to convert any amount of Dollars into the Judgment Currency for purposes of such order or judgment; and (ii) the then current rate of exchange prevailing in the Judgment Currency market for Dollars at which Pledgee is able to acquire Dollars in Toronto, Ontario, Canada. At Pledgee's request, Pledgor must immediately pay any amount due under this clause.

11.1 The indemnity described above, constitutes an additional obligation in charge of Pledgor, different and independent from all of other obligations hereunder, affording different and independent actions against Pledgor, being applicable regardless of any release or extension granted from time to time, and shall be in force and enforceable notwithstanding any other judicial order or judgment. Pledgee's evidence of any differential described above shall be final and binding for Pledgor, save for manifest error.

12. Governing Law and Jurisdiction. For all matters relating to the interpretation, compliance with and foreclosure of this agreement, the parties hereby expressly and irrevocably submit to the applicable laws of Mexico and to the jurisdiction of the competent courts sitting in Mexico City, Federal District, Mexico, hereby expressly and irrevocably waiving the right to any other jurisdiction that may correspond to them by reason of their present or future domiciles, or due to any other reason.

13. Counterparts. This agreement may be executed in different counterparts, each of which shall constitute one and the same document.

In WITNESS WHEREOF, the parties hereby execute this agreement on the date first above written.

PLEDGOR:
LANDDRILL INTERNATIONAL INC.

By: Ronald Joseph Goguen
Title: Legal representative

PLEDGEE:
SPROTT RESOURCE LENDING PARTNERSHIP

By:
Title: Legal representative

13. Counterparts. This agreement may be executed in different counterparts, each of which shall constitute one and the same document.

In WITNESS WHEREOF, the parties hereby execute this agreement on the date first above written.

PLEDGOR:
LANDDRILL INTERNATIONAL INC.

By: RONALD J. GOGUEN
Title: Legal representative

PLEDGEE:
SPROTT RESOURCE LENDING PARTNERSHIP

By:
Title: Legal representative

Exhibit A
Copy of Credit Agreement

CREDIT AGREEMENT

THIS AGREEMENT is made as of the ____ day of July, 2011

BETWEEN:

SPROTT RESOURCE LENDING PARTNERSHIP, a general partnership formed under the laws of Ontario;

(the "**Lender**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of the Province of British Columbia,

(the "**Borrower**")

AND:

LANDDRILL INTERNATIONAL LTD., a company incorporated under the laws of the Province of New Brunswick,

("**Landdrill NB**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of Barbados,

("**Landdrill Barbados**")

AND:

LANDDRILL INTERNATIONAL MEXICO, S.A. de C.V., a company incorporated under the laws of Mexico,

("**Landdrill Mexico**")

WHEREAS:

A. The Lender has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the aggregate principal amount of $4,000,000, on the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT witnesses that in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

1. INTERPRETATION

1.1 Definitions. Where used in this Agreement, each of the following words and phrases shall have the meanings set out below:

(a) **"Applicable Law"** means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, any law, rule, statute, regulation, treaty, order, judgement or decree, and any official request, directive, rule, guideline, order, policy, practice or other requirement of any Governmental Body relating or applicable at such time to such Person, property, transaction, event or other matter, and shall also include any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

(b) **"Acquisition Debt"** means all Indebtedness owed by the Borrower or Guarantor to **Inflight, S. de R.L. de C.V.**, including that arising under a US$4,988,000 promissory note dated March 31, 2011;

(c) **"Authorization"** means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event or with respect to any of such Person's Business Affairs;

(d) **"Bonus Payment"** has the meaning set forth in section 5.2 below;

(e) **"Bonus Shares"** has the meaning set forth in section 5.2 below;

(f) **"Business Affairs"** means the Business Assets, affairs, liabilities, financial condition and results of operations of a specified Person or Persons;

(g) **"Business Assets"** means the business, operations, undertaking, property and assets of a specified Person or Persons (including interests held in the Capital Stock of another Person);

(h) **"Business Day"** means a day, excluding Saturday and Sunday, on which banking institutions are open for business in both Toronto, Ontario and Moncton, New Brunswick;

(i) **"Capital Stock"** means (i) common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, (ii) equity preferred or common interests in a limited liability company,

(iii) member or shareholder interests in an unlimited company or unlimited liability company, (iv) limited or general partnership interests in a partnership, (v) any other interest that confers the right to receive a share of the profits and/or losses of, or the distribution of assets of, any Person, and (vi) any other interest equivalent to any of the interests referred to in any of clauses (i), (ii, (iii), (iv) and (v) of this definition;

(j) **"Change in Law"** means the introduction of, any change in, or the coming into effect of, any Applicable Law (whether or not having the force of law), or any change in the interpretation, administration or application thereof by any Governmental Body, or compliance by the Lender with any Applicable Law or any order of any Governmental Body (whether or not having the force of law);

(k) **"Control"**, **"Controls"** and **"Controlled"** when used with respect to any Person means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person (whether through ownership of Voting Capital Stock, by contract or otherwise); provided that, in any event and without limitation, any Person or combination of Persons acting jointly or in concert which owns or own, directly or indirectly, 50% or more of the Voting Capital Stock having ordinary voting power for the election of the directors of, or Persons performing similar functions for, such Person will be deemed to Control such Person (irrespective of whether at the time any other Capital Stock of such Person of any other class shall or might have voting power upon the occurrence of any contingency);

(l) **"Default"** means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, could become an Event of Default;

(m) **"Environmental Laws"** means any Applicable Law which applies to the Business Affairs of either of the Borrower or the Guarantor relating to the environment, or any past, present or future activity, event or circumstance in respect of any Hazardous Materials (including the use, handling, transportation, production, disposal, discharge or storage thereof or the terms of any permit issued therefor) or the environmental conditions on, under or about any real property of either of the Borrower or the Guarantor (including soil, groundwater and indoor and ambient air conditions);

(n) **"Event of Default"** means any of the events described in Section 9.1;

(o) **"GAAP"** means Generally Accepted Accounting Principles, as established by the Canadian Institute of Chartered Accountants as of the date of this Agreement;

(p) **"GE Entities"** means, collectively, GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company, GE Technology Finance,

GE VFS Canada Limited Partnership and GE Capital Canada Equipment Financing & Leasing Company;

(q) **"Good Mexican A/R"** means those accounts receivable of Landdrill Mexico that are less than 90 days past the date the invoice was sent out by Landdrill Mexico;

(r) **"Governmental Body"** means, when used with respect to any Person or its Business Affairs, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board, instrumentality, court, arbitration board or arbitrator or other law, regulation or rule making entity (including a Minister of the Crown, any central bank, Superintendent of Financial Institutions or other comparable authority or agency) having or purporting to have jurisdiction on behalf of, or pursuant to the laws of, Canada or any country in which such Person is incorporated, continued, amalgamated, merged or otherwise created or established or in which such Person has an undertaking, carries on business or holds property, or any province, territory, state, municipality, district or political subdivision of any such country or of any such province, territory or state of such country;

(s) **"Guarantors"** means Landdrill NB, Landdrill Barbados and Landdrill Mexico and **"Guarantor"** means each of them;

(t) **"Hazardous Materials"** means:

(a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, contaminants, materials or pollutants which:

(i) pose a hazard to any real property, or to Persons on or about real property; or

(ii) cause any real property to be in violation of any Environmental Law;

(b) any chemical, material or substance defined as or included in the definition of "dangerous goods", "deleterious substance", "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous waste", or "toxic substances", "waste", "special waste" or words of similar import under any Applicable Law;

(c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Body or which may or could pose a hazard to the owners or occupants of any real property, or users of waterways, or any other Person coming upon any real property or adjacent or surrounding water or property; and

(d) any other chemical, material or substance which is construed as having an "adverse effect", through impairment of or damage to the environment, human health or safety or property under any applicable Environmental Law;

(u) "**Income Taxes**" means taxes based on or measured by income or profit of any nature or kind, including Canadian federal and provincial income taxes and income taxes of any foreign jurisdiction;

(v) "**Indebtedness**" means, with respect to any person, indebtedness of such person which would, in accordance with generally accepted accounting principles, be classified upon a balance sheet (and the notes thereto) of such person as liabilities;

(w) "**Litigation**" means any grievance, investigation, litigation, legal action, lawsuit, or other proceeding (whether civil, administrative, quasi-criminal or criminal) by or before any Governmental Body;

(x) "**Lien**" means any mortgage, pledge, lien, hypothecation, security interest, encumbrance, charge (whether fixed, floating or otherwise), lease financing (including by way of sale and lease-back), title retention, deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor, or right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired;

(y) "**Loan**" means the loan of up to $4,000,000.00 to be made available to the Borrower by the Lender in accordance with the terms contained in this Agreement;

(z) "**Loan Advance**" means an advance of funds by the Lender to the Borrower in accordance with the provisions hereof;

(aa) "**Loan Documents**" means, collectively, this Agreement, the Security and each other agreement, document, certificate or instrument delivered to or for the benefit of the Lender pursuant to or otherwise in connection with this Agreement or the Security;

(bb) "**Loan Obligations**" means the Loan, Bonus Fee and other obligations of the Borrower owing to the Lender incurred under or pursuant to this Agreement, and any item or part of any thereof;

(cc) "**Material Adverse Effect**" means an effect which, (a) impairs, in a material adverse way, the Borrower's ability to perform its Loan Obligations, or (b) prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to this Agreement or the Security to or for the benefit of the Lender;

(dd) "**Maturity Date**" has the meaning set forth in section 5.4 below;

(ee) "**Mexican A/R Report**" means an aged accounts receivable report listing all of the accounts receivable of Landdrill Mexico and including a total for the amount of Good Mexican A/R.

(ff) "**Permitted Liens**" means, as of any particular time in respect of any particular asset owned by the Borrower or the Guarantors, any of the following:

(i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith at the time by the Borrower or a Guarantor and in respect of which the Borrower or a Guarantor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(ii) the lien of any judgment rendered or claim filed against the Borrower or a Guarantor which it is contesting in good faith at the time and in respect of which it has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(iii) undetermined or inchoate liens and charges incidental to current construction or repairs or current operations which have not at the time been filed pursuant to law against the Borrower or a Guarantor or which relate to obligations not due or delinquent;

(iv) maritime, warehousemen's, woodsmen's, carriers' and other similar liens which relate to obligations not due or delinquent;

(v) the encumbrance resulting from the deposit of cash or obligations as security when the Borrower or a Guarantor is required to do so by a Governmental Body or by normal business practice in connection with contracts, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by law;

(vi) public and statutory obligations which are not due or delinquent, and security given to a public utility or any Governmental Body when required by such utility or other authority in connection with the operations of the Borrower or a Guarantor;

(vii) easements, rights-of-way or similar rights in real property granted to or reserved by other Persons which do not materially impair the usefulness in the Business Affairs of the Borrower or a Guarantor of such real property;

(viii) rights reserved to or vested in any Governmental Body by any lease, licence, franchise, grant, permit or statutory provision to terminate any lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(ix) reservations, limitations, provisos and conditions expressed in any original grant from a Governmental Body of real property;

(x) Purchase Money Obligations;

(xi) Liens in favour of any Senior Lender; and

(xii) Liens expressly consented to in writing by the Lender;

(gg) "**Person**" means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Body;

(hh) "**Purchase Money Obligation**" means indebtedness of a Person incurred or assumed to finance the acquisition, construction or installation of, or improvements to, any property, provided that such indebtedness is incurred or assumed substantially concurrently with, such acquisition, construction, installation or improvement, and includes any extension, renewal or refunding of any such indebtedness so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased;

(ii) "**Registration**" means any notice to or filing, recording or registration with any Governmental Body having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Business Affairs;

(jj) "**Rollover Fee**" has the meaning set forth in section 5.3 below;

(kk) "**Security**" means the security described in **Article** 10 hereof, all other security given hereunder and all other security given by any person at any time to secure the Loan and the remaining obligations of the Borrower to the Lender hereunder or any part thereof;

(ll) "**Senior Lender**" means, collectively, Canadian Imperial Bank of Commerce and the GE Entities;

(mm) "**Specified Rigs**" means, collectively, the following drilling rigs:

(i) one Boart Longyear 44 drilling rig with serial number LY-44-3, sent from Nicaragua to Mexico;

(ii) two Usinage Marcotte Inc. 2500 drilling rigs with serial numbers RG66466A347227 and 46288466, sent from Canada to Mexico;

(iii) two Usinage Marcotte Inc. 1500-U drilling rigs with serial numbers STM1500-3 and STM1500-4, sent from Canada to Mexico.

(nn) **"Taxes"** means all taxes of any kind or nature whatsoever including capital taxes, realty taxes (including utility charges which are collectible like realty taxes), business taxes, property transfer taxes, Income Taxes, sales taxes, custom duties, payroll taxes, stamp taxes, royalties, duties, and all fees, deductions and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Canada or Mexico, or any other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon;

(oo) **"Voting Capital Stock"** means Capital Stock of a Person which carries voting rights or the right to Control such Person under any circumstances, provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such right to vote or Control.

1.2 Currency. All references to dollars or currency in this Agreement are to Canadian dollars.

1.3 Governing Law. This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein. Subject to Article 11, each party hereto:

(a) irrevocably and unconditionally submits to and accepts the exclusive jurisdiction of the courts exercising jurisdiction in British Columbia, and any court that may hear appeals from any of those courts, for any proceeding in connection with this Agreement, subject to the right to enforce a judgement obtained in any of those courts in any other jurisdiction; and

(b) irrevocably waives any objection to the venue of any legal process commenced in the courts of British Columbia on the basis that the process has been brought in an inconvenient forum.

1.4 Severability. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

1.5 Extended Meanings. In the Loan Documents, except to the extent the context otherwise requires: (a) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (b) the words **"hereof," "herein," "hereto," "hereunder"** and the like mean and refer to this Agreement or any other Loan

Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (c) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (d) the words **"including," "includes"** and **"include"** shall be deemed to be followed by the words **"without limitation;"** (e) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (f) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to; (g) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (h) in the computation of periods of time from a specified date to a later specified date, the word **"from"** means **"from and including"**; the words **"to"** and **"until"** each mean **"to but excluding"**; and the word **"through"** means **"to and including."**

1.6 <u>Headings</u>. The headings to the clauses of this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof. The terms **"this Agreement", "hereof", "hereunder"** and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection, paragraph, subparagraph, clause or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Section of this Agreement.

1.7 <u>Accounting Terminology and Practices</u>. All accounting terms not defined in this Agreement shall have those meanings generally ascribed to them in accordance with GAAP. Where financial data is to be submitted pursuant to this Agreement, or the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purposes of this Agreement and any other Loan Document, including the contents of any certificate to be delivered hereunder, such determination, consolidation or computation shall, unless the parties otherwise agree or the context otherwise require, be made in accordance with GAAP applied on a consistent basis.

1.8 <u>Per Annum Calculations</u>. Unless otherwise stated, wherever in this Agreement or any other Loan Document reference is made to a rate of interest "per annum" or a similar expression is used, such interest shall be calculated using the nominal rate method, and not the effective rate method, of calculation and on the basis of a calendar year of 365 days or 366 days, as the case may be.

2. <u>LOAN</u>

2.1 <u>The Loan</u>. Subject to the terms and conditions hereof, the Lender shall make the Loan available to the Borrower by way of Loan Advances of up to a maximum aggregate principal amount of $4,000,000.00, in accordance with the terms and conditions set forth herein.

2.2 <u>Use of Proceeds</u>. The Borrower covenants and agrees with the Lender that the Loan will be used exclusively by the Borrower to reduce the Acquisition Debt, and for no other

purpose whatsoever without the express written consent of the Lender (which consent may be unreasonably withheld by the Lender in its sole discretion).

2.3 Funds. Each Loan Advance shall be advanced in Canadian dollars, by direct deposit or wire transfer, to the account set out by the Borrower in a written notice to the Lender.

3. CONDITIONS PRECEDENT TO ADVANCE OF THE LOAN

3.1 Conditions Precedent to Loan Advance. On or before a Loan Advance, the following conditions shall be met by the Borrower to the satisfaction of the Lender:

(a) the Borrower shall have delivered to the Lender certified copies of the constating documents for each of the Borrower and the Guarantors and all amendments thereto, and certified copies of the required resolutions of the directors of the Borrower and the Guarantors authorizing the transactions contemplated hereunder, all in form and substance satisfactory to the Lender;

(b) all Loan Documents shall have been executed and delivered and all filings, registrations and recordings and legal opinions necessary or desirable in connection therewith shall have been made;

(c) completion of all due diligence on the Borrower and Guarantors to the satisfaction of the Lender and its legal counsel, including a review of all:

(i) material contracts of the Borrower and Guarantors;

(ii) leases, licences and permits;

(iii) budgets of the Borrower and Guarantors; and

(iv) pro-forma financial statements of the Borrower and Guarantors.

(d) the Lender shall have received such search results, certificates and other documents, as the Lender shall reasonably require, confirming that the Business Assets of each of the Borrower and the Guarantors are free and clear of all Liens, save and except for the Security and the Permitted Liens;

(e) receipt of all applicable stock exchange and other regulatory approvals to the completion of this Agreement;

(f) receipt of written confirmation by the Borrower and Guarantors that all representations and warranties of each of them hereunder are true and correct as of the date of the Loan Advance;

(g) completion of an issuance of convertible debt of the Borrower having a minimum gross proceeds to the Borrower of $4,000,000;

(h) receipt of evidence satisfactory to the Lender of the repayment of any debt that is secured by a Lien charging Business Assets of the Borrower or the Guarantors that are located in Mexico and that any related discharges have been filed or are held by the Borrower or its legal counsel on trust conditions that are acceptable to the Lender;

(i) receipt of evidence satisfactory to the Lender that the Specified Rigs have arrived in Mexico, have cleared customs and have no associated Liens or payables (including duties and shipping costs);

(j) a waiver by Canadian Imperial Bank of Commerce of any outstanding breach of covenant by the Borrower or Landdrill NB; and

(k) such additional evidence, documents and undertakings as the Lender may request, acting reasonably, to complete the transactions contemplated hereunder and reasonable evidence of compliance with the conditions set forth in this Agreement shall have been furnished to the Lender.

3.2 No Obligation to Advance. Notwithstanding the foregoing, the Lender shall not be required to make a Loan Advance at any time if:

(a) a Default has occurred that is continuing;

(b) the Lender is not satisfied, acting reasonably, as to the accuracy or completeness of the material delivered to it as a condition precedent to such Loan Advance;

(c) the Lender is not satisfied, acting reasonably, that such Loan Advance is being used solely for the purpose set out in Section 2.2;

(d) in the opinion of the Lender, there has been any Material Adverse Change in the business, assets or financial condition of the Borrower or the Guarantors; or

(e) there is any action, proceeding or investigation pending or threatened against the Borrower or the Guarantors.

The Lender shall promptly advise the Borrower if it is not prepared to make the Loan Advance and specify the reasons therefor.

3.3 Waiver. The conditions set forth in Section 3.1 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

4. EVIDENCE OF INDEBTEDNESS

4.1 Account of Record. The Borrower hereby appoints the Lender as its duly authorized agent to record each of the advances of principal of the Loan to the Borrower, repayments of such principal and payments of interest and such other information as may be required to calculate the resulting unpaid balance of the Indebtedness of the Borrower to the

Lender from time to time. All records made by the Lender in respect of advances and repayments of principal and payments of interest on the Loan shall, absent manifest error, be admissible in any proceedings as prima facie evidence of the amount of the Indebtedness of the Borrower to the Lender. The Lender shall, if requested, promptly advise the Borrower of any such records and provide a copy thereof to the Borrower.

4.2 <u>Promissory Note</u>. The Borrower will, prior to any Loan Advance, deliver to the Lender a promissory note evidencing the aggregate amount of such Loan Advance, in the form attached hereto as Schedule "A".

5. <u>INTEREST, FEES AND MATURITY DATE</u>

5.1 <u>Interest</u>. Interest will accrue on the principal amount of the Loan Advance, together with all accrued but unpaid interest, the Rollover Fee and all other sums due and payable from time to time pursuant to the terms of this Agreement from the date of Advance at the rate of **twelve percent (12%) per annum**, calculated daily and compounded monthly (effective annual rate of 12.68%), both before and after maturity, default or judgment, and be **payable by the Borrower to the Lender monthly on the last Business Day of every month by way of pre-authorized electronic debit.**

5.2 <u>Bonus Payment</u>. In consideration of the Lender issuing a Term Sheet dated June 10, 2011 to the Borrower, the Borrower will make a payment equal to the greater of $200,000 and an amount equal to 5% of the Loan (the "**Bonus Payment**") to the Lender, and the Bonus Payment will be payable in common shares in the capital of the Borrower at a price equal to a 10% discount to the ten day weighted average closing price of the Borrower's common shares traded on the TSX stock exchange for the ten days immediately prior to June 10, 2011 (the "**Bonus Shares**"). The Borrower will take all steps necessary or desirable to ensure that the Bonus Shares are subject to a hold period of four months and one day from the date of issue of the Bonus Shares.

5.3 <u>Rollover Fee</u>. On the first anniversary of the Loan Advance, the Borrower will pay to the Lender a fee in an amount equal to 2% of the outstanding balance of the Loan as of that date (the "**Rollover Fee**")

5.4 <u>Maturity of Loan</u>. The Loan will mature and the outstanding balance together with all accrued but unpaid interest, any unpaid fees and all other sums due and payable from time to time pursuant to the terms of this Agreement will be immediately due and payable by the Borrower to the Lender on the earliest of:

(a) July [redacted] 2013; and

(b) the occurrence and continuance of an Event of Default if not cured within the period specified in this Agreement;

as the case may be, the "**Maturity Date**");

5.5 Maximum Rate of Return. If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary) (i) first, by reducing the amount or rate of interest; and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the *Criminal Code* (Canada).

6. REPAYMENT OF PRINCIPAL

6.1 Repayment on Maturity. The Borrower shall repay the outstanding balance of the Loan on the Maturity Date.

6.2 Mandatory Repayment on Sale. If the Borrower or any Guarantor sells or otherwise disposes of any its Business Assets outside of the ordinary course of business, or closes one or more equity financings, the Borrower and the Guarantors, as applicable, will pay or cause to be paid to the Lender all proceeds from such sale, disposition or financing, net of reasonable selling or financing costs, up to the full amount of the outstanding balance of the Loan, to be applied on account of the Loan.

6.3 Mandatory Payments of Principal before Maturity. The Borrower shall make the following payments in reduction of the outstanding balance of the Loan, unconditionally and without set-off, counterclaim or, to the extent permitted by applicable law, other defense, and free and clear of, and without reduction for or on account of, any present and future taxes or withholdings, and all liabilities with respect thereto:

(a) on the last Business Day of each and every month, commencing on **August 31, 2011**, the Borrower will pay to the Lender the sum of $100,000; and

(b) on the earlier of the 15th day after each month-end and five days after delivery of the Mexican A/R Report, the Borrower will pay to the Lender the amount by which the Good Mexican A/R is less than (an "**A/R Shortfall Payment**") the lower of:

(i) $2,000,000; and

(ii) the previous lowest amount of Good Mexican A/R as shown on a Mexican A/R Report.

By way of example:

- July Good Mexican A/R is $2,100,000 – no A/R Shortfall Payment required

- August Good Mexican A/R is $1,800,000 – a $200,000 A/R Shortfall Payment required
- September Good Mexican A/R is $2,200,000 – no A/R Shortfall Payment required
- October Good Mexican A/R is $1,900,000 – no A/R Shortfall Payment required
- November Good Mexican A/R is $1,700,000 – a $100,000 A/R Shortfall Payment required

6.4 Prepayment. The Borrower may prepay all or any portion of the Loan, upon 10 days prior written notice.

6.5 Manner of Payments. All payments to be made by the Borrower to the Lender under this Agreement shall be made in **Canadian dollars** for value on the day such amount is due and, if such day is not a Business Day, on the Business Day next following, by wire transfer or direct deposit in immediately available funds to such account of the Lender as the Lender may direct from time to time.

7. REPRESENTATIONS AND WARRANTIES

7.1 Borrower Representations. Each of the Borrower and the Guarantors represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties:

(a) Existence and Good Standing. Each of the Borrower and the Guarantors is a corporation duly and validly incorporated, organized and existing under the laws of its jurisdiction of incorporation and has the legal capacity and right thereunder to carry on its business and to own its Business Assets and has the right to carry on its business and to own its Business Assets in each other jurisdiction in which it carries on business or where any of its Business Assets are located, except for those other jurisdictions where failure to have such right has not and would not reasonably be expected to have a Material Adverse Effect.

(b) Authority. Each of the Borrower and the Guarantors has the legal capacity and right to enter into this Agreement and the Security to which it is a party and do all acts and things and execute and deliver all agreements, documents and instruments as are required thereunder to be done, observed or performed by it in accordance with the terms and conditions thereof.

(c) Due Authorization. Each of the Borrower and the Guarantors has taken all necessary action to authorize the execution and delivery of each Loan Document to which it is a party, the creation and performance of its obligations thereunder and the consummation of the transactions contemplated thereby.

(d) Due Execution. Each of the Borrower and the Guarantors has duly executed and delivered each Loan Document to which it is a party.

(e) Enforceability. Each Loan Document to which the Borrower and the Guarantors, or any of them, is a party constitutes a valid and legally binding obligation enforceable against the Borrower and the Guarantors in accordance with its terms, subject only to bankruptcy, insolvency, winding-up, dissolution, reorganization, arrangement or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and general principles of equity.

(f) Absence of Litigation. There is no existing, pending or threatened Litigation against any of the Borrower or the Guarantors that, if adversely determined against either of them, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect.

(g) Financial Statements. Each financial report and financial statement of the Borrower or the Guarantors delivered to the Lender pursuant to or in connection with this Agreement has been prepared in accordance with GAAP and presents fairly in all material respects the financial information and the financial condition and results of operations of the Borrower or the Guarantors contained therein as at their respective preparation dates.

(h) Accuracy of Information. No information furnished by the Borrower or the Guarantors to the Lender as required by any of the Loan Documents contains any material misstatement of fact, or omits to state a material fact, necessary to make the statements contained therein not misleading, in light of the circumstances in which they were made and as of the date made.

(i) No Material Adverse Change. Since March 31, 2011 consolidated financial statements of the Borrower provided to the Lender, there has been no fact, event, state or condition, or any change in any fact, event, state or condition that has or would reasonably be expected to have a Material Adverse Effect.

(j) Compliance with Laws. Each of the Borrower and the Guarantors is in compliance in all material respects with all Applicable Laws, except for any non-compliance which has not and would not reasonably be expected to have a Material Adverse Effect on the Borrower and the Guarantors or any of them.

(k) No Default or Event of Default. No Default has occurred which has not been either remedied (or otherwise ceased to be continuing) and no Event of Default has occurred which has not been expressly waived by the Lender in writing.

(l) Taxes. Each of the Borrower and the Guarantors has:

(i) delivered or caused to be delivered all returns for Income Taxes, royalty payments and other Taxes which are now due to the appropriate Governmental Body;

(ii) paid and discharged all Taxes payable by it when due;

(iii) made provision for appropriate amounts in respect of any Taxes likely to be exigible in accordance with GAAP;

(iv) withheld and collected all Taxes required to be withheld and collected by it and remitted such Taxes to the appropriate Governmental Body; and

(v) paid and discharged all obligations incidental to any statutory lien or deemed trust imposed upon it by Applicable Law (including obligations respecting wages, vacation pay, workers' compensation and unemployment insurance) which, if unpaid, might become a Lien on any of its Business Assets,

except to the extent that a failure to do any of the foregoing has not and would not reasonably be expected to have a Material Adverse Effect, and no assessment or appeal is, to its knowledge, being asserted or processed with respect to any material Taxes.

(m) Solvency. Each of the Borrower and the Guarantors is (i) Solvent, and (ii) does not have unreasonably small capital to carry out its business as conducted and as proposed to be conducted.

(n) Environmental Laws. To the best of the knowledge of each of the Borrower and the Guarantors, the Business Assets and the operation of the Business Affairs of each of them, are in compliance in all material respects with Environmental Laws.

7.2 Repetition of Representations and Warranties. The representations and warranties made in Section 7.1 shall be deemed to be repeated by the Borrower and the Guarantors on the date of the Loan Advance and the representations and warranties made herein shall be deemed to be repeated by the Borrower and the Guarantors on the date of any other Loan Advance by reference to the facts and circumstances then existing.

8. COVENANTS

8.1 Affirmative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantors to duly perform and comply with, each of the following affirmative covenants:

(a) Punctual Payment. The Borrower will duly and punctually pay each sum payable by it under this Agreement at the time and place and in the manner provided for in this Agreement.

(b) Existence and Conduct of Business. Each of the Borrower and the Guarantors will maintain in good standing and full force and effect its legal existence in its present jurisdiction of incorporation or formation and obtain, maintain and preserve all material Authorizations, Registrations, rights and qualifications necessary, as well as the legal capacity necessary, to carry on its Business Affairs

and own its Business Assets in each jurisdiction in which it carries on business or owns any Business Assets. Each of the Borrower and the Guarantors will carry on its Business Affairs in a proper manner in accordance with prudent industry standards, unless non-compliance would not reasonably be expected to have a Material Adverse Effect.

(c) Compliance with Applicable Laws. Each of the Borrower and the Guarantors will comply in all material respects with all Applicable Laws.

(d) Financial Records. Each of the Borrower and the Guarantors will maintain complete records and books of account.

(e) Financial Statements and Other Information. Each of the Borrower and the Guarantors will deliver or cause to be delivered to the Lender:

(i) within 90 days after the end of the fiscal year of the Borrower, the annual consolidated financial statements of the Borrower approved by its board of directors, and audited by its Auditors (without qualification relating to ability to continue as a going concern, a limited scope of examination or independence), prepared in accordance with GAAP;

(ii) within 90 days after the end of each Guarantor's fiscal year, the annual consolidated financial statements of each Guarantor, approved by its board of directors, prepared in accordance with GAAP by its Auditors on a review engagement basis;

(iii) within 60 days after the end of each of the first three fiscal quarters of the Borrower's fiscal year, the unaudited quarterly consolidated and unconsolidated financial statements of the Borrower for its current fiscal year to such fiscal quarter end, signed and approved by a senior officer or director of the Borrower, prepared in accordance with GAAP (subject to annual audit adjustments and in respect of such consolidated statements, the absence of note disclosure) consisting in each case of a balance sheet and statements of income and retained earnings (or deficit) and of changes in financial position;

(iv) within 10 days after the end of each month, monthly financial reports and financial summaries of the Guarantors consisting of a balance sheet and income statements, statements of aged trade payables and a Mexican A/R Report;

(v) within 10 days after the end of each month, monthly consolidated financial reports and financial summaries of the Borrower, consisting of a balance sheet and income statement; and

from time to time, such additional information regarding the Business Affairs of the Borrower and the Guarantors as the Lender may reasonably request.

(e) Change of Ownership of the Guarantors, etc. Without the prior written consent of the Lender, the Borrower and each Guarantor, as applicable, will not:

(i) permit any change in the legal or beneficial ownership of the shares of the Guarantors;

(ii) redeem or purchase any of the Guarantors' shares or reduce its capital;

(iii) permit the Guarantors to guarantee, endorse or otherwise become surety for or upon the obligation of any other firm or Person;

(iv) permit the Guarantors to enter into any merger, amalgamation, consolidation or acquisition; or

(v) create, incur or assume or permit the creation or incurrence of any mortgage, charge, lien or encumbrance on any of the Business Assets of the Guarantors, other than purchase money security on assets purchased on a deferred purchase basis;

(f) Notice of Litigation. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of the commencement of any Litigation or dispute affecting either of them or any of their Business Affairs that, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect;

(g) Notice of Governmental Action. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Applicable Law that is proposed, introduced or applied by any Governmental Body which has or would reasonably be expected to have a Material Adverse Effect.

(h) Notice of an Event of Default. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Default or Event of Default and outline in reasonable detail in such notice the action it is taking to remedy any such Default.

(i) Maintenance of Insurance. Each of the Borrower and the Guarantors will insure and keep insured all of its Business Assets which are of an insurable nature against such risks, in such amounts and in such manner as is customary and prudent in the case of corporation carrying on similar businesses or holding similar assets, as well as maintain comprehensive general public liability coverage in such amounts and in such manner as is customary and prudent in the case of corporations carrying on similar businesses or holding similar assets, all with such financially sound and reputable insurance companies or associations as it may select;

(j) Comply with Environmental Laws. Each of the Borrower and the Guarantors will (i) manage and operate its Business Assets and Business Affairs in material compliance with all Environmental Laws, (ii) obtain and maintain all

Authorizations and make all material Registrations required under all Environmental Laws in relation to its Business Assets and Business Affairs and remain in compliance therewith, and (iii) store, treat, transport, generate, otherwise handle and dispose of all Hazardous Materials and Waste owned, managed or controlled by it in material compliance with all Environmental Laws.

(k) Environmental Compliance Orders. Each of the Borrower and the Guarantors will provide the Lender with copies of all written orders, control orders, directions, action requests, claims, complaints, notices or inquiries received by it (i) relating to environmental condition of any of its Business Assets or the conduct of its Business Affairs or (ii) relating to compliance or non-compliance with any Environmental Laws; and proceed diligently to comply with or resolve any such written orders, control orders, directions, action request, claims, complaints, notices or inquiries relating to compliance or non-compliance with Environmental Laws where the failure to do so would be reasonably expected to have a Material Adverse Effect.

(l) Records. Each of the Borrower and the Guarantors will keep adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested so to do, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its Business Affairs and financial condition.

(m) Continued Employment. The Borrower will ensure that each of the following individuals is employed by the Borrower or its subsidiaries: Ron Goguen, Sr., Derrick West and Jake Burling.

8.2 Negative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantor to duly perform and comply with, each of the following negative covenants:

(a) No Sale of Business Assets. The Guarantors will not, and the Borrower will not permit the Guarantors to, sell, transfer, assign, convey or otherwise dispose of any of the Business Assets of the Guarantors, except in the ordinary course of the Business Affairs of the Guarantors and for the purpose of carrying out the same.

(b) No Incurring Indebtedness. The Borrower and the Guarantors will not, without the prior written consent of the Lender, and the Borrower will not permit the Guarantors to, create, issue, incur, assume or permit to exist any Indebtedness or contingent liabilities, in any manner, whether directly or indirectly, in respect of the Business Assets of the Borrower or the Guarantors, except such Indebtedness or liabilities incurred in the ordinary course of their Business Affairs.

(c) No Investments or Guarantees. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, directly or indirectly, make any

investments in, or loans to, or guarantee the obligation of, any other Person which would have a Material Adversely Effect on the Business Affairs of the Borrower and the Guarantors, or either of them, or on the Security and/or repayment of the Loan Obligations.

(d) Restricted Payments. The Borrower will not make any payment or distribution to any shareholder, affiliate or employee of the Borrower, other than salaries and bonuses consistent with past practice), or repay all or any portion of any loans owed now or hereafter to the shareholders of the Borrower, or purchase or redeem any of its shares or otherwise reduce its share capital, or in any way vary or alter its issued or unissued share capital or the ownership thereof without the prior written consent of the Lender. The Lender acknowledges that the conversion of the debt referenced in section 3.1(g) hereof shall not be a restricted payment.

(e) No Merger, Amalgamation of the Guarantors. The Guarantors will not enter into any merger, amalgamation, arrangement, consolidation, liquidation, winding-up, dissolution or similar transaction, nor dispose of (in one transaction or a series of transactions) all or substantially all of its Business Assets to, any Person.

(f) No Amendment to Agreements. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, alter, amend or waive any provision under, or permit any alteration, amendment or waiver of any provision under, any material agreement to which the Borrower and the Guarantors, or any of them, is a party, and will not permit any assignment of the interest of the Borrower and the Guarantors, or any of them, therein which may have a Material Adverse Effect on the Business Affairs of the Borrower and the Guarantors, or any of them, the Security and/or the repayment of the Loan Obligations.

(g) Non-Arm's Length Transactions. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, any contract whatsoever with an Affiliate for the sale, purchase, lease or other dealing in any property other than at a consideration which equals the fair value of such property or other than at a fair market rental as regards leased property, and shall not enter into any contract for the provision of services or employment with such persons other than at commercially reasonable rates or values given the nature of the services to be provided, which, in each case, would adversely affect the Business Affairs of the Borrower and the Guarantor, or any of them, the Security and/or repayment of the Loan Obligations.

(h) No Liens. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, create, issue, incur, assume or permit to exist any Lien against the Business Assets of the Guarantors, or any part therof, other than Permitted Liens.

(i) No Change in Business. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, abandon the Business Affairs of the

Borrower and the Guarantors, or any of them, as currently conducted, or deviate in any material respect from such Business Affairs.

(j) Management Services. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, enter into any agreement for the provision of operating, management or maintenance services to the Borrower or the Guarantors relating to the Business Assets of the Borrower and the Guarantors, or any of them, without the prior written consent of the Lender, and any such services provided to the Borrower or the Guarantors with the consent of the Lender shall be subject to the Person providing such services being experienced in the management, construction, operation and maintenance of the Business Affairs or the Borrower and the Guarantors, or any of them, and that the provision of such services will not have a Material Adverse Effect on the Business Affairs or Business Assets of the Borrower and the Guarantors, or any of them, the Security and/or the Borrower's ability to repay the Loan Obligations.

(k) Fiscal Year. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, change the fiscal year end of the Borrower or the Guarantors without the consent of the Lender, such consent not to be unreasonably withheld.

(l) Debt Limit. The aggregate amount of Indebtedness of the Borrower and all of its subsidiaries that is secured by a Lien will not exceed $20,000,000 and the aggregate amount of all Indebtedness of the Borrower and all of its subsidiaries will not exceed $25,000,000.

9. EVENTS OF DEFAULT

9.1 Events of Default. The occurrence of any one or more of the following defaults, breaches, failures, events, states or conditions shall constitute an Event of Default under this Agreement:

(a) Non-Payment. The Borrower fails to pay any amount outstanding under any Loan Document when due and such failure continues unremedied for more than 3 Business Days.

(b) Misrepresentation. Any representation or warranty made or deemed made by the Borrower or the Guarantors in any Loan Document is found to have been materially incorrect or misleading in any respect materially adverse to the Lender.

(c) Breach of Covenants. The Borrower or a Guarantor fails to perform or comply with any provision or obligation contained in any Loan Document to which it is a party and such failure continues unremedied for a period of 5 days after the Borrower knows, or has been notified by the Lender, of such failure.

(d) Enforcement of Liens. Any one or more Persons entitled to any Lien or Liens on the Business Assets of the Borrower and the Guarantor, or any of them, or any

material part thereof, shall take possession of such property or any one or more seizures, executions, garnishments, sequestrations, distresses, attachments or other equivalent processes are issued or levied against any of such Business Assets or material part thereof and such property is not released within 30 Business Days or such shorter period as would permit such property to be sold, foreclosed upon or forfeited thereunder.

(e) Insolvency. The Borrower or a Guarantor does not pay its debts generally as they become due or admits its inability to pay its debts generally as they become due or makes a general assignment for the benefit of creditors or commits any or any other act of bankruptcy (within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or equivalent or analogous Applicable Law of any foreign jurisdiction) or any proceedings are instituted by or against the Borrower and the Guarantors, or any of them, seeking to adjudicate it a bankrupt or declare it insolvent or seeking administration, liquidation, winding-up, reorganization, compromise, arrangement, adjustment, protection, relief or composition of it or with respect to its debts, whether by voluntary arrangement, scheme of arrangement or otherwise, under any Applicable Law relating to bankruptcy, insolvency or reorganization of or relief with respect to debtors or other similar matters, or seeking the appointment of a receiver, manager, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official for it or with respect to any of its Business Assets, or the Borrower and the Guarantors, or any of them, takes corporate action to authorize any of the actions set forth above in this Section (excluding proceedings against the Borrower and the Guarantors, or any of them, being contested by the Borrower and the Guarantors, or any of them, in good faith by appropriate proceedings so long as enforcement sought in such proceedings remains stayed, none of the relief sought is granted (either on an interim or permanent basis), and such proceedings are dismissed, stayed or withdrawn within 30 days of the Borrower and the Guarantors, or any of them, receiving notice of the institution thereof).

(f) Litigation. The Borrower and the Guarantors, or any of them, fail to actively and diligently contest in good faith, by appropriate and timely proceedings, any Litigation commenced against it or them, the result of which if determined adversely to the Borrower and the Guarantors, or any of them, would reasonably be expected to give rise to a Material Adverse Effect or the Borrower and the Guarantors, or any of them, knowingly at any time and in any material respect contravenes the provisions of any Applicable Law which has or would reasonably be expected to have a Material Adverse Effect.

(g) Cessation of Business. The Borrower and the Guarantors, or any of them, ceases or demonstrates an intention to cease to carry on its business or a substantial portion thereof or the business of the Borrower and the Guarantors, or any of them, or a substantial portion thereof is suspended, whether voluntarily or involuntarily, and such suspension has or would reasonably be expected to have a Material Adverse Effect.

(h) Enforceability. Any Change in Law occurs which gives rise to, or would reasonably be expected to give rise to, an effect which prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to any Loan Document to or for the benefit of the Lender.

(i) Condemnation. Any Governmental Body shall condemn, seize, expropriate or otherwise appropriate, or take custody or control of, all or any portion of the Business Assets of the Borrower and the Guarantors, or any of them, which, when taken together with all other Business Assets of the Borrower or the Guarantors.

(j) if the Lender believes in good faith and upon commercially reasonable grounds that the prospect of payment of the Loan or any interest thereon or the performance of any of the other terms of this Agreement has been or is about to be impaired.

An Event of Default which occurs at any time shall be and be deemed to be continuing and to exist at all times thereafter unless it is expressly waived in writing by the Lender, whether or not the default, breach, failure, event, state or condition that gave rise to such Event of Default is remedied at any time.

9.2 Termination and Acceleration. Upon the occurrence of an Event of Default and at any time thereafter, the Lender may do any one or more of the following:

(a) declare the Loan to be cancelled, terminated or reduced, whereupon the Lender shall not be required to make any further Loan Advance hereunder;

(b) accelerate the maturity of all or any item or part of the payment obligations of the Borrower hereunder and declare them to be immediately due and payable, whereupon they shall be so accelerated and become so due and payable;

(c) suspend any rights of the Borrower and the Guarantors under any Loan Document, whereupon such rights shall be so suspended;

(d) take any other action, commence any other suit, action or proceeding or exercise such other rights as may be permitted by Applicable Law (whether or not provided for in any Loan Document) at such times and in such manner as the Lender may consider expedient,

all without any additional notice, demand, presentment for payment, protest, notice of protest, dishonour, notice of dishonour or any other action being required. If an Event of Default referred to in Section 9.1(e) occurs, unless the Lender otherwise agrees, the Loan shall be cancelled and the Loan Obligations shall be accelerated and become immediately due and payable automatically without any action on the part of the Lender being required.

9.3 Remedies For Events of Default. Upon the occurrence of an Event of Default, the Lender may:

(a) forthwith declare due and payable the outstanding balance of the Loan, the Default Fee and any accrued interest thereon without presentment of any promissory notes evidencing the same, and without demand, protest or other notices of any kind, all of which are hereby expressly waived;

(b) exercise any and all rights, powers, remedies and recourses available to the Lender under this Agreement, at law, in equity or otherwise; and

9.4 Waiver. The Lender may waive any Default or Event of Default. No waiver, however, shall be deemed to extend to a subsequent Default or Event of Default, whether or not the same as or similar to the Default or Event of Default waived, and no act or omission by the Lender shall extend to, or be taken in any manner whatsoever to affect, any subsequent Default or Event of Default or the rights of the Lender arising therefrom. Any such waiver must be in writing and signed by the Lender to be effective. No failure on the part of the Lender to exercise, and no delay by the Lender in exercising, any rights under any Loan Document shall operate as a waiver of such rights. No single or partial exercise of any such rights shall preclude any other or further exercise of such rights or the exercise of any other rights.

10. SECURITY

10.1 Security. The performance by the Borrower of all of its obligations to the Lender hereunder, including, without limitation, the repayment of the Loan together with interest thereon and all other amounts payable hereunder, shall be secured in particular by the following:

(a) a security agreement made by the Borrower in favour of the Lender, creating a first fixed charge on the Borrower's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(b) a pledge and assignment by the Borrower in favour of the Lender of all of the Capital Stock of Landdrill NB, as security for all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(c) a guarantee made by Landdrill NB in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(d) a security agreement made by Landdrill NB in favour of the Lender, creating a third fixed charge on the Business Assets of Landdrill NB and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(e) a pledge and assignment by Landdrill NB in favour of the Lender of all of the Capital Stock of Landdrill Barbados, as security for all present and future Indebtedness of Landdrill NB to the Lender, in a form reasonably acceptable to the Lender;

(f) a guarantee made by Landdrill Barbados in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(g) a pledge and assignment by Landdrill Barbados in favour of the Lender of all of the Capital Stock of Landdrill Mexico, as security for all present and future Indebtedness of Landdrill Barbados to the Lender, in a form reasonably acceptable to the Lender;

(h) a guarantee made by Landdrill Mexico in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(i) a non-possessory pledge agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(j) a security agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(k) an intercreditor agreement in a form satisfactory to the Lender and its legal counsel, acting reasonably, among the Borrower, the Guarantor, the Lender and the Senior Lenders; and

(l) such further and other security and documentation as the Lender shall request, acting reasonably.

10.2 Registration. The Borrower and the Guarantors will cooperate to the extent necessary and, at its expense, register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the Security. The Borrower and the Guarantors will cooperate to the extent necessary to effect such registrations, filings and recordings from time to time as and when required and to keep them in full force and effect.

10.3 After Acquired Property and Further Assurances. The Borrower and the Guarantors shall, from time to time, execute and deliver all such further deeds and other instruments of conveyance, assignment, transfer, hypothec, pledge or charge in connection with all assets acquired by the Borrower and the Guarantors after the date hereof and intended to be subject to the Security.

10.4 Discharge. Upon payment of all of the Loan Obligations and all other amounts outstanding under this Agreement and satisfaction by the Borrower of all of the Borrower's other obligations hereunder, the Lender shall, at the request and expense of the Borrower, cancel, discharge and surrender or cause to be cancelled, discharged and surrendered the Security and shall execute and cause to be executed such deeds and other instruments as shall be requisite

therefor including, without limitation, reassignments of any assets assigned pursuant to the Security.

11. DISPUTES AND ARBITRATION

11.1 Disputes. If there is any dispute, question or difference of opinion between the parties hereto concerning or arising out of or under this Agreement ("**Dispute**"), then a party may give to the other party a notice ("**Dispute Notice**") specifying the Dispute and requiring its resolution under this Article 11.

11.2 Dispute Representatives to Seek Resolution. If the Dispute is not resolved within 5 Business Days after a Dispute Notice is given by a party to the other party, each party must nominate 1 representative from its senior management to resolve the Dispute (each, a "**Dispute Representative**"), who must negotiate in good faith using their respective commercially reasonable efforts to attain a resolution of the Dispute. If the Dispute is not resolved within 10 Business Days of the Dispute being referred to the respective Dispute Representatives, then either party may submit the Dispute to arbitration in accordance with Section 11.3.

11.3 Arbitration. Any Dispute which has not been resolved under Section 11.2 must be referred to and finally resolved by an arbitration conducted in accordance with the British Columbia *Commercial Arbitration Act*, R.S.B.C. 1996, c. 55 before a tribunal of three (3) arbitrators, one appointed by the Borrower and the Guarantors jointly, one appointed by the Lender and the third one appointed by the two party-appointed arbitrators. Each party shall appoint its nominee to the arbitral tribunal within 15 days after receipt of a written notice initiating the arbitration. The arbitration shall be conducted pursuant to the Domestic Commercial Arbitration Rules of the British Columbia International Commercial Arbitration Centre. The language of the arbitration shall be English. The interpretation and construction of this Section 11.3 will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia.

11.4 Enforcement. The award rendered by an arbitral panel may be enforced by judgment of any court having jurisdiction or an application may be made to such court for acceptance of the award and an order of enforcement, as the case may be.

12. MISCELLANEOUS

12.1 Survival of Representations, etc. All representations, warranties, covenants and agreements made herein and in any certificate or other document expressed to be delivered pursuant hereto by or on behalf of the Borrower and the Guarantors are material and shall conclusively be deemed to have been relied upon by the Lender, notwithstanding any prior or subsequent investigation by the Lender and shall survive Loan Advances made by the Lender under the Loan and the fulfilment of all other transactions and deliveries contemplated hereunder and shall continue in full force and effect so long as any of the principal amount of or interest on the Loan remains outstanding and unpaid. All statements contained in any certificate or other document expressed to be delivered to the Lender or the Lender's counsel under this Agreement shall be deemed to be representations and warranties by the party making the same.

12.2 Fees and Expenses. The Borrower shall pay all reasonable legal and other fees and disbursements in respect of the Loan including the preparation, execution and carrying out of this Agreement. The full amount of all costs, charges and expenses paid or incurred at any time or from time to time by the Lender for or in respect of any and all acts, actions and proceedings including without limiting the generality of the foregoing, any legal proceedings of any kind or nature done, taken or instituted by the Lender for the exercise, enforcement or preservation of any of its rights, remedies or recourses hereunder or in respect of the Loan, shall be paid by the Borrower on a solicitor and own client, lump sum basis.

12.3 Notice. A notice, demand, consent or request required or permitted to be given pursuant to this Agreement may only be given in writing and by delivery or by confirmed facsimile transmission to the address or facsimile number of such party set out below or at such other address or facsimile number as that party may designate by notice under this Agreement:

(a) To the Borrower:

Landdrill International Inc.
160 Macnaughton Avenue
Moncton, NB
E1H 3L9

Attention: Chief Executive Officer
Facsimile: 506 388 8990

(b) To the Lender:

Sprott Resource Lending Partnership
Suite 2750, 200 Bay Street
Royal Bank Plaza, South Tower
Toronto, ON
M5J 2J2

Attention: Chief Financial Officer
Facsimile: 416 977 9555

With a copy to:

Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC
V6C 0A3

Attention: Andrew P. Jackson
Facsimile: 604 631 3232

Any notice aforesaid shall, if actually delivered be deemed to have been given and made at the time of delivery and if sent by facsimile device be deemed to have been given or made on the day in the jurisdiction of the sender following the date it was sent.

12.4 No Prejudice. Nothing in this Agreement contained shall prejudice or impair any other right or remedy which the Lender may otherwise have with respect to the Loan hereunder or any rights or remedies it may have with respect to other loans which the Lender may make to the Borrower.

12.5 No Borrower Assignment. The Borrower shall have no right to assign or transfer its rights hereunder or any portion of the Loan.

12.6 Enurement. This Agreement shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors and assigns.

12.7 Time. Time shall be of the essence of this Agreement.

12.8 Counterparts. This Agreement may be signed in as many counterparts as may be necessary, and may be signed by telecopy (facsimile), Portable Document Format (PDF) or other means of electronic communications producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date set forth above.

AS EVIDENCE OF THEIR AGREEMENT the parties hereto have caused this Agreement to be executed and delivered by their authorized officers as of the date first noted above.

LANDDRILL INTERNATIONAL INC., by its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL LTD., by its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL INC. , by its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL MEXICO, de C.V., by its authorized signatory:

Per:
Name:
Title:

SPROTT RESOURCE LENDING PARTNERSHIP, by its Managing Partner SPROTT LENDING CONSULTING LP, by its General Partner, SPROTT LENDING CONSULTING GP, INC.:

Per:
Name:
Title:

Per:

Name:
Title:

SCHEDULE "A"

PROMISSORY NOTE

Principal Amount: CAN$4,000,000

For value received, LANDDRILL INTERNATIONAL INC. (the "**Borrower**") hereby promises to pay to SPROTT RESOURCE LENDING PARTNERSHIP (the "**Lender**") the principal sum of **Four Million Dollars ($4,000,000)**, together with interest on the outstanding balance of the principal sum from time to time calculated as set out herein, as follows:

(a) on the last Business Day of every month, the sum of $100,000, plus interest as set out herein;

(b) when due, any A/R Shortfall Payment (as defined in the Credit Agreement between the Borrower and the Lender dated for reference July [redacted], 2011, as may be amended from time to time (the "**Credit Agreement**"); and

(c) the outstanding balance of the principal sum and all accrued and unpaid interest thereon on the earlier to occur of July ___, 2013 and the occurrence and continuance of an Event of Default (as defined in the Credit Agreement),

together with interest accruing on the outstanding principal amount from the date hereof at a rate of **TWELVE PERCENT (12%) per annum**, compounded monthly (being an effective annual rate of 12.68%), before and after each of maturity, default and judgment, **payable monthly on the last Business Day of every month.**

All payments under this promissory note will be made by wire transfer (pursuant to wire transfer instructions provided by the Lender from time to time) and delivered to the Lender at office at Suite 1028, 550 Burrard Street, Vancouver, British Columbia V6C 2B5.

The undersigned is entitled to prepay this promissory note, in whole or in part, without penalty, provided that such prepayment is made on the last Business Day of a calendar month and the Borrower has provided not less than ten (10) Business Days' prior notice of its intention to prepay the Facility. The undersigned waives demand and presentment for payment, notice of non-payment, protest, notice of protest and notice of dishonour.

This promissory note will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. In this promissory note, "Business Day" means a day which is not a Saturday, Sunday or a statutory holiday in New Brunswick or British Columbia.

Dated: July ___, 2011.

LANDDRILL INTERNATIONAL INC.

Per:

Name: [redacted]
Title: [redacted]

STOCK PLEDGE AGREEMENT DATED JULY 29, 2011, ENTERED INTO BY AND BETWEEN RONALD JOSEPH GOGUEN, IN THE CAPACITY OF PLEDGOR AND GUARANTOR ON ONE PART, AND SPROTT RESOURCE LENDING PARTNERSHIP, AN ONTARIO GENERAL PARTNERSHIP, REPRESENTED BY Narinder Nagra **, IN THE CAPACITY OF CREDITOR AND SECURED PARTY, BY VIRTUE OF THE FOLLOWING BACKGROUND RECITALS AND CLAUSES:**

BACKGROUND

Landdrill International Inc., a British Columbia corporation (hereinafter, the "Parent") has requested financing from Sprott Resource Lending Partnership and therefore on July 29, 2011 executed a credit agreement (hereinafter, the "Credit Agreement"), copy of which is attached hereto as Exhibit A.

Landdrill International Inc. and Landdrill International Mexico, S.A. de C.V. are related to the Parent.

RECITALS

I. Ronald Joseph Goguen (hereinafter the "Pledgor") hereby states, that:

I.a. He is a Canadian citizen, of age, with his domicile locate at 1776 Elmwood Drive, Moncton, New Brunswick, Canada.

I.b. He is the lawful owner of 1 (one), ordinary, nominative share, with a par-value of MXN$500.00 (Five hundred pesos 00/100 local currency of Mexico), of the corporate capital of Landdrill International Mexico, S.A. de C.V. (the "Issuer"), which share currently represents 1% (one percent) of the corporate capital of the Issuer. Said share has been legally issued, totally subscribed and paid for, and is free from any liens, encumbrances, limitations or restrictions of ownership, option or assignment, other than the pledge security interest created hereunder.

I.c. He is willing to pledge in favor of Pledgee (as defined below) 1 (one) ordinary, nominative share, with a par-value of MXN$500.00 (Five hundred pesos 00/100 local currency of Mexico), of the corporate capital of the Issuer, representing 1% (one percent) of the corporate capital of the Issuer, fully subscribed and paid for as of the date hereof (hereinafter the "Share").

I.d. He is willing to execute this agreement and pledge the Share in favor of Pledgee, in order to secure the payment and performance of each and all of the Secured Obligations (as defined below), maintaining in pledge hereunder Share representing at all times 1% (one percent) of the corporate capital of the Issuer.

I.e. He acknowledges and accepts the authority of Pledgee's legal representative.

II. Sprott Resource Lending Partnership (hereinafter "Pledgee"), hereby states, through its legal representative, that:

II.a. It is a general partnership formed under the laws of Ontario.

II.b. Its legal representative is duly authorized to execute this agreement on its behalf, which authority has not been modified, revoked or otherwise limited.

Based on the foregoing, the parties hereby agree as follows:

CLAUSES

1. **Defined Terms.** As used in this agreement (including in the recitals hereof), all terms defined in this agreement shall have the following meanings, in the understanding that such terms shall have the same meaning in the singular or plural forms:

"Credit Agreement" has the meaning set forth in the Background of this agreement;

"Dollars" means the legal currency of Canada;

"Event of Default" means any breach to any recital or clause of this agreement as well as any event contained in article 9.1 of the Credit Agreement;

"Issuer" means Landdrill International Mexico, S.A. de C.V., a company incorporated under the laws of México;

"Judgment Currency" has the meaning ascribed to such term in clause 11 of this agreement;

"Law" means the *Ley General de Títulos y Operaciones de Crédito* of Mexico;

"Parent" means Landdrill International Inc., a company incorporated under the laws of Ontario;

"Pledgee" means Sprott Resource Lending Partnership, a general partnership formed under the laws of Ontario;

"Pledgor" means Ronald Joseph Goguen;

"Secured Obligations" means: (i) all the obligations owed by Parent and by Issuer to Pledgee pursuant to the Credit Agreement, including without limitation the repayment of the Loan (as defined in the Credit Agreement) together with interest thereon; and (ii) all obligations of Pledgor hereunder;

"Share" has the meaning set forth in Recital I.c. of this agreement.

2. Pledge. Pledgor hereby creates a first priority pledge over the Share in favor of Pledgee, in order to secure compliance of the Secured Obligations.

3. Delivery, Endorsement and Registration. The pledge mentioned in clause 2 above, is created in accordance with paragraph II of Article 334 of the Law, through: (i) endorsement in guarantee in favor of Pledgee of the certificate representing the Share, (ii) delivery to Pledgee of the certificate representing the Share, duly endorsed in guarantee in favor of Pledgee, and (iii) registration of the pledge in the share registry book of the Issuer, in favor of Pledgee. Pledgor hereby delivers to Pledgee the certificate representing the Share duly endorsed in guarantee, as well as a certified copy of the entry made in the share registry book of the Issuer evidencing the pledge created hereunder.

3.1 Pursuant to Article 337 of the Law, Pledgor and Pledgee expressly agree that this agreement shall serve as receipt by Pledgee of the certificates representing the Share.

3.2 Pledgor hereby agrees to perform any act that results necessary or convenient in order to pledge shares in favor of Pledgee representing at all times at least 1 (one percent) of the corporate capital of the Issuer, including (i) endorsing the share certificates representing such shares, (ii) requesting the Issuer to make the corresponding entries in the share registry book of the Issuer reflecting the pledge granted hereunder, (iii) pledging immediately in favor of Pledgee and pursuant to this agreement any shares in the number necessary to maintain a pledge over at least 1% (one percent) of the corporate capital of the Issuer, and (iv) if such is the case, amending this agreement to expressly include such additional shares. Any breach to that provided for in this clause shall constitute an Event of Default.

4. Voting rights. Unless an Event of Default shall have occurred and be continuing, Pledgor will have the right to exercise voting rights pertaining to the Share in a manner that does not result in a breach of, or a conflict with, the terms and conditions of this agreement and the Credit Agreement. Likewise, Pledgee shall, at Pledgor's cost and expense, issue any document required by Pledgor to exercise his voting rights. To such effect, Pledgor shall notify and specify in writing to Pledgee, at least ten (10) calendar days in advance, the documents that will be required and provide all information requested by Pledgee.

4.1 Upon the occurrence of an Event of Default, Pledgee will have the exclusive right to exercise any and all the voting rights pertaining to the Share, in the understanding that Pledgee shall exercise all such rights in accordance with Article 338 of the Law.

5. Other corporate rights and economic rights. Unless an Event of Default shall have occurred and be continuing, Pledgor shall have the right to exercise all rights pertaining to the Share, subject to any limitations provided for in the Credit Agreement.

5.1 Upon the occurrence and continuance of an Event of Default, Pledgee shall have the right to exercise any right pertaining to the Share and receive and maintain hereunder any cash dividend, allocation of profits, or any distribution or payment made in cash, paid by the

Issuer as a consequence of the rights conferred by the Share. In case Pledgor receives any such dividends, profits, distributions or payments, Pledgor hereby agrees to immediately deliver them to Pledgee, which funds will be subject to this agreement and applied to payment of the Secured Obligations, all in accordance with the Law, clause 9 below and applicable provisions of the Credit Agreement. In such event and, until actual delivery to Pledgee, Pledgor shall have the obligation to maintain the amounts received in deposit, being regarded a depository in accordance with applicable law.

5.2 Pursuant to Article 343 of the Law, upon total or partial redemption of the Share, Pledgee shall be entitled to receive the amount that Pledgor would have otherwise received for such concept, and the Issuer shall deliver to Pledgee such amount, in replacement of the redeemed Share.

5.3 Subject to the foregoing, while this agreement is in force and effect:

(a) Pledgor hereby agrees to exercise any right of first refusal, preemptive or similar right in the event of any transfer of shares issued by the Issuer and/or upon capital increase of the Issuer, being Pledgor obligated to notify Pledgee in writing of such circumstance as soon as possible and in any event at least ten (10) calendar days in advance to the date when such rights need to be exercised, in the understanding that upon Pledgee's request, Pledgor shall execute to the satisfaction of Pledgee any documents required to create a pledge guarantee in favor of Pledgee with respect to the exercise of the corresponding preemptive or preference right equivalent to the 1% (one percent) of the corporate capital of the Issuer;

(b) Any shares or rights that Pledgor receives or is entitled to receive from the Issuer, shall automatically form part of the pledge created hereunder, including in an enunciative but not limitative manner, any shares issued as a consequence of a capital increase, the exercise of any first refusal or option rights, dividends in kind, any corporate reorganization or restructure, exchange of shares and any similar, so that at all moments at least 1% (one percent) of the Issuer's corporate capital is pledged in favor of Pledgee; Pledgor hereby agreeing to notify in writing to Pledgee of any such circumstance, as well as to endorse and deliver to Pledgee the corresponding share certificates, taking note of such pledge in the Issuer's share registry book and delivering a certified copy of the corresponding entry of such book for the benefit of Pledgee; and

(c) Pledgor hereby irrevocably agrees to deliver to Pledgee any amounts paid or deriving from the Share, upon the corporate dissolution or liquidation of the Issuer, which amounts shall be applied to payment of the Secured Obligations, as these become due and payable, pursuant to applicable provisions of the Credit Agreement.

6. Termination. The pledge granted hereunder shall remain in full force and effect until each and all of the Secured Obligations are totally complied with and paid in full in accordance with the Credit Agreement.

7. Release of the Share. Upon full compliance with and payment of the Secured Obligations, or such earlier time as an anticipated release or disposal of the Share is permitted under the Credit Agreement, Pledgee shall release in favor of Pledgor: (i) the Share, through delivery of the share certificates to Pledgor, authorizing the cancellation of the registration in the share registry book of the Issuer, and (ii) as the case may be, any cash dividend that Pledgee had received pursuant to this agreement.

8. Covenants of Pledgor. During the term of this agreement and as long as the Secured Obligations remain outstanding, Pledgor covenants and agrees as follows:

(a) not to sell, transfer, assign, grant, or otherwise dispose of, or grant any option with respect to, any Share or any right deriving from the Share;

(b) not to take any action or omit to take any action or corporate decision, which may have the purpose or may be expected to result in a decline in the value of the Share or which may otherwise affect the Share and, consequently, decline the value of the security interest created hereunder; and

(c) execute and deliver all documents and instruments requested by Pledgee from time to time and carry out any actions that Pledgee may consider necessary in order to maintain, perfect and protect the pledge created hereunder, and execute and deliver any documents and instruments that may result necessary in order to maintain a pledge in favor of Pledgee over shares of the Issuer representing at least 1% (one percent) of the corporate capital of the Issuer.

9. Foreclosure. If an Event of Default shall occur or in case of any breach of any obligations of Pledgor hereunder, Pledgee may foreclose upon the pledge and request the sale with judicial authorization of the Share and other assets pledged hereunder, pursuant to Article 341 of the Law.

Pledgor hereby agrees to assist and support Pledgee and all relevant authorities to carry out all actions necessary to promptly foreclose on the Share.

10. Notices. All notices, requests, demands, directions, consents and other communications given or sent under this agreement shall be in writing and mailed (return receipt requested) or delivered to the other party at its address indicated at the end of this clause.

10.2 The parties may change their notification address by written notice provided to the other party. The change of address should be considered in effect 10 days after said notice is received.

10.3 Notices shall be deemed to have been received, if delivered by hand, at the time of such delivery and if delivered by mail, on possession of evidence of delivery to the respective addressee.

10.4 Pledgor designates as his domicile 160 Macnaughton Avenue, Moncton NB, Canada E1H 3L9. Pledgee designates as its domicile Suite 2750, 200 Bay Street, Royal Bank Plaza, South Tower, Toronto, ON, Canada V6C 0A3, Attention: Chief Financial Officer.

11. Judgment Currency. Upon the issuance of an order or judgment being issued by a court of any jurisdiction for the payment of any amount due to Pledgee (including but not limited to, any amounts due as damages or under any order or judgment issued by a court of a different jurisdiction) such order or judgment being denominated in a currency other than Dollars (the "Judgment Currency"), Pledgor hereby agrees to indemnify Pledgee for any differential resulting from the variation between: (i) the rate of exchange applied to convert any amount of Dollars into the Judgment Currency for purposes of such order or judgment; and (ii) the then current rate of exchange prevailing in the Judgment Currency market for Dollars at which Pledgee is able to acquire Dollars in Toronto, Ontario, Canada. At Pledgee's request, Pledgor must immediately pay any amount due under this clause.

11.1 The indemnity described above, constitutes an additional obligation in charge of Pledgor, different and independent from all of other obligations hereunder, affording different and independent actions against Pledgor, being applicable regardless of any release or extension granted from time to time, and shall be in force and enforceable notwithstanding any other judicial order or judgment. Pledgee's evidence of any differential described above shall be final and binding for Pledgor, save for manifest error.

12. Governing Law and Jurisdiction. For all matters relating to the interpretation, compliance with and foreclosure of this agreement, the parties hereby expressly and irrevocably submit to the applicable laws of Mexico and to the jurisdiction of the competent courts sitting in Mexico City, Federal District, Mexico, hereby expressly and irrevocably waiving the right to any other jurisdiction that may correspond to them by reason of their present or future domiciles, or due to any other reason.

13. Counterparts. This agreement may be executed in different counterparts, each of which shall constitute one and the same document.

In WITNESS WHEREOF, the parties hereby execute this agreement on the date first above written.

PLEDGOR:

Ronald Joseph Goguen

PLEDGEE:
SPROTT RESOURCE LENDING PARTNERSHIP

By:
Title: Legal representative

Exhibit A
Copy of Credit Agreement

CREDIT AGREEMENT

THIS AGREEMENT is made as of the ____ day of July, 2011

BETWEEN:

SPROTT RESOURCE LENDING PARTNERSHIP, a general partnership formed under the laws of Ontario;

(the "**Lender**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of the Province of British Columbia,

(the "**Borrower**")

AND:

LANDDRILL INTERNATIONAL LTD., a company incorporated under the laws of the Province of New Brunswick,

("**Landdrill NB**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of Barbados,

("**Landdrill Barbados**")

AND:

LANDDRILL INTERNATIONAL MEXICO, S.A. de C.V., a company incorporated under the laws of Mexico,

("**Landdrill Mexico**")

WHEREAS:

A. The Lender has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the aggregate principal amount of $4,000,000, on the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT witnesses that in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

1. **INTERPRETATION**

1.1 Definitions. Where used in this Agreement, each of the following words and phrases shall have the meanings set out below:

(a) **"Applicable Law"** means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, any law, rule, statute, regulation, treaty, order, judgement or decree, and any official request, directive, rule, guideline, order, policy, practice or other requirement of any Governmental Body relating or applicable at such time to such Person, property, transaction, event or other matter, and shall also include any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

(b) **"Acquisition Debt"** means all Indebtedness owed by the Borrower or Guarantor to **Inflight, S. de R.L. de C.V.**, including that arising under a US$4,988,000 promissory note dated March 31, 2011;

(c) **"Authorization"** means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event or with respect to any of such Person's Business Affairs;

(d) **"Bonus Payment"** has the meaning set forth in section 5.2 below;

(e) **"Bonus Shares"** has the meaning set forth in section 5.2 below;

(f) **"Business Affairs"** means the Business Assets, affairs, liabilities, financial condition and results of operations of a specified Person or Persons;

(g) **"Business Assets"** means the business, operations, undertaking, property and assets of a specified Person or Persons (including interests held in the Capital Stock of another Person);

(h) **"Business Day"** means a day, excluding Saturday and Sunday, on which banking institutions are open for business in both Toronto, Ontario and Moncton, New Brunswick;

(i) **"Capital Stock"** means (i) common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, (ii) equity preferred or common interests in a limited liability company,

(iii) member or shareholder interests in an unlimited company or unlimited liability company, (iv) limited or general partnership interests in a partnership, (v) any other interest that confers the right to receive a share of the profits and/or losses of, or the distribution of assets of, any Person, and (vi) any other interest equivalent to any of the interests referred to in any of clauses (i), (ii, (iii), (iv) and (v) of this definition;

(j) "**Change in Law**" means the introduction of, any change in, or the coming into effect of, any Applicable Law (whether or not having the force of law), or any change in the interpretation, administration or application thereof by any Governmental Body, or compliance by the Lender with any Applicable Law or any order of any Governmental Body (whether or not having the force of law);

(k) "**Control**", "**Controls**" and "**Controlled**" when used with respect to any Person means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person (whether through ownership of Voting Capital Stock, by contract or otherwise); provided that, in any event and without limitation, any Person or combination of Persons acting jointly or in concert which owns or own, directly or indirectly, 50% or more of the Voting Capital Stock having ordinary voting power for the election of the directors of, or Persons performing similar functions for, such Person will be deemed to Control such Person (irrespective of whether at the time any other Capital Stock of such Person of any other class shall or might have voting power upon the occurrence of any contingency);

(l) "**Default**" means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, could become an Event of Default;

(m) "**Environmental Laws**" means any Applicable Law which applies to the Business Affairs of either of the Borrower or the Guarantor relating to the environment, or any past, present or future activity, event or circumstance in respect of any Hazardous Materials (including the use, handling, transportation, production, disposal, discharge or storage thereof or the terms of any permit issued therefor) or the environmental conditions on, under or about any real property of either of the Borrower or the Guarantor (including soil, groundwater and indoor and ambient air conditions);

(n) "**Event of Default**" means any of the events described in Section 9.1;

(o) "**GAAP**" means Generally Accepted Accounting Principles, as established by the Canadian Institute of Chartered Accountants as of the date of this Agreement;

(p) "**GE Entities**" means, collectively, GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company, GE Technology Finance,

GE VFS Canada Limited Partnership and GE Capital Canada Equipment Financing & Leasing Company;

(q) **"Good Mexican A/R"** means those accounts receivable of Landdrill Mexico that are less than 90 days past the date the invoice was sent out by Landdrill Mexico;

(r) **"Governmental Body"** means, when used with respect to any Person or its Business Affairs, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board, instrumentality, court, arbitration board or arbitrator or other law, regulation or rule making entity (including a Minister of the Crown, any central bank, Superintendent of Financial Institutions or other comparable authority or agency) having or purporting to have jurisdiction on behalf of, or pursuant to the laws of, Canada or any country in which such Person is incorporated, continued, amalgamated, merged or otherwise created or established or in which such Person has an undertaking, carries on business or holds property, or any province, territory, state, municipality, district or political subdivision of any such country or of any such province, territory or state of such country;

(s) **"Guarantors"** means Landdrill NB, Landdrill Barbados and Landdrill Mexico and **"Guarantor"** means each of them;

(t) **"Hazardous Materials"** means:

(a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, contaminants, materials or pollutants which:

(i) pose a hazard to any real property, or to Persons on or about real property; or

(ii) cause any real property to be in violation of any Environmental Law;

(b) any chemical, material or substance defined as or included in the definition of "dangerous goods", "deleterious substance", "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous waste", or "toxic substances", "waste", "special waste" or words of similar import under any Applicable Law;

(c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Body or which may or could pose a hazard to the owners or occupants of any real property, or users of waterways, or any other Person coming upon any real property or adjacent or surrounding water or property; and

(d) any other chemical, material or substance which is construed as having an "adverse effect", through impairment of or damage to the environment, human health or safety or property under any applicable Environmental Law;

(u) **"Income Taxes"** means taxes based on or measured by income or profit of any nature or kind, including Canadian federal and provincial income taxes and income taxes of any foreign jurisdiction;

(v) **"Indebtedness"** means, with respect to any person, indebtedness of such person which would, in accordance with generally accepted accounting principles, be classified upon a balance sheet (and the notes thereto) of such person as liabilities;

(w) **"Litigation"** means any grievance, investigation, litigation, legal action, lawsuit, or other proceeding (whether civil, administrative, quasi-criminal or criminal) by or before any Governmental Body;

(x) **"Lien"** means any mortgage, pledge, lien, hypothecation, security interest, encumbrance, charge (whether fixed, floating or otherwise), lease financing (including by way of sale and lease-back), title retention, deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor, or right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired;

(y) **"Loan"** means the loan of up to $4,000,000.00 to be made available to the Borrower by the Lender in accordance with the terms contained in this Agreement;

(z) **"Loan Advance"** means an advance of funds by the Lender to the Borrower in accordance with the provisions hereof;

(aa) **"Loan Documents"** means, collectively, this Agreement, the Security and each other agreement, document, certificate or instrument delivered to or for the benefit of the Lender pursuant to or otherwise in connection with this Agreement or the Security;

(bb) **"Loan Obligations"** means the Loan, Bonus Fee and other obligations of the Borrower owing to the Lender incurred under or pursuant to this Agreement, and any item or part of any thereof;

(cc) **"Material Adverse Effect"** means an effect which, (a) impairs, in a material adverse way, the Borrower's ability to perform its Loan Obligations, or (b) prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to this Agreement or the Security to or for the benefit of the Lender;

(dd) "**Maturity Date**" has the meaning set forth in section 5.4 below;

(ee) "**Mexican A/R Report**" means an aged accounts receivable report listing all of the accounts receivable of Landdrill Mexico and including a total for the amount of Good Mexican A/R.

(ff) "**Permitted Liens**" means, as of any particular time in respect of any particular asset owned by the Borrower or the Guarantors, any of the following:

(i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith at the time by the Borrower or a Guarantor and in respect of which the Borrower or a Guarantor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(ii) the lien of any judgment rendered or claim filed against the Borrower or a Guarantor which it is contesting in good faith at the time and in respect of which it has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(iii) undetermined or inchoate liens and charges incidental to current construction or repairs or current operations which have not at the time been filed pursuant to law against the Borrower or a Guarantor or which relate to obligations not due or delinquent;

(iv) maritime, warehousemen's, woodsmen's, carriers' and other similar liens which relate to obligations not due or delinquent;

(v) the encumbrance resulting from the deposit of cash or obligations as security when the Borrower or a Guarantor is required to do so by a Governmental Body or by normal business practice in connection with contracts, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by law;

(vi) public and statutory obligations which are not due or delinquent, and security given to a public utility or any Governmental Body when required by such utility or other authority in connection with the operations of the Borrower or a Guarantor;

(vii) easements, rights-of-way or similar rights in real property granted to or reserved by other Persons which do not materially impair the usefulness in the Business Affairs of the Borrower or a Guarantor of such real property;

(viii) rights reserved to or vested in any Governmental Body by any lease, licence, franchise, grant, permit or statutory provision to terminate any lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(ix) reservations, limitations, provisos and conditions expressed in any original grant from a Governmental Body of real property;

(x) Purchase Money Obligations;

(xi) Liens in favour of any Senior Lender; and

(xii) Liens expressly consented to in writing by the Lender;

(gg) "**Person**" means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Body;

(hh) "**Purchase Money Obligation**" means indebtedness of a Person incurred or assumed to finance the acquisition, construction or installation of, or improvements to, any property, provided that such indebtedness is incurred or assumed substantially concurrently with, such acquisition, construction, installation or improvement, and includes any extension, renewal or refunding of any such indebtedness so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased;

(ii) "**Registration**" means any notice to or filing, recording or registration with any Governmental Body having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Business Affairs;

(jj) "**Rollover Fee**" has the meaning set forth in section 5.3 below;

(kk) "**Security**" means the security described in Article 10 hereof, all other security given hereunder and all other security given by any person at any time to secure the Loan and the remaining obligations of the Borrower to the Lender hereunder or any part thereof;

(ll) "**Senior Lender**" means, collectively, Canadian Imperial Bank of Commerce and the GE Entities;

(mm) "**Specified Rigs**" means, collectively, the following drilling rigs:

(i) one Boart Longyear 44 drilling rig with serial number LY-44-3, sent from Nicaragua to Mexico;

(ii) two Usinage Marcotte Inc. 2500 drilling rigs with serial numbers RG66466A347227 and 46288466, sent from Canada to Mexico;

(iii) two Usinage Marcotte Inc. 1500-U drilling rigs with serial numbers STM1500-3 and STM1500-4, sent from Canada to Mexico.

(nn) **"Taxes"** means all taxes of any kind or nature whatsoever including capital taxes, realty taxes (including utility charges which are collectible like realty taxes), business taxes, property transfer taxes, Income Taxes, sales taxes, custom duties, payroll taxes, stamp taxes, royalties, duties, and all fees, deductions and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Canada or Mexico, or any other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon;

(oo) **"Voting Capital Stock"** means Capital Stock of a Person which carries voting rights or the right to Control such Person under any circumstances, provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such right to vote or Control.

1.2 Currency. All references to dollars or currency in this Agreement are to Canadian dollars.

1.3 Governing Law. This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein. Subject to Article 11, each party hereto:

(a) irrevocably and unconditionally submits to and accepts the exclusive jurisdiction of the courts exercising jurisdiction in British Columbia, and any court that may hear appeals from any of those courts, for any proceeding in connection with this Agreement, subject to the right to enforce a judgement obtained in any of those courts in any other jurisdiction; and

(b) irrevocably waives any objection to the venue of any legal process commenced in the courts of British Columbia on the basis that the process has been brought in an inconvenient forum.

1.4 Severability. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

1.5 Extended Meanings. In the Loan Documents, except to the extent the context otherwise requires: (a) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (b) the words **"hereof," "herein," "hereto," "hereunder"** and the like mean and refer to this Agreement or any other Loan

Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (c) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (d) the words **"including," "includes"** and **"include"** shall be deemed to be followed by the words **"without limitation;"** (e) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (f) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to; (g) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (h) in the computation of periods of time from a specified date to a later specified date, the word **"from"** means **"from and including"**; the words **"to"** and **"until"** each mean **"to but excluding"**; and the word **"through"** means **"to and including."**

1.6 Headings. The headings to the clauses of this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof. The terms **"this Agreement"**, **"hereof"**, **"hereunder"** and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection, paragraph, subparagraph, clause or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Section of this Agreement.

1.7 Accounting Terminology and Practices. All accounting terms not defined in this Agreement shall have those meanings generally ascribed to them in accordance with GAAP. Where financial data is to be submitted pursuant to this Agreement, or the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purposes of this Agreement and any other Loan Document, including the contents of any certificate to be delivered hereunder, such determination, consolidation or computation shall, unless the parties otherwise agree or the context otherwise require, be made in accordance with GAAP applied on a consistent basis.

1.8 Per Annum Calculations. Unless otherwise stated, wherever in this Agreement or any other Loan Document reference is made to a rate of interest "per annum" or a similar expression is used, such interest shall be calculated using the nominal rate method, and not the effective rate method, of calculation and on the basis of a calendar year of 365 days or 366 days, as the case may be.

2. LOAN

2.1 The Loan. Subject to the terms and conditions hereof, the Lender shall make the Loan available to the Borrower by way of Loan Advances of up to a maximum aggregate principal amount of $4,000,000.00, in accordance with the terms and conditions set forth herein.

2.2 Use of Proceeds. The Borrower covenants and agrees with the Lender that the Loan will be used exclusively by the Borrower to reduce the Acquisition Debt, and for no other

purpose whatsoever without the express written consent of the Lender (which consent may be unreasonably withheld by the Lender in its sole discretion).

2.3 Funds. Each Loan Advance shall be advanced in Canadian dollars, by direct deposit or wire transfer, to the account set out by the Borrower in a written notice to the Lender.

3. CONDITIONS PRECEDENT TO ADVANCE OF THE LOAN

3.1 Conditions Precedent to Loan Advance. On or before a Loan Advance, the following conditions shall be met by the Borrower to the satisfaction of the Lender:

(a) the Borrower shall have delivered to the Lender certified copies of the constating documents for each of the Borrower and the Guarantors and all amendments thereto, and certified copies of the required resolutions of the directors of the Borrower and the Guarantors authorizing the transactions contemplated hereunder, all in form and substance satisfactory to the Lender;

(b) all Loan Documents shall have been executed and delivered and all filings, registrations and recordings and legal opinions necessary or desirable in connection therewith shall have been made;

(c) completion of all due diligence on the Borrower and Guarantors to the satisfaction of the Lender and its legal counsel, including a review of all:

(i) material contracts of the Borrower and Guarantors;

(ii) leases, licences and permits;

(iii) budgets of the Borrower and Guarantors; and

(iv) pro-forma financial statements of the Borrower and Guarantors.

(d) the Lender shall have received such search results, certificates and other documents, as the Lender shall reasonably require, confirming that the Business Assets of each of the Borrower and the Guarantors are free and clear of all Liens, save and except for the Security and the Permitted Liens;

(e) receipt of all applicable stock exchange and other regulatory approvals to the completion of this Agreement;

(f) receipt of written confirmation by the Borrower and Guarantors that all representations and warranties of each of them hereunder are true and correct as of the date of the Loan Advance;

(g) completion of an issuance of convertible debt of the Borrower having a minimum gross proceeds to the Borrower of $4,000,000;

(h) receipt of evidence satisfactory to the Lender of the repayment of any debt that is secured by a Lien charging Business Assets of the Borrower or the Guarantors that are located in Mexico and that any related discharges have been filed or are held by the Borrower or its legal counsel on trust conditions that are acceptable to the Lender;

(i) receipt of evidence satisfactory to the Lender that the Specified Rigs have arrived in Mexico, have cleared customs and have no associated Liens or payables (including duties and shipping costs);

(j) a waiver by Canadian Imperial Bank of Commerce of any outstanding breach of covenant by the Borrower or Landdrill NB; and

(k) such additional evidence, documents and undertakings as the Lender may request, acting reasonably, to complete the transactions contemplated hereunder and reasonable evidence of compliance with the conditions set forth in this Agreement shall have been furnished to the Lender.

3.2 No Obligation to Advance. Notwithstanding the foregoing, the Lender shall not be required to make a Loan Advance at any time if:

(a) a Default has occurred that is continuing;

(b) the Lender is not satisfied, acting reasonably, as to the accuracy or completeness of the material delivered to it as a condition precedent to such Loan Advance;

(c) the Lender is not satisfied, acting reasonably, that such Loan Advance is being used solely for the purpose set out in Section 2.2;

(d) in the opinion of the Lender, there has been any Material Adverse Change in the business, assets or financial condition of the Borrower or the Guarantors; or

(e) there is any action, proceeding or investigation pending or threatened against the Borrower or the Guarantors.

The Lender shall promptly advise the Borrower if it is not prepared to make the Loan Advance and specify the reasons therefor.

3.3 Waiver. The conditions set forth in Section 3.1 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

4. EVIDENCE OF INDEBTEDNESS

4.1 Account of Record. The Borrower hereby appoints the Lender as its duly authorized agent to record each of the advances of principal of the Loan to the Borrower, repayments of such principal and payments of interest and such other information as may be required to calculate the resulting unpaid balance of the Indebtedness of the Borrower to the

Lender from time to time. All records made by the Lender in respect of advances and repayments of principal and payments of interest on the Loan shall, absent manifest error, be admissible in any proceedings as prima facie evidence of the amount of the Indebtedness of the Borrower to the Lender. The Lender shall, if requested, promptly advise the Borrower of any such records and provide a copy thereof to the Borrower.

4.2 <u>Promissory Note</u>. The Borrower will, prior to any Loan Advance, deliver to the Lender a promissory note evidencing the aggregate amount of such Loan Advance, in the form attached hereto as Schedule "A".

5. <u>INTEREST, FEES AND MATURITY DATE</u>

5.1 <u>Interest</u>. Interest will accrue on the principal amount of the Loan Advance, together with all accrued but unpaid interest, the Rollover Fee and all other sums due and payable from time to time pursuant to the terms of this Agreement from the date of Advance at the rate of **twelve percent (12%) per annum**, calculated daily and compounded monthly (effective annual rate of 12.68%), both before and after maturity, default or judgment, and **be payable by the Borrower to the Lender monthly on the last Business Day of every month by way of pre-authorized electronic debit.**

5.2 <u>Bonus Payment</u>. In consideration of the Lender issuing a Term Sheet dated June 10, 2011 to the Borrower, the Borrower will make a payment equal to the greater of $200,000 and an amount equal to 5% of the Loan (the "**Bonus Payment**") to the Lender, and the Bonus Payment will be payable in common shares in the capital of the Borrower at a price equal to a 10% discount to the ten day weighted average closing price of the Borrower's common shares traded on the TSX stock exchange for the ten days immediately prior to June 10, 2011 (the "**Bonus Shares**"). The Borrower will take all steps necessary or desirable to ensure that the Bonus Shares are subject to a hold period of four months and one day from the date of issue of the Bonus Shares.

5.3 <u>Rollover Fee</u>. On the first anniversary of the Loan Advance, the Borrower will pay to the Lender a fee in an amount equal to 2% of the outstanding balance of the Loan as of that date (the "**Rollover Fee**")

5.4 <u>Maturity of Loan</u>. The Loan will mature and the outstanding balance together with all accrued but unpaid interest, any unpaid fees and all other sums due and payable from time to time pursuant to the terms of this Agreement will be immediately due and payable by the Borrower to the Lender on the earliest of:

(a) July [redacted], 2013; and

(b) the occurrence and continuance of an Event of Default if not cured within the period specified in this Agreement;

as the case may be, the "**Maturity Date**");

5.5 Maximum Rate of Return. If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary) (i) first, by reducing the amount or rate of interest; and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the *Criminal Code* (Canada).

6. REPAYMENT OF PRINCIPAL

6.1 Repayment on Maturity. The Borrower shall repay the outstanding balance of the Loan on the Maturity Date.

6.2 Mandatory Repayment on Sale. If the Borrower or any Guarantor sells or otherwise disposes of any its Business Assets outside of the ordinary course of business, or closes one or more equity financings, the Borrower and the Guarantors, as applicable, will pay or cause to be paid to the Lender all proceeds from such sale, disposition or financing, net of reasonable selling or financing costs, up to the full amount of the outstanding balance of the Loan, to be applied on account of the Loan.

6.3 Mandatory Payments of Principal before Maturity. The Borrower shall make the following payments in reduction of the outstanding balance of the Loan, unconditionally and without set-off, counterclaim or, to the extent permitted by applicable law, other defense, and free and clear of, and without reduction for or on account of, any present and future taxes or withholdings, and all liabilities with respect thereto:

(a) on the last Business Day of each and every month, commencing on **August 31, 2011**, the Borrower will pay to the Lender the sum of **$100,000**; and

(b) on the earlier of the 15th day after each month-end and five days after delivery of the Mexican A/R Report, the Borrower will pay to the Lender the amount by which the Good Mexican A/R is less than (an "**A/R Shortfall Payment**") the lower of:

(i) $2,000,000; and

(ii) the previous lowest amount of Good Mexican A/R as shown on a Mexican A/R Report.

By way of example:

- July Good Mexican A/R is $2,100,000 -- no A/R Shortfall Payment required

- August Good Mexican A/R is $1,800,000 – a $200,000 A/R Shortfall Payment required
- September Good Mexican A/R is $2,200,000 – no A/R Shortfall Payment required
- October Good Mexican A/R is $1,900,000 – no A/R Shortfall Payment required
- November Good Mexican A/R is $1,700,000 – a $100,000 A/R Shortfall Payment required

6.4 Prepayment. The Borrower may prepay all or any portion of the Loan, upon 10 days prior written notice.

6.5 Manner of Payments. All payments to be made by the Borrower to the Lender under this Agreement shall be made in **Canadian dollars** for value on the day such amount is due and, if such day is not a Business Day, on the Business Day next following, by wire transfer or direct deposit in immediately available funds to such account of the Lender as the Lender may direct from time to time.

7. REPRESENTATIONS AND WARRANTIES

7.1 Borrower Representations. Each of the Borrower and the Guarantors represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties:

(a) Existence and Good Standing. Each of the Borrower and the Guarantors is a corporation duly and validly incorporated, organized and existing under the laws of its jurisdiction of incorporation and has the legal capacity and right thereunder to carry on its business and to own its Business Assets and has the right to carry on its business and to own its Business Assets in each other jurisdiction in which it carries on business or where any of its Business Assets are located, except for those other jurisdictions where failure to have such right has not and would not reasonably be expected to have a Material Adverse Effect.

(b) Authority. Each of the Borrower and the Guarantors has the legal capacity and right to enter into this Agreement and the Security to which it is a party and do all acts and things and execute and deliver all agreements, documents and instruments as are required thereunder to be done, observed or performed by it in accordance with the terms and conditions thereof.

(c) Due Authorization. Each of the Borrower and the Guarantors has taken all necessary action to authorize the execution and delivery of each Loan Document to which it is a party, the creation and performance of its obligations thereunder and the consummation of the transactions contemplated thereby.

(d) Due Execution. Each of the Borrower and the Guarantors has duly executed and delivered each Loan Document to which it is a party.

(e) Enforceability. Each Loan Document to which the Borrower and the Guarantors, or any of them, is a party constitutes a valid and legally binding obligation enforceable against the Borrower and the Guarantors in accordance with its terms, subject only to bankruptcy, insolvency, winding-up, dissolution, reorganization, arrangement or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and general principles of equity.

(f) Absence of Litigation. There is no existing, pending or threatened Litigation against any of the Borrower or the Guarantors that, if adversely determined against either of them, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect.

(g) Financial Statements. Each financial report and financial statement of the Borrower or the Guarantors delivered to the Lender pursuant to or in connection with this Agreement has been prepared in accordance with GAAP and presents fairly in all material respects the financial information and the financial condition and results of operations of the Borrower or the Guarantors contained therein as at their respective preparation dates.

(h) Accuracy of Information. No information furnished by the Borrower or the Guarantors to the Lender as required by any of the Loan Documents contains any material misstatement of fact, or omits to state a material fact, necessary to make the statements contained therein not misleading, in light of the circumstances in which they were made and as of the date made.

(i) No Material Adverse Change. Since March 31, 2011 consolidated financial statements of the Borrower provided to the Lender, there has been no fact, event, state or condition, or any change in any fact, event, state or condition that has or would reasonably be expected to have a Material Adverse Effect.

(j) Compliance with Laws. Each of the Borrower and the Guarantors is in compliance in all material respects with all Applicable Laws, except for any non-compliance which has not and would not reasonably be expected to have a Material Adverse Effect on the Borrower and the Guarantors or any of them.

(k) No Default or Event of Default. No Default has occurred which has not been either remedied (or otherwise ceased to be continuing) and no Event of Default has occurred which has not been expressly waived by the Lender in writing.

(l) Taxes. Each of the Borrower and the Guarantors has:

(i) delivered or caused to be delivered all returns for Income Taxes, royalty payments and other Taxes which are now due to the appropriate Governmental Body;

(ii) paid and discharged all Taxes payable by it when due;

(iii) made provision for appropriate amounts in respect of any Taxes likely to be exigible in accordance with GAAP;

(iv) withheld and collected all Taxes required to be withheld and collected by it and remitted such Taxes to the appropriate Governmental Body; and

(v) paid and discharged all obligations incidental to any statutory lien or deemed trust imposed upon it by Applicable Law (including obligations respecting wages, vacation pay, workers' compensation and unemployment insurance) which, if unpaid, might become a Lien on any of its Business Assets,

except to the extent that a failure to do any of the foregoing has not and would not reasonably be expected to have a Material Adverse Effect, and no assessment or appeal is, to its knowledge, being asserted or processed with respect to any material Taxes.

(m) Solvency. Each of the Borrower and the Guarantors is (i) Solvent, and (ii) does not have unreasonably small capital to carry out its business as conducted and as proposed to be conducted.

(n) Environmental Laws. To the best of the knowledge of each of the Borrower and the Guarantors, the Business Assets and the operation of the Business Affairs of each of them, are in compliance in all material respects with Environmental Laws.

7.2 Repetition of Representations and Warranties. The representations and warranties made in Section 7.1 shall be deemed to be repeated by the Borrower and the Guarantors on the date of the Loan Advance and the representations and warranties made herein shall be deemed to be repeated by the Borrower and the Guarantors on the date of any other Loan Advance by reference to the facts and circumstances then existing.

8. COVENANTS

8.1 Affirmative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantors to duly perform and comply with, each of the following affirmative covenants:

(a) Punctual Payment. The Borrower will duly and punctually pay each sum payable by it under this Agreement at the time and place and in the manner provided for in this Agreement.

(b) Existence and Conduct of Business. Each of the Borrower and the Guarantors will maintain in good standing and full force and effect its legal existence in its present jurisdiction of incorporation or formation and obtain, maintain and preserve all material Authorizations, Registrations, rights and qualifications necessary, as well as the legal capacity necessary, to carry on its Business Affairs

and own its Business Assets in each jurisdiction in which it carries on business or owns any Business Assets. Each of the Borrower and the Guarantors will carry on its Business Affairs in a proper manner in accordance with prudent industry standards, unless non-compliance would not reasonably be expected to have a Material Adverse Effect.

(c) Compliance with Applicable Laws. Each of the Borrower and the Guarantors will comply in all material respects with all Applicable Laws.

(d) Financial Records. Each of the Borrower and the Guarantors will maintain complete records and books of account.

(e) Financial Statements and Other Information. Each of the Borrower and the Guarantors will deliver or cause to be delivered to the Lender:

(i) within 90 days after the end of the fiscal year of the Borrower, the annual consolidated financial statements of the Borrower approved by its board of directors, and audited by its Auditors (without qualification relating to ability to continue as a going concern, a limited scope of examination or independence), prepared in accordance with GAAP;

(ii) within 90 days after the end of each Guarantor's fiscal year, the annual consolidated financial statements of each Guarantor, approved by its board of directors, prepared in accordance with GAAP by its Auditors on a review engagement basis;

(iii) within 60 days after the end of each of the first three fiscal quarters of the Borrower's fiscal year, the unaudited quarterly consolidated and unconsolidated financial statements of the Borrower for its current fiscal year to such fiscal quarter end, signed and approved by a senior officer or director of the Borrower, prepared in accordance with GAAP (subject to annual audit adjustments and in respect of such consolidated statements, the absence of note disclosure) consisting in each case of a balance sheet and statements of income and retained earnings (or deficit) and of changes in financial position;

(iv) within 10 days after the end of each month, monthly financial reports and financial summaries of the Guarantors consisting of a balance sheet and income statements, statements of aged trade payables and a Mexican A/R Report;

(v) within 10 days after the end of each month, monthly consolidated financial reports and financial summaries of the Borrower, consisting of a balance sheet and income statement; and

from time to time, such additional information regarding the Business Affairs of the Borrower and the Guarantors as the Lender may reasonably request.

(e) Change of Ownership of the Guarantors, etc. Without the prior written consent of the Lender, the Borrower and each Guarantor, as applicable, will not:

(i) permit any change in the legal or beneficial ownership of the shares of the Guarantors;

(ii) redeem or purchase any of the Guarantors' shares or reduce its capital;

(iii) permit the Guarantors to guarantee, endorse or otherwise become surety for or upon the obligation of any other firm or Person;

(iv) permit the Guarantors to enter into any merger, amalgamation, consolidation or acquisition; or

(v) create, incur or assume or permit the creation or incurrence of any mortgage, charge, lien or encumbrance on any of the Business Assets of the Guarantors, other than purchase money security on assets purchased on a deferred purchase basis;

(f) Notice of Litigation. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of the commencement of any Litigation or dispute affecting either of them or any of their Business Affairs that, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect;

(g) Notice of Governmental Action. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Applicable Law that is proposed, introduced or applied by any Governmental Body which has or would reasonably be expected to have a Material Adverse Effect.

(h) Notice of an Event of Default. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Default or Event of Default and outline in reasonable detail in such notice the action it is taking to remedy any such Default.

(i) Maintenance of Insurance. Each of the Borrower and the Guarantors will insure and keep insured all of its Business Assets which are of an insurable nature against such risks, in such amounts and in such manner as is customary and prudent in the case of corporation carrying on similar businesses or holding similar assets, as well as maintain comprehensive general public liability coverage in such amounts and in such manner as is customary and prudent in the case of corporations carrying on similar businesses or holding similar assets, all with such financially sound and reputable insurance companies or associations as it may select;

(j) Comply with Environmental Laws. Each of the Borrower and the Guarantors will (i) manage and operate its Business Assets and Business Affairs in material compliance with all Environmental Laws, (ii) obtain and maintain all

Authorizations and make all material Registrations required under all Environmental Laws in relation to its Business Assets and Business Affairs and remain in compliance therewith, and (iii) store, treat, transport, generate, otherwise handle and dispose of all Hazardous Materials and Waste owned, managed or controlled by it in material compliance with all Environmental Laws.

(k) Environmental Compliance Orders. Each of the Borrower and the Guarantors will provide the Lender with copies of all written orders, control orders, directions, action requests, claims, complaints, notices or inquiries received by it (i) relating to environmental condition of any of its Business Assets or the conduct of its Business Affairs or (ii) relating to compliance or non-compliance with any Environmental Laws; and proceed diligently to comply with or resolve any such written orders, control orders, directions, action request, claims, complaints, notices or inquiries relating to compliance or non-compliance with Environmental Laws where the failure to do so would be reasonably expected to have a Material Adverse Effect.

(l) Records. Each of the Borrower and the Guarantors will keep adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested so to do, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its Business Affairs and financial condition.

(m) Continued Employment. The Borrower will ensure that each of the following individuals is employed by the Borrower or its subsidiaries: Ron Goguen, Sr., Derrick West and Jake Burling.

8.2 Negative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantor to duly perform and comply with, each of the following negative covenants:

(a) No Sale of Business Assets. The Guarantors will not, and the Borrower will not permit the Guarantors to, sell, transfer, assign, convey or otherwise dispose of any of the Business Assets of the Guarantors, except in the ordinary course of the Business Affairs of the Guarantors and for the purpose of carrying out the same.

(b) No Incurring Indebtedness. The Borrower and the Guarantors will not, without the prior written consent of the Lender, and the Borrower will not permit the Guarantors to, create, issue, incur, assume or permit to exist any Indebtedness or contingent liabilities, in any manner, whether directly or indirectly, in respect of the Business Assets of the Borrower or the Guarantors, except such Indebtedness or liabilities incurred in the ordinary course of their Business Affairs.

(c) No Investments or Guarantees. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, directly or indirectly, make any

investments in, or loans to, or guarantee the obligation of, any other Person which would have a Material Adversely Effect on the Business Affairs of the Borrower and the Guarantors, or either of them, or on the Security and/or repayment of the Loan Obligations.

(d) Restricted Payments. The Borrower will not make any payment or distribution to any shareholder, affiliate or employee of the Borrower, other than salaries and bonuses consistent with past practice), or repay all or any portion of any loans owed now or hereafter to the shareholders of the Borrower, or purchase or redeem any of its shares or otherwise reduce its share capital, or in any way vary or alter its issued or unissued share capital or the ownership thereof without the prior written consent of the Lender. The Lender acknowledges that the conversion of the debt referenced in section 3.1(g) hereof shall not be a restricted payment.

(e) No Merger, Amalgamation of the Guarantors. The Guarantors will not enter into any merger, amalgamation, arrangement, consolidation, liquidation, winding-up, dissolution or similar transaction, nor dispose of (in one transaction or a series of transactions) all or substantially all of its Business Assets to, any Person.

(f) No Amendment to Agreements. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, alter, amend or waive any provision under, or permit any alteration, amendment or waiver of any provision under, any material agreement to which the Borrower and the Guarantors, or any of them, is a party, and will not permit any assignment of the interest of the Borrower and the Guarantors, or any of them, therein which may have a Material Adverse Effect on the Business Affairs of the Borrower and the Guarantors, or any of them, the Security and/or the repayment of the Loan Obligations.

(g) Non-Arm's Length Transactions. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, any contract whatsoever with an Affiliate for the sale, purchase, lease or other dealing in any property other than at a consideration which equals the fair value of such property or other than at a fair market rental as regards leased property, and shall not enter into any contract for the provision of services or employment with such persons other than at commercially reasonable rates or values given the nature of the services to be provided, which, in each case, would adversely affect the Business Affairs of the Borrower and the Guarantor, or any of them, the Security and/or repayment of the Loan Obligations.

(h) No Liens. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, create, issue, incur, assume or permit to exist any Lien against the Business Assets of the Guarantors, or any part therof, other than Permitted Liens.

(i) No Change in Business. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, abandon the Business Affairs of the

Borrower and the Guarantors, or any of them, as currently conducted, or deviate in any material respect from such Business Affairs.

(j) Management Services. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, enter into any agreement for the provision of operating, management or maintenance services to the Borrower or the Guarantors relating to the Business Assets of the Borrower and the Guarantors, or any of them, without the prior written consent of the Lender, and any such services provided to the Borrower or the Guarantors with the consent of the Lender shall be subject to the Person providing such services being experienced in the management, construction, operation and maintenance of the Business Affairs or the Borrower and the Guarantors, or any of them, and that the provision of such services will not have a Material Adverse Effect on the Business Affairs or Business Assets of the Borrower and the Guarantors, or any of them, the Security and/or the Borrower's ability to repay the Loan Obligations.

(k) Fiscal Year. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, change the fiscal year end of the Borrower or the Guarantors without the consent of the Lender, such consent not to be unreasonably withheld.

(l) Debt Limit. The aggregate amount of Indebtedness of the Borrower and all of its subsidiaries that is secured by a Lien will not exceed $20,000,000 and the aggregate amount of all Indebtedness of the Borrower and all of its subsidiaries will not exceed $25,000,000.

9. EVENTS OF DEFAULT

9.1 Events of Default. The occurrence of any one or more of the following defaults, breaches, failures, events, states or conditions shall constitute an Event of Default under this Agreement:

(a) Non-Payment. The Borrower fails to pay any amount outstanding under any Loan Document when due and such failure continues unremedied for more than 3 Business Days.

(b) Misrepresentation. Any representation or warranty made or deemed made by the Borrower or the Guarantors in any Loan Document is found to have been materially incorrect or misleading in any respect materially adverse to the Lender.

(c) Breach of Covenants. The Borrower or a Guarantor fails to perform or comply with any provision or obligation contained in any Loan Document to which it is a party and such failure continues unremedied for a period of 5 days after the Borrower knows, or has been notified by the Lender, of such failure.

(d) Enforcement of Liens. Any one or more Persons entitled to any Lien or Liens on the Business Assets of the Borrower and the Guarantor, or any of them, or any

material part thereof, shall take possession of such property or any one or more seizures, executions, garnishments, sequestrations, distresses, attachments or other equivalent processes are issued or levied against any of such Business Assets or material part thereof and such property is not released within 30 Business Days or such shorter period as would permit such property to be sold, foreclosed upon or forfeited thereunder.

(e) Insolvency. The Borrower or a Guarantor does not pay its debts generally as they become due or admits its inability to pay its debts generally as they become due or makes a general assignment for the benefit of creditors or commits any or any other act of bankruptcy (within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or equivalent or analogous Applicable Law of any foreign jurisdiction) or any proceedings are instituted by or against the Borrower and the Guarantors, or any of them, seeking to adjudicate it a bankrupt or declare it insolvent or seeking administration, liquidation, winding-up, reorganization, compromise, arrangement, adjustment, protection, relief or composition of it or with respect to its debts, whether by voluntary arrangement, scheme of arrangement or otherwise, under any Applicable Law relating to bankruptcy, insolvency or reorganization of or relief with respect to debtors or other similar matters, or seeking the appointment of a receiver, manager, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official for it or with respect to any of its Business Assets, or the Borrower and the Guarantors, or any of them, takes corporate action to authorize any of the actions set forth above in this Section (excluding proceedings against the Borrower and the Guarantors, or any of them, being contested by the Borrower and the Guarantors, or any of them, in good faith by appropriate proceedings so long as enforcement sought in such proceedings remains stayed, none of the relief sought is granted (either on an interim or permanent basis), and such proceedings are dismissed, stayed or withdrawn within 30 days of the Borrower and the Guarantors, or any of them, receiving notice of the institution thereof).

(f) Litigation. The Borrower and the Guarantors, or any of them, fail to actively and diligently contest in good faith, by appropriate and timely proceedings, any Litigation commenced against it or them, the result of which if determined adversely to the Borrower and the Guarantors, or any of them, would reasonably be expected to give rise to a Material Adverse Effect or the Borrower and the Guarantors, or any of them, knowingly at any time and in any material respect contravenes the provisions of any Applicable Law which has or would reasonably be expected to have a Material Adverse Effect.

(g) Cessation of Business. The Borrower and the Guarantors, or any of them, ceases or demonstrates an intention to cease to carry on its business or a substantial portion thereof, or the business of the Borrower and the Guarantors, or any of them, or a substantial portion thereof is suspended, whether voluntarily or involuntarily, and such suspension has or would reasonably be expected to have a Material Adverse Effect.

(h) Enforceability. Any Change in Law occurs which gives rise to, or would reasonably be expected to give rise to, an effect which prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to any Loan Document to or for the benefit of the Lender.

(i) Condemnation. Any Governmental Body shall condemn, seize, expropriate or otherwise appropriate, or take custody or control of, all or any portion of the Business Assets of the Borrower and the Guarantors, or any of them, which, when taken together with all other Business Assets of the Borrower or the Guarantors.

(j) if the Lender believes in good faith and upon commercially reasonable grounds that the prospect of payment of the Loan or any interest thereon or the performance of any of the other terms of this Agreement has been or is about to be impaired.

An Event of Default which occurs at any time shall be and be deemed to be continuing and to exist at all times thereafter unless it is expressly waived in writing by the Lender, whether or not the default, breach, failure, event, state or condition that gave rise to such Event of Default is remedied at any time.

9.2 Termination and Acceleration. Upon the occurrence of an Event of Default and at any time thereafter, the Lender may do any one or more of the following:

(a) declare the Loan to be cancelled, terminated or reduced, whereupon the Lender shall not be required to make any further Loan Advance hereunder;

(b) accelerate the maturity of all or any item or part of the payment obligations of the Borrower hereunder and declare them to be immediately due and payable, whereupon they shall be so accelerated and become so due and payable;

(c) suspend any rights of the Borrower and the Guarantors under any Loan Document, whereupon such rights shall be so suspended;

(d) take any other action, commence any other suit, action or proceeding or exercise such other rights as may be permitted by Applicable Law (whether or not provided for in any Loan Document) at such times and in such manner as the Lender may consider expedient,

all without any additional notice, demand, presentment for payment, protest, notice of protest, dishonour, notice of dishonour or any other action being required. If an Event of Default referred to in Section 9.1(e) occurs, unless the Lender otherwise agrees, the Loan shall be cancelled and the Loan Obligations shall be accelerated and become immediately due and payable automatically without any action on the part of the Lender being required.

9.3 Remedies For Events of Default. Upon the occurrence of an Event of Default, the Lender may:

(a) forthwith declare due and payable the outstanding balance of the Loan, the Default Fee and any accrued interest thereon without presentment of any promissory notes evidencing the same, and without demand, protest or other notices of any kind, all of which are hereby expressly waived;

(b) exercise any and all rights, powers, remedies and recourses available to the Lender under this Agreement, at law, in equity or otherwise; and

9.4 Waiver. The Lender may waive any Default or Event of Default. No waiver, however, shall be deemed to extend to a subsequent Default or Event of Default, whether or not the same as or similar to the Default or Event of Default waived, and no act or omission by the Lender shall extend to, or be taken in any manner whatsoever to affect, any subsequent Default or Event of Default or the rights of the Lender arising therefrom. Any such waiver must be in writing and signed by the Lender to be effective. No failure on the part of the Lender to exercise, and no delay by the Lender in exercising, any rights under any Loan Document shall operate as a waiver of such rights. No single or partial exercise of any such rights shall preclude any other or further exercise of such rights or the exercise of any other rights.

10. SECURITY

10.1 Security. The performance by the Borrower of all of its obligations to the Lender hereunder, including, without limitation, the repayment of the Loan together with interest thereon and all other amounts payable hereunder, shall be secured in particular by the following:

(a) a security agreement made by the Borrower in favour of the Lender, creating a first fixed charge on the Borrower's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(b) a pledge and assignment by the Borrower in favour of the Lender of all of the Capital Stock of Landdrill NB, as security for all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(c) a guarantee made by Landdrill NB in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(d) a security agreement made by Landdrill NB in favour of the Lender, creating a third fixed charge on the Business Assets of Landdrill NB and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(e) a pledge and assignment by Landdrill NB in favour of the Lender of all of the Capital Stock of Landdrill Barbados, as security for all present and future Indebtedness of Landdrill NB to the Lender, in a form reasonably acceptable to the Lender;

(f) a guarantee made by Landdrill Barbados in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(g) a pledge and assignment by Landdrill Barbados in favour of the Lender of all of the Capital Stock of Landdrill Mexico, as security for all present and future Indebtedness of Landdrill Barbados to the Lender, in a form reasonably acceptable to the Lender;

(h) a guarantee made by Landdrill Mexico in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(i) a non-possessory pledge agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(j) a security agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(k) an intercreditor agreement in a form satisfactory to the Lender and its legal counsel, acting reasonably, among the Borrower, the Guarantor, the Lender and the Senior Lenders; and

(l) such further and other security and documentation as the Lender shall request, acting reasonably.

10.2 Registration. The Borrower and the Guarantors will cooperate to the extent necessary and, at its expense, register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the Security. The Borrower and the Guarantors will cooperate to the extent necessary to effect such registrations, filings and recordings from time to time as and when required and to keep them in full force and effect.

10.3 After Acquired Property and Further Assurances. The Borrower and the Guarantors shall, from time to time, execute and deliver all such further deeds and other instruments of conveyance, assignment, transfer, hypothec, pledge or charge in connection with all assets acquired by the Borrower and the Guarantors after the date hereof and intended to be subject to the Security.

10.4 Discharge. Upon payment of all of the Loan Obligations and all other amounts outstanding under this Agreement and satisfaction by the Borrower of all of the Borrower's other obligations hereunder, the Lender shall, at the request and expense of the Borrower, cancel, discharge and surrender or cause to be cancelled, discharged and surrendered the Security and shall execute and cause to be executed such deeds and other instruments as shall be requisite

therefor including, without limitation, reassignments of any assets assigned pursuant to the Security.

11. DISPUTES AND ARBITRATION

11.1 Disputes. If there is any dispute, question or difference of opinion between the parties hereto concerning or arising out of or under this Agreement ("**Dispute**"), then a party may give to the other party a notice ("**Dispute Notice**") specifying the Dispute and requiring its resolution under this Article 11.

11.2 Dispute Representatives to Seek Resolution. If the Dispute is not resolved within 5 Business Days after a Dispute Notice is given by a party to the other party, each party must nominate 1 representative from its senior management to resolve the Dispute (each, a "**Dispute Representative**"), who must negotiate in good faith using their respective commercially reasonable efforts to attain a resolution of the Dispute. If the Dispute is not resolved within 10 Business Days of the Dispute being referred to the respective Dispute Representatives, then either party may submit the Dispute to arbitration in accordance with Section 11.3.

11.3 Arbitration. Any Dispute which has not been resolved under Section 11.2 must be referred to and finally resolved by an arbitration conducted in accordance with the British Columbia *Commercial Arbitration Act*, R.S.B.C. 1996, c. 55 before a tribunal of three (3) arbitrators, one appointed by the Borrower and the Guarantors jointly, one appointed by the Lender and the third one appointed by the two party-appointed arbitrators. Each party shall appoint its nominee to the arbitral tribunal within 15 days after receipt of a written notice initiating the arbitration. The arbitration shall be conducted pursuant to the Domestic Commercial Arbitration Rules of the British Columbia International Commercial Arbitration Centre. The language of the arbitration shall be English. The interpretation and construction of this Section 11.3 will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia.

11.4 Enforcement. The award rendered by an arbitral panel may be enforced by judgment of any court having jurisdiction or an application may be made to such court for acceptance of the award and an order of enforcement, as the case may be.

12. MISCELLANEOUS

12.1 Survival of Representations, etc. All representations, warranties, covenants and agreements made herein and in any certificate or other document expressed to be delivered pursuant hereto by or on behalf of the Borrower and the Guarantors are material and shall conclusively be deemed to have been relied upon by the Lender, notwithstanding any prior or subsequent investigation by the Lender and shall survive Loan Advances made by the Lender under the Loan and the fulfilment of all other transactions and deliveries contemplated hereunder and shall continue in full force and effect so long as any of the principal amount of or interest on the Loan remains outstanding and unpaid. All statements contained in any certificate or other document expressed to be delivered to the Lender or the Lender's counsel under this Agreement shall be deemed to be representations and warranties by the party making the same.

12.2 Fees and Expenses. The Borrower shall pay all reasonable legal and other fees and disbursements in respect of the Loan including the preparation, execution and carrying out of this Agreement. The full amount of all costs, charges and expenses paid or incurred at any time or from time to time by the Lender for or in respect of any and all acts, actions and proceedings including without limiting the generality of the foregoing, any legal proceedings of any kind or nature done, taken or instituted by the Lender for the exercise, enforcement or preservation of any of its rights, remedies or recourses hereunder or in respect of the Loan, shall be paid by the Borrower on a solicitor and own client, lump sum basis.

12.3 Notice. A notice, demand, consent or request required or permitted to be given pursuant to this Agreement may only be given in writing and by delivery or by confirmed facsimile transmission to the address or facsimile number of such party set out below or at such other address or facsimile number as that party may designate by notice under this Agreement:

(a) To the Borrower:

Landdrill International Inc.
160 Macnaughton Avenue
Moncton, NB
E1H 3L9

Attention: Chief Executive Officer
Facsimile: 506 388 8990

(b) To the Lender:

Sprott Resource Lending Partnership
Suite 2750, 200 Bay Street
Royal Bank Plaza, South Tower
Toronto, ON
M5J 2J2

Attention: Chief Financial Officer
Facsimile: 416 977 9555

With a copy to:

Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC
V6C 0A3

Attention: Andrew P. Jackson
Facsimile: 604 631 3232

Any notice aforesaid shall, if actually delivered be deemed to have been given and made at the time of delivery and if sent by facsimile device be deemed to have been given or made on the day in the jurisdiction of the sender following the date it was sent.

12.4 No Prejudice. Nothing in this Agreement contained shall prejudice or impair any other right or remedy which the Lender may otherwise have with respect to the Loan hereunder or any rights or remedies it may have with respect to other loans which the Lender may make to the Borrower.

12.5 No Borrower Assignment. The Borrower shall have no right to assign or transfer its rights hereunder or any portion of the Loan.

12.6 Enurement. This Agreement shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors and assigns.

12.7 Time. Time shall be of the essence of this Agreement.

12.8 Counterparts. This Agreement may be signed in as many counterparts as may be necessary, and may be signed by telecopy (facsimile), Portable Document Format (PDF) or other means of electronic communications producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date set forth above.

AS EVIDENCE OF THEIR AGREEMENT the parties hereto have caused this Agreement to be executed and delivered by their authorized officers as of the date first noted above.

LANDDRILL INTERNATIONAL INC., by
its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL LTD., by
its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL INC. , by
its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL MEXICO,
de C.V., by its authorized signatory:

Per:
Name:
Title:

SPROTT RESOURCE LENDING
PARTNERSHIP, by its Managing Partner
SPROTT LENDING CONSULTING LP, by
its General Partner, SPROTT LENDING
CONSULTING GP, INC.:

Per: ________________________
Name:
Title:

Per: ________________________

Name:
Title:

SCHEDULE "A"

PROMISSORY NOTE

Principal Amount: CAN$4,000,000

For value received, LANDDRILL INTERNATIONAL INC. (the "**Borrower**") hereby promises to pay to SPROTT RESOURCE LENDING PARTNERSHIP (the "**Lender**") the principal sum of **Four Million Dollars ($4,000,000)**, together with interest on the outstanding balance of the principal sum from time to time calculated as set out herein, as follows:

(a) on the last Business Day of every month, the sum of **$100,000**, plus interest as set out herein;

(b) when due, any A/R Shortfall Payment (as defined in the Credit Agreement between the Borrower and the Lender dated for reference July [redacted] 2011, as may be amended from time to time (the "**Credit Agreement**"); and

(c) the outstanding balance of the principal sum and all accrued and unpaid interest thereon on the earlier to occur of July ___, 2013 and the occurrence and continuance of an Event of Default (as defined in the Credit Agreement),

together with interest accruing on the outstanding principal amount from the date hereof at a rate of **TWELVE PERCENT (12%)** per annum, compounded monthly (being an effective annual rate of 12.68%), before and after each of maturity, default and judgment, **payable monthly on the last Business Day of every month.**

All payments under this promissory note will be made by wire transfer (pursuant to wire transfer instructions provided by the Lender from time to time) and delivered to the Lender at office at Suite 1028, 550 Burrard Street, Vancouver, British Columbia V6C 2B5.

The undersigned is entitled to prepay this promissory note, in whole or in part, without penalty, provided that such prepayment is made on the last Business Day of a calendar month and the Borrower has provided not less than ten (10) Business Days' prior notice of its intention to prepay the Facility. The undersigned waives demand and presentment for payment, notice of non-payment, protest, notice of protest and notice of dishonour.

This promissory note will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. In this promissory note, "Business Day" means a day which is not a Saturday, Sunday or a statutory holiday in New Brunswick or British Columbia.

Dated: July ___, 2011.

LANDDRILL INTERNATIONAL INC.

Per:

Name: [redacted]
Title: [redacted]

NON-POSSESSORY PLEDGE AGREEMENT DATED AUGUST 3, 2011, ENTERED INTO BY AND BETWEEN LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V. REPRESENTED BY JOHN GARTH BURLING, IN THE CAPACITY OF PLEDGOR, DEBTOR AND GUARANTOR ON ONE PART, AND ON THE OTHER SPROTT RESOURCE LENDING PARTNERSHIP REPRESENTED BY RODRIGO SÁNCHEZ MEJORADA RAAB, IN THE CAPACITY OF CREDITOR AND SECURED PARTY, BY VIRTUE OF THE FOLLOWING RECITALS AND CLAUSES:

RECITALS

I. Landdrill International Mexico, S.A. de C.V. (hereinafter "LIM") through its legal representative declares that:

I.a. It is a Mexican business corporation organized under public instrument number 3,759 dated March 21, 2006, executed before Mr. Carlos Orduño Fragoza, public commercial attester number 3 of Hermosillo, Sonora, registered in the Public Registry of Commerce of Hermosillo, Sonora, under electronic filing number 34941*7 on April 11, 2006.

I.b. It is the owner of the assets described in Exhibit A attached hereto. The assets are free of any liens and encumbrances, and they are not subject to any dispute or litigation.

I.c. Landdrill International Inc., a British Columbia company (hereinafter "Landdrill"), requested financing from Sprott Resource Lending Partnership (hereinafter "Sprott").

I.d. LIM is related to Landdrill and therefore LIM, Landdrill, other entities related to Landdrill and Sprott executed a credit agreement (hereinafter, the "Credit Agreement"), a copy of which is attached hereto as Exhibit B.

I.e. Under the Credit Agreement, Sprott agreed to loan Landdrill, an aggregate amount of CND$4,000,000.00 (four million dollars 00/100, currency of Canada), and LIM agreed to guarantee all obligations of Landdrill under the Credit Agreement.

I.f. it wishes to enter into this agreement to unconditionally and irrevocably establish a first priority, indivisible, non-possessory pledge so as to guarantee the fulfillment of the obligations assumed by Landdrill and LIM under the Credit Agreement.

II. Sprott through its legal representative declares that:

II.a. It is a general partnership formed under the laws of Ontario.

II.b. Its legal representative is duly authorized to execute this agreement on its behalf, which authority has not been modified, revoked or otherwise limited.

II.c. It wishes to enter into this agreement in order for LIM to establish a first priority, indivisible, non-possessory pledge in its favor, so as to guarantee the fulfillment of the obligations assumed by Landdrill and LIM under the Credit Agreement.

III. The parties hereby state that they acknowledge and accept the authority of their respective legal representatives.

Pursuant to the forgoing recitals, LIM hereby establishes a Non-Possessory Pledge subject to the following:

CLAUSES

1. **Defined Terms.** As used in this agreement (including in the recitals hereof), the following terms shall have the following meanings, in the understanding that the singular and plural of said terms will be applicable:

"Advance": means an amount of Dollars advanced by Sprott to Landdrill under the Credit Agreement.

"Commerce Code" menas the *Código de Comercio* of Mexico.

"Credit Agreement" has the meaning set forth in Recital I.d. of this agreement.

"Dollars" means the legal currency of Canada;

"Event of Default" means any breach to any recital or clause of this agreement as well as any event contained in section 9.1 of the Credit Agreement.

"Expert" means an appraisal expert authorized by the *Comisión Nacional Bancaria y de Valores.*

"Judgment Currency" has the meaning ascribed to such term in clause 6.1 of this agreement;

"LGTOC" means the *Ley General de Títulos y Operaciones de Crédito* of Mexico.

"LIM" has the meaning set forth in Recital I. of this agreement.

"Mexico" means the United Mexican States.

"Non-Possessory Pledge" has the meaning set forth in article 2.1 below.

"Pledged Assets": All the personal property owned by LIM, now owned, or acquired in the future, that LIM uses in its Preponderant Activity, including without limitation:

a. The assets described in detail in Exhibit A attached hereto, including their fruits *(frutos)*, or future products and any assets that may replace the same, if any;

b. The raw materials and any materials acquired by LIM and any raw materials and materials that may replace the same, if any;
c. Any machinery, tools, implements, instruments, furniture and articles owned by LIM, as well as any of said items that may replace the same, if any;
d. Any money;
e. Any credit in favor of LIM;
f. Indemnification, if any, obtained by LIM from any insurance;
g. Any other personal property mention in article 355 of the LGTOC now owned by LIM or acquired in the future.

"Landdrill" has the meaning set forth in Recital I.c. of this agreement.

"Preponderant Activity" means all the activities of LIM related to deep hole drilling, directional drilling, underground drilling, packer testing, instrumentation setting, grouting and drilling in general.

"Public Registry of Commerce" means the Public Registry of Property and Commerce of the State of Sonora located in the city of Hermosillo.

"Secured Obligations" means: all the obligations owed by Landdrill and LIM to Sprott pursuant to the Credit Agreement; and (ii) all obligations of LIM hereunder;

"RUG" means the Unified Registry of Personal Property Guaranties of Mexico.

"Sprott" has the meaning set forth in Recital I.c of this agreement.

2. Creation of the Pledge.

2.1 For the purposes of irrevocably guaranteeing the due and timely payment of each and all of the Secured Obligations, on the dates and pursuant to the mechanism set forth in Sections 5 and 6 of the Credit Agreement, pursuant to articles 346 to 380 of the LGTOC, LIM hereby establishes an unconditional, irrevocable, indivisible, first priority non-possessory pledge, free and clear of any liens, condition, limitation or restriction on ownership or any other options or preemptive rights of any kind, in favor of Sprott with respect to the Pledged Assets and any other rights or documents arising therefrom or any personal property which is incorporated to the Pledged Assets in the future (the "Non-Possessory Pledge").

2.2 At the request of Sprott, LIM shall issue and deliver to Sprott a certification in form and substance acceptable to Sprott's legal counsel, ratified before a notary public, indicating the amount of the Advances effectively received by Landdrill up to a certain date so that Sprott files the same with the RUG or the applicable registry; however, in the event that LIM fails to issue and file said certification, it shall not affect Sprott's priority and preference as regards this Non-Possessory Pledge or Sprott's rights and such failure shall not diminish the collateral delivered under the Non-Possessory Pledge.

2.3 The pledge on the Pledged Assets, secures the fulfillment of all of the Secured Obligations without limitation. Therefore, the Pledged Assets shall not be released or reduced from the Non-Possessory Pledge created hereby for as long as Landdrill has not fully paid and otherwise complied with each and all of the Secured Obligations, regardless of whether Landdrill and/or any third party now or hereafter guarantees fulfillment of all or part of the Secured Obligations through mortgages, pledges, security interests or otherwise. For this purpose, LIM waives the right granted by article 349 of the LGTOC.

3. LIM Covenants. As long as this agreement or the Credit Agreement is in force, LIM covenants the following:

3.1 LIM shall not create, incur, assume or permit to exist any lien or encumbrances with respect to the Pledged Assets.

3.2 LIM shall not sell, transfer, assign, pledge, deliver, grant usufruct or otherwise dispose of the Pledged Assets without LIM's prior written authorization.

3.3 In case that LIM builds, purchases or otherwise acquires any real property, LIM shall notify Sprott and establish a voluntary, first priority mortgage on the Real Estate in favor of Sprott to guarantee the due and timely payment of each and all of the Secured Obligations.

4. Value of the Pledged Assets. For the purpose of articles 1414 bis and 1414 bis 17 of the Commerce Code, the parties herby agree that the designation of Experts to determine the market value of the Pledged Assets will be made according to the following rules:

a) Each party shall designate one Expert who shall determine the market value of the Pledged Assets. Each Expert shall deliver its appraisal to LIM and to Sprott within 15 (fifteen) calendar days following the date in which Sprott has notified in writing to LIM that it intends to appraise the Pledged Assets. In case that one of the parties does not appoint an Expert, or its Expert does not present the appraisal within the term indicated above, the market value of the assets will be the value established in the appraisal presented within said term by the other party's Expert.

b) In case that the appraisal of the Experts named by the parties have the same results or there is 10% (ten percent) or less difference between the two appraisals, based on the lowest appraisal, the average of both appraisals will be considered as the market value of the Pledged Assets. If the appraisals have a difference greater than 10% (ten percent), then the parties shall jointly designate a third Expert and the average of the 2 (two) lower appraisals shall be considered as the market value of the

Pledged Assets. If the parties do not reach an agreement to name the third Expert within the 15 (fifteen) calendar days from the date that the Experts have delivered their appraisals, Sprott will name the Expert and it will be considered as the jointly named Expert for the purposes of this paragraph.

5. Execution Procedure. The parties agree that the execution of the Non-Possessory Pledge will be done through the out-of-court execution process established in Book Fifth, Title Third Bis, Chapter I of the Commerce Code, and therefore the sale of the Pledged Assets will be done through the procedure established in article 1414 bis 17 of the Commerce Code.

5.1 The amount obtained from the sale of the Pledged Assets will be used to pay the following in this order of preference:

a) First, any tax obligations that result from the sale of the Pledged Assets.

b) Second, any fees and expenses from the sale of the Pledged Assets.

c) Third, all amounts due to Sprott under the Credit Agreement.

d) Fourth, after all the concepts mentioned above have been paid in full, any remaining monies will be delivered to LIM, subject to LIM having delivered the possession of the Pledged Assets to the person or persons that have acquired them.

5.2 Due to the fact that part of the Secured Obligation consists of monetary obligations denominated in Dollars, in order to pay such Secured Obligations, the proceed of the sale of the Pledged Assets or any portion thereof that are received in Mexican pesos will be exchanged by Sprott in a foreign exchange transaction into Dollars with a Mexican financial institution selected by Sprott, at the most favorable exchange rate offered at that time by such Mexican financial institution, and the currency so exchanged shall be applied by Sprott, up to the resulting converted amount, to the payment of the Secured Obligations in the order set forth in paragraph 5.1 above.

5.3 In case that the product of the sale of the Pledged Assets are not sufficient to pay all the Secured Obligations, LIM will not be released of paying the remaining balance, for which Sprott shall maintain all rights and remedies against LIM for the unpaid amounts.

6. Judgment Currency.

6.1 Upon the issuance of an order or judgment being issued by a court of any jurisdiction for the payment of any amount due to Sprott hereunder or in the Credit Agreement (including but not limited to, any amounts due as damages or under any order or judgment issued by a court of a different jurisdiction) such order or judgment being denominated in a currency other than Dollars (the "Judgment Currency"). LIM hereby agrees to indemnify Sprott for any differential resulting from the variation between: (i) the rate of exchange applied to convert any amount of Dollars into the Judgment Currency for purposes of such order or judgment; and (ii) the then current rate of exchange prevailing in the Judgment Currency market for Dollars at which Sprott is able to acquire Dollars in Toronto, Ontario, Canada. At Sprott's request, LIM must immediately pay any amount due under this clause.

6.2 The indemnity described above, constitutes an additional obligation in charge of LIM, different and independent from all of other obligations hereunder, affording different and independent actions against LIM, being applicable regardless of any release or extension granted from time to time, and shall be in force and enforceable notwithstanding any other judicial order or judgment. Sprott's evidence of any differential described above shall be final and binding for LIM, save for manifest error.

7. Location of the Pledged Assets. For the purposes of article 357 paragraph I of the LGTOC, the parties agree that the Pledged Assets shall remain in the location named below and that LIM shall not remove them without previous written authorization from Sprott.

7.1 The parties agree that the Pledged Assets shall remain at all times in Blvd. Garcia Morales Km. 12 Bodega 3, Hermosillo, Sonora, C.P. 83220, México, except as listed in Exhibit C.

7.2 LIM warrants that on the date of this agreement the Pledged Assets are or will be, as regards those acquired in the future, in the address mentioned above.

8. Duration.

8.1 The Non-Possessory Pledge created hereby shall remain in effect for as long as Landdrill and LIM shall not have fully paid and otherwise complied with each and all of the Secured Obligations.

8.2 For as long as the Non-Possessory Pledge remains in effect, the Pledged Assets cannot be subdivided or otherwise modified, provided that the Non-Possessory Pledge created hereby on the Pledged Assets shall remain in effect on the Pledged Assets as a whole, regardless of whether said Pledged Assets have been subdivided or modified.

9. LIM Payments

9.1 LIM expressly undertakes to pay on time for any actions or payments to be taken or made to obtain, maintain, extend or renew the licenses, permits, concessions and authorizations required by any authority or otherwise for the exploitation, holding or use of any of the Pledged Assets.

9.2 LIM shall prove to Sprott that it has taken such actions or made such payments and is current in the payment of said taxes, duties and fiscal charges, and for that purpose it shall deliver to Sprott copies of the corresponding receipts duly sealed by the competent governmental agencies.

9.3 If Sprott shall make any applicable payment on behalf of LIM for any such purposes, it may demand reimbursement thereof from LIM, payable on demand, and such reimbursements shall be deemed to be and shall be secured by the Non-Possessory Pledge.

9.4 LIM shall pay all present and future taxes, duties, fees and other charges of whatever nature, if any, now or at any time hereafter levied or imposed by the Mexican Government or by any department, agency, political subdivision or other authority thereof or any organization of which Mexico is a member, on or in connection with the payment of any and all amounts due under the Credit Agreement and this agreement, and they shall be made without deduction from or on account of any such taxes, duties, fees and other charges.

10. Effect of Event of Default. If any Event of Default shall occur and be continuing, Sprott may rescind this agreement and require from LIM the reimbursement of the Advances with interest, as well as payment of the Secured Obligations in the terms set forth in the Credit Agreement.

11. Expenses. LIM shall bear exclusively all of the expenses arising from the preparation, execution and delivery of this instrument and any other instrument issued in connection herewith, including all taxes, duties, expenses and fees incurred by virtue of the execution hereof or thereof and the registration in the Public Registry of Commerce and RUG of the first notarial copy *(primer testimonio)* hereof or thereof and in any other registry, if necessary.

12. Registration.

12.1 This agreement shall be registered in the RUG and in any other registry required by law.

12.2 LIM shall cooperate in full and execute, sign and provide any documentation or information required to achieve said registrations.

13. Notifications. All notices, requests, demands, directions, consents and other communications given or sent under this agreement shall be in writing and mailed (return receipt requested) or faxed or delivered to the applicable party at its address or fax number indicated at the end of this clause, or with respect to any party, at such other address as such party may designate by written notice to the other parties. Notices shall be deemed to have been received, if given by fax, on possession of a correct transmission slip; if delivered by hand, at the time of such delivery; and if delivered by mail, on possession of evidence of delivery to the respective addressee. LIM designates as its domicile Blvd. Garcia Morales Km. 12 Bodega 3, Hermosillo, Sonora, C.P. 83220, México, (fax number: (52)662-261-1242). Sprott designates as its domicile Suite 833, 595 Burrard Street, Vancouver, British Columbia, V7X 1C4, Canada, (fax number: (1)604-664-5838).

14. Jurisdiction and applicable law

14.1 The parties hereby submit to the jurisdiction of the Federal courts sitting in the City of Mexico, Federal District, Mexico, expressly waiving any other jurisdiction to which it may be subject by virtue of their present or future domicile or otherwise.

14.2 The parties agree that this agreement shall be governed and interpreted in accordance with the LGOTC and the Commerce Code.

15. Effects. The Non-Possessory Pledge created hereby shall become effective on the date of execution of this instrument.

16. Language. This agreement is signed in Spanish and English and the Spanish version will prevail in case of discrepancy between both versions.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed by its respective duly authorized representative on the date first above written.

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.	SPROTT RESOURCE LENDING PARTNERSHIP
John Garth Burling	Rodrigo Sánchez Mejorada Raab

Exhibit A
Asset List

A. Drills

#	Internal ID	Year	Model Description	Manufacturer's Description	Acquisition Date	Serial Number	Manufacturer
1	Rig - 05		LEM - 44	44-3	Mar-04	LY-44-3	Boart Longyear (LY)
2	Rig - 11		LEM - 44	44-1	Jun-04	LY-44-1	Boart Longyear (LY)
3	Rig - 12		LEM - 44	44-2	Jun-04	LY-44-2	Boart Longyear (LY)
4	Rig - 21	2008 o 2009	LEM - 2500	2009 LEM-4 (UM-2500)	Abr-08	LEM-4	Usinage Marcotte Inc.
5	Rig - 22	2008 o 2009	LEM - 2500	2009 LEM-5 (UM-2500)	May-08	LEM-5	Usinage Marcotte Inc.
6	Rig - 24	2004	LEM - 2500	FML1-Marc.2500	Jul-08	RG56466A347227	Usinage Marcotte Inc.
7	Rig - 30	2007	LEM - 2500	FML7-Marc.2500	Jul-08	43288466	Usinage Marcotte Inc.
8	Rig - 31	2008 o 2009	LEM - 1500 - U	2009 STM 1500 U/G-1	Oct-08	STM1500-1	Usinage Marcotte Inc.
9	Rig - 32	2009 o 2010	LEM - 1500 - U	2009 STM 1500 U/G-2	Dic-09	STM1500-2	Usinage Marcotte Inc.
10	Rig - 39	2010	LEM - A5	A5 Diamond Drill / B20 head / Zinex	Ago-10	engine#301 / A5-2010-025	Mitchell's Drilling Equipment Ltd. (BC Canada)
11	Rig - 41	2010 o 2011	LEM - 600 - U	n/a	Feb-11	28070	Usinage Marcotte Inc.
12	Rig - 47	1996 o 1997	SCHRAMM	RC02- T450W Mounted on truck	Mar-11	J10-B113 / 004-DC3527	Intercore Perforaciones, S. de R.L. de C.V.
13	Rig - 48	1997 o 1999?	SCHRAMM	RC01-T64 - Timberjack 1210	Mar-11	12100482	Ed Livingston Sales Co., LLC
14	Rig - 49	2008	ZINEX	A5-1	Mar-11	412530	Nayarit Gold de Mexico, S.A. de C.V.
15	Rig - 50	2008 o 2010	ZINEX	A5-2	Mar-11	205650	Nayarit Gold de Mexico, S.A. de C.V.
16	Rig - 51	2008	ZINEX	A5-3	Mar-11	2008 - 046	San Miguel Servicios de Logistica, S.A. de C.V.
17	Rig - 52	2009	ZINEX	A5-4	Mar-11	2009 - 16	Mitchell's Drilling Equipment Ltd
18	Rig - 53	2009	ZINEX	A5-5	Mar-11	2009 - 19	Mitchell's Drilling Equipment Ltd
19	Rig - 54	2010	ZINEX	A5-6	Mar-11	2010 - 034	Mitchell's Drilling Equipment Ltd
20	Rig - 55	2008	HYDRACORE	GEOTECH 3500	Mar-11	GT-3500-04	
21	Rig - 59	2011	LEM - 1500 - U	2011 STM 1500 U/G	Jun-11	STM1500-3	Usinage Marcotte Inc.
22	Rig - 60	2011	LEM - 1500 - U	2011 STM 1500 U/G	Jun-11	STM1500-4	Usinage Marcotte Inc.

B. Pickups/Trailers

#	Year	Make	Model	Acquisition Date	Serial Number
1	1997	FORD			1FDYL90EXVVA02001
2	2007	FORD	F550 SERVICE TRUCK	12/10/10	1FDAX57P27EB36591
3	2008	DODGE	RAM Q CAB DIESEL 5.9 4X4	13/03/09	3D7KS28C08G197276
4	2009	DODGE	RAM 4000 2X4	31/03/10	3D6WN56709G502740
5	2010	DODGE	RAM 2500 4X4	15/04/10	3D7Y61EP3AG120908
6	2010	DODGE	RAM 2500 4X4	10/12/10	3D7Y61EP8AG102869
7	2010	DODGE	RAM 2500 4X4	29/10/10	3D7Y61EP0AG115102
8	2010	DODGE	RAM 2500 4X4	23/09/10	3D7C61EPXAG101329
9	2010	DODGE	RAM 2500 4X4	13/01/10	3D7Y61EP4AG131304
10	2010	DODGE	RAM 2500 4X4	13/01/10	3D7Y61EP2AG131303
11	2010	DODGE	RAM 2500 4X4	30/06/10	3D6W35EL9AG195492
12	2010	DODGE	RAM 2500 4X4	23/09/09	3D7C61EP8AG101314
13	2010	DODGE	RAM 2500 4X4	20/10/10	3D7C61EPXAG152314
14	2010	DODGE	RAM 2500 4X4		3D7Y61EP8AG129233
15	2010	FORD	F250 4X4 Double Cab	12/03/10	1FTSW2BR1AEA65460
16	2010	FORD	F150 4X4 Reg Cab	05/05/10	1FTMF1EW3AKB15359
17	2010	FORD	F250 4X4 Double Cab	12/03/10	1FTSW2BR2AEA94823
18	1996	Dodge	Ram 4x4	2006/08	
19	1999	Dodge	Ram Auto.	2006/07	
20	2006	Dodge	Ram 4x4	2006/11	
21	2007	Toyota	Hylux	2006/12	
22	2007	Dodge	Ram 2500 4x4	2007/03	1D7HU18287J556443
23	2007	Dodge	Ram 2500 4x5	2007/03	1D7HU18287J596735
24	2007		Tráiler de 3 tons con tanque de 2,650 Lts.	2007/05	3EZSP12227C005875
25	2007	Dodge	Ram 2500 SLT Quad Cab 4x4	2007/05	1D7HU18287J576375
26	2007	Dodge	Ram 2500 SLT Quad Cab 4x5	2007/05	1D7HU18297J606345
27	2007	Dodge	Ram 2500 SLT Quad Cab 4x6	2007/05	1D7HU18277J606344

28	2007	Dodge	Ram 2500 SLT Quad Cab 4X7	2007/09	1D7HU18277J622242
29	2007		Trailer de 3 tons con tanque de 2,000 Lts.	2007/10	3BZBP14296C000767
30	2008	Dodge	Ram 4000 Chassis Cab Diesel Mod. 2008 -	2007/10	3D6WN59C78G151090
31	2008	Dodge	Ram ST2500 Reg.Cab. 4x4 4.7	2008/01	1D7HU16N98J175644
32	2008	Dodge	Ram ST2500 Reg.Cab. 4x4 4.8	2008/02	1D7HU16N38J124615
33	2008	Dodge	Ram ST2500 Reg.Cab. AT 4x4 4.9	2008/05	1D7HU16N88J198504
34	2008	Dodge	Ram ST2500 Reg.Cab. 4x4 4.10	2008/05	1D7HU16238J188860
35	2010	Dodge	Ram 2500 ST 4x4 AT Reg.Cab.	2010/05	3D7Y61EP9AG142136
36	2010	Dodge	Ram 2500 ST 4x4 AT Reg.Cab.	2010/06	3D7Y61EP0AG142140
37	2010		Trailer para transportar fuente de alimentación para taladro	2010/08	330CL

C. ATVs and Tractors

#	Year	Make	Model	Acquisition Date	Serial Number
1	2010	HONDA	ATV - 2501	19/02/10	1HFTE21UXA4100117
2	2010	HONDA	ATV - 2501	19/02/10	1HFTE21U9A4100268
3	2010	JOHN DEERE	GATOR	01/07/10	M0XUVDE080516 / M0XOPA068771
4	1984	CATERPILLAR	BULLDOZER D8-D	11/02/10	04X09864
5	1994/5	CATERPILLAR	BULLDOZER D8-H	23/10/10	3ZF03004
6	1999	JOHN DEERE	TIMBERJACK FOWARDER 1710 CRANE	19/05/09	17DE0227
7	1999	JOHN DEERE	TIMBERJACK FORWARDER 1710 SUPPORT	19/05/09	17DE0248
8	1999	JOHN DEERE	TIMBERJACK FORWARDER 1210B		17DE0482
9	2010	MOROOKA	MST-800VD	25/08/10	4239
10	2010	JOHN DEERE	TRACTOR 3005	28/05/10	LV3005G200948

D. Trucks

#	Year	Make	Model	Acquisition Date	Serial Number
1	2007	CHEVROLET	KODIAK	31/10/10	3GBP7H1C87M115218
2	1993	INTERNATIONAL	FLATDECK		1HDHNA5R9PH516104
3	2001	FREIGHTLINER	TRACTO CAMIÓN	27/04/09	3AKJACA861UH78136
4	1975	DODGE	D600 7 TON.		L617826

E. Trailers

#	Year	Make	Model	Acquisition Date	Serial Number
1	1991	FRUEHAUF	40" FLATDECK (12.19m x 2.60m)	03/06/09	932PFM20391
2	1996	SCORPION	TRÁILER DUAL AXLE	31/05/08	235-3626
3	2007	BIG TEX	TRAILER	26/05/08	16VAX081X71A57881
4	1997	WITZCO	RG-50 LOW BOY 3 AXLES	40221	4URA11E3XUSO51064
5	2007	FABRICADO/ Estrella Blanca	TRÁILER 1 AXLE 800 Kgs	08/05/09	RI610040779
6	2008	FERNANDEZ	LOW BOY 5'X10" 1 AXLE 2.5TON	14/01/08	RF0108007
7	2009	FABRICADO	TRAILER BOX 2 AXLES 3.5X2.5X1.8MTS 1.2 TONS BLUE	30/10/09	2312313
8	2009	ESTRELLA BLANCA	LOW BOY 5'x10" 1 AXLE 1.5 TONS	40101	2BZBP10169C001843
9	2010	ESTRELLA BLANCA	LOW BOY 5'x10' 2 AXLES 5.0 TONS	03/05/10	3BZBP1023AC000840
10	2010	ESTRELLA BLANCA	LOW BOY 5'x10" 1 AXLE 1.5 TONS	06/04/10	3BZBP1013AC003493
11	2010	ESTRELLA BLANCA	LOW BOY 5'X12" SINGLE AXLE 1.5 TONS	24/04/10	3BZBP1218AC003491
12	2010	ESTRELLA BLANCA	7x16 DOUBLE AXLE TRAILER 3T		3BZBP1625AC003507
13	2010	ESTRELLA BLANCA	4x8 SINGLE AXLE TRAILER 800KGS		3BZBP0816A0006565
14	2010	ESTRELLA BLANCA	4x8 SINGLE AXLE TRAILER 800KGS		3BZBP081X90005010

F. Tanks

#	Year	Model / Description	Acquisition Date
1	2006	Tanque Metálico para Diesel Cap.230 Lts.	22/12/06
2	2006	Tanque Metálico para Diesel Cap.230 Lts.	22/12/06
3	2006	Tanque Metálico para Diesel Cap.230 Lts.	22/12/06
4	2006	Tanque Metálico para Diesel Cap.350 Lts.	22/12/06
5	2007	Tanque Metálico para Diesel Cap.350 Lts.-LY-44-2	05/09/07
6	2007	Tanque Metálico para Diesel Cap.230 Lts.-LY-44-2	05/09/07
7	2008	Tanque para Lodo de Taladro LEM 2500-5	21/07/08
8	2008	Tanque Metálico para Diesel Cap.100 Gal. LEM-2500-5	05/08/08
9	2008	Tanque para Lodo de Taladro LEM 2500-5	09/08/08
10	2010	50% Tanque Metálico para Diesel Cap.100 Gal. Rig.15 LEM-38-2	24/05/10
11	2010	50% Tanque Metálico para Lodo. Rig.22 LEM-5-UM-2500	24/05/10
12	2010	50% Tanque Metálico para Lodo. Rig.22 LEM-5-UM-2500	24/05/10
13	2010	Tanque Metálico para Diesel Cap.100 Gal. Rig.21 LEM-4 (UM-2500)	07/06/10
14	2010	Tanque Metálico para Diesel Cap.100 Gal. Rig.12 LEM-44-2	15/06/10
15	2010	50% Tanque Metálico para Diesel Cap.100 Gal. Rig.15 LEM-38-2	07/06/10

G. Bulldozers/Skidders

#	Year	Make/Model	Acquisition Date	Serial Number
1	2006	Bulldozer-D6H	01/07/06	
2	2006	Blade for Bulldozer D6H	01/07/06	
3	2007	Skidder-1979 Timberjack 450	30/04/07	451886

4	2007	Skidcer-1981 Timberjeck 380	30/04/07	382227
5	2007	Skidder-1981 Tree Farmer C6D	19/06/07	6104-13[illegible]
6	2007	Skidder-1979 Timberjeck 450	28/07/07	451886
7	2008	Forklift Case 590 G	31/03/08	JJG0295338
8	2008	Tractor Caterpillar Pal Loader 966 E	25/06/08	76J6841
10	2008	1991 CAT D8-D Bulldozer	31/08/08	S/N 4X6437
11	2010	TH John Deere Gator Diesel, 1002-Cayman Tires	25/01/09	M0SX4DD05147
12	2010	Marooka Model MST-800-E	24/08/10	3332
13	2010	CAT-D6H	2010/10	

H. Welders

#	Year	Model	Acquisition Date	Serial Number
1	2006	WLD-001	2006/06	
2	2006	WLD-002 - Maxstar 200 STR	2006/11	
3	2007	Bobcat 250 Miller	2007/03	
5	2007	Journeyman 510 W/H315FC	2007/05	
6	2007	Thunderbolt XL 225/150 ac/dc 230v 50/60	2007/05	
7	2007	Lincoln Soldadora 225 AC/DC 220v.	2007/05	
8	2008	Millermatic 252	2008/02	
9	2008	Soldadora and Generador Licoln Ranger	2008/07	
10	2009	Soldadora de Oxigeno y Cilindros Acetilene	2009/07	

11	2009	Soldadora de Oxigeno y Cilindros Acetileno	2009/07	
12	2009	Soldadora de Oxigeno y Cilindros Acetileno	2009/09	
13	2009	Soldadora de Oxigeno y Cilindros Acetileno	2009/07	
14	2009	Soldadora de Oxigeno y Cilindros Acetileno	2009/07	
15	2009	Soldadora de Oxigeno y Cilindros Acetileno (1Mix)	2009/07	
16	2009	Soldadora de Oxigeno y Cilindros Acetileno (1Mix)	2009/07	
17	2006	Soldadora de Oxigeno y Cilindros Acetileno (1Mix)	2009/07	
18	2009	Soldadora de Oxigeno y Cilindros Acetileno (1Mix)	2009/07	
19	2006	Soldadora de Oxigeno y Cilindros Acetileno (1Mix)	2009/07	
20	2009	Soldadora de Oxigeno y Cilindros Acetileno (1Mix)	2009/07	
21	2010	Soldadora Miller Mod,907209	2010/06	LJ250003H
22	2010	Soldadora de Oxigeno y 3 Cilindros Acetileno	2010/06	
23	2010	Soldadora de Oxigeno y 3 Cilindros Acetileno	2010/06	
24	2010	Soldadora de Oxigeno y 3 Cilindros Acetileno	2010/06	

25	2010	Soldadora de Oxigeno y 3 Cilindros Acetilene	2010/06	
26	2010	Soldadora de Oxigeno y 3 Cilindros Acetilene	2010/06	
27	2010	Soldadora de Oxigeno y 3 Cilindros Acetilene	2010/06	
28	2010	Soldadora de Oxigeno y Cilindros Acetilene	2010/07	
29	2010	Soldadora de Oxigeno y Cilindros Acetilene	2010/07	

I. Pumps

#	Year	Model	Acquisition Date	Serial Number
1	2006	WP-420-001	2006/05	
2	2006	WP-420-002	2006/05	
3	2006	WP-420-003	2006/05	
4	2006	WP-KL45-011	2006/05	
5	2006	WP-420-004	2006/05	
6	2006	WP-420-005	2006/10	
7	2007	Bomba Sumergible	2007/07	
8	2007	WP-Bean Royal 435 - LY-44-2	2007/08	
9	2007	Bomba de Inyección para 4045 Motor - LY-38-3	2007/09	
10	2007	Bomba de Inyección para 4045 Motor	2007/08	
11	2007	WP-FMC 420 - LY-38-3	2007/09	
12	2007	Bomba	2007/09	
13	2007	WP-Bean Royal 420	2007/10	
14	2007	WP-Bean Royal 420	2007/11	
15	2008	435 Bomba Kubota para 44-1	2008/03	
16	2010	Betterments made to 435 Bomba Kubota para 44-1	2010/04	

17	2010	435 Bomba Kubota para 44-1 (Sale off)	2010/04	
18	2008	435 Bomba Kubota para 44-2	2008/03	
19	2008	435 Bomba Kubota para 38-3	2008/03	
20	2008	Shio-14 Bomba e Instalaciones Electricas	2008/05	
21	2008	Bomba de Agua 420 GPM LO916 BCDS con motor de diesel YANMAR	2008/08	
22	2008	Water Line Hose Gorila 1 1/2 anf Fitting para Swamp MEX-015	2008/03	
23	2008	Water Line Hose Gorila 1 1/2 anf Fitting para Swamp MEX-015	2008/08	
24	2009	Bomba de Agua Neumática 2"	2009/06	
25	2009	Bomba de Agua 435 GPM W1122 BCD	2009/06	
26	2010	Bomba de Agua 2" Ingersollrand	2010/01	
27	2010	Bomba de Agua Neumática 2" Ingerso lrand	2010/01	
28	2010	Bomba de Agua FMC 435 - MEX-022	2010/05	
29	2010	Bomba de Agua Neumática 2" Ingersolrand	2010/06	
30	2010	Bomba Volumen 1 1/2"	2010/07	
31	2010	Motor Yan-Mar Diesel 10.8Hp, 1Cil	2010/09	L100AE-DEMR

J. Containers / Generators / Compressors / Other

#	Year	Make	Acquisition Date	Serial Number
1	2010	FW30 GENERATOR SET 30 kVw	10/11/10	SN-B-413
2	2010	HIMOINSA GENERATOR SET 42 kVw	12/04/10	101000597 / X09K410055
3	2007	CUMMINGS CMSD10000 GENERATOR SET 10 kVw		I-050926474
4	2007	SULLAIR 900XH		20071210028
5		HURRICANE BOOSTER JD4045		LO37108
6		HURRICANE BOOSTER 4.57-276-418		LO51251
7	2010	CONTENEDOR / DORMITORIO	09/02/10	Fabricado
8	2010	CONTENEDOR / DORMITORIO	09/02/10	Fabricado
9	2010	CONTENEDOR/ BAÑOS	09/02/10	Fabricado
10	2010	CONTENEDOR / DORMITORIO	09/02/10	Fabricado
11	2010	CONTENEDOR / BODEGA	07/01/10	Fabricado
12	2010	CONTENEDOR / BODEGA	25/01/10	Fabricado
13	2010	CONTENEDOR / BODEGA	05/02/10	Fabricado
14	2010	CONTENEDOR 4 Cyl JOHN DEERE (part rig)	31/05/10	Fabricado
15	2010	CONTENEDOR		Fabricado
16	2010	CONTENEDOR	01/07/10	Fabricado
17		ROD SLOOPS (SUPPORTS)		
18		ROD SLOOPS (SUPPORTS)		
19		ROD SLOOPS (SUPPORTS)		
20		ROD SLOOPS (SUPPORTS)		
21		ROD SLOOPS (SUPPORTS)		
22		ROD SLOOPS (SUPPORTS)		
23		ROD SLOOPS (SUPPORTS)		
24		ROD SLOOPS (SUPPORTS)		
25		Miller Blue Star		

26		Weldandpower 125		2262679
27	2006	CDN-001	2006/06	
28	2006	CDN-002	2006/07	
29	2006	CON-003	2006/07	
30	2008	Contenedor Wanhai Year 1995	2008/03	WHLU9526868
31	2008	Contenedor Akcy Year 1999	2008/04	CWSU280248
32	2008	Contenedor Yangzhou Year 1999 40"	2008/04	WSDU2048209
33	2010	Contenedor Yangzhou Year 1999 40"	2010/04	WSDU2048209
34	2009	Contenedor Triton 1996 40'	2009/03	BD-441210
35	2009	Contenedor 40' 1996	2009/03	
36	2010	Contenedor "Amalgamated" 20 pies MOD.AC81023P1	2010/02	AP012336
37	2010	Contenedor 20 pies Mod.SW3145	2010/05	TWCU 871345-3
38	2010	Contenedor 20 pies 1995 Hyundai Mod.DHL-1CC-4205R8	2010/06	DH9400296
39	2010	Caja de Acero 12'x12"x48"	2010/06	
40	2010	Caja de Acero 12'x12"x48"	2010/06	
41	2010	Caja de Acero 12'x12"x48"	2010/06	
42	2010	Caja de Acero 12'x12"x48"	2010/06	
43	2006	Mud Sloops	2006/05	MS-001
44	2006	Mud Sloops	2006/05	MS-002
45	2011	Taladro Subterraneo HTM 600	2011/02	STM-600

Exhibit B
<u>Credit Agreement</u>

CREDIT AGREEMENT

THIS AGREEMENT is made as of the ____ day of July, 2011

BETWEEN:

SPROTT RESOURCE LENDING PARTNERSHIP, a general partnership formed under the laws of Ontario;

(the "**Lender**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of the Province of British Columbia,

(the "**Borrower**")

AND:

LANDDRILL INTERNATIONAL LTD., a company incorporated under the laws of the Province of New Brunswick,

("**Landdrill NB**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of Barbados,

("**Landdrill Barbados**")

AND:

LANDDRILL INTERNATIONAL MEXICO, S.A. de C.V., a company incorporated under the laws of Mexico,

("**Landdrill Mexico**")

WHEREAS:

A. The Lender has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the aggregate principal amount of $4,000,000, on the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT witnesses that in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

1. **INTERPRETATION**

1.1 Definitions. Where used in this Agreement, each of the following words and phrases shall have the meanings set out below:

(a) **"Applicable Law"** means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, any law, rule, statute, regulation, treaty, order, judgement or decree, and any official request, directive, rule, guideline, order, policy, practice or other requirement of any Governmental Body relating or applicable at such time to such Person, property, transaction, event or other matter, and shall also include any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

(b) **"Acquisition Debt"** means all Indebtedness owed by the Borrower or Guarantor to **Inflight, S. de R.L. de C.V.**, including that arising under a US$4,988,000 promissory note dated March 31, 2011;

(c) **"Authorization"** means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event or with respect to any of such Person's Business Affairs;

(d) **"Bonus Payment"** has the meaning set forth in section 5.2 below;

(e) **"Bonus Shares"** has the meaning set forth in section 5.2 below;

(f) **"Business Affairs"** means the Business Assets, affairs, liabilities, financial condition and results of operations of a specified Person or Persons;

(g) **"Business Assets"** means the business, operations, undertaking, property and assets of a specified Person or Persons (including interests held in the Capital Stock of another Person);

(h) **"Business Day"** means a day, excluding Saturday and Sunday, on which banking institutions are open for business in both Toronto, Ontario and Moncton, New Brunswick;

(i) **"Capital Stock"** means (i) common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, (ii) equity preferred or common interests in a limited liability company,

(iii) member or shareholder interests in an unlimited company or unlimited liability company, (iv) limited or general partnership interests in a partnership, (v) any other interest that confers the right to receive a share of the profits and/or losses of, or the distribution of assets of, any Person, and (vi) any other interest equivalent to any of the interests referred to in any of clauses (i), (ii, (iii), (iv) and (v) of this definition;

(j) **"Change in Law"** means the introduction of, any change in, or the coming into effect of, any Applicable Law (whether or not having the force of law), or any change in the interpretation, administration or application thereof by any Governmental Body, or compliance by the Lender with any Applicable Law or any order of any Governmental Body (whether or not having the force of law);

(k) **"Control"**, **"Controls"** and **"Controlled"** when used with respect to any Person means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person (whether through ownership of Voting Capital Stock, by contract or otherwise); provided that, in any event and without limitation, any Person or combination of Persons acting jointly or in concert which owns or own, directly or indirectly, 50% or more of the Voting Capital Stock having ordinary voting power for the election of the directors of, or Persons performing similar functions for, such Person will be deemed to Control such Person (irrespective of whether at the time any other Capital Stock of such Person of any other class shall or might have voting power upon the occurrence of any contingency);

(l) **"Default"** means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, could become an Event of Default;

(m) **"Environmental Laws"** means any Applicable Law which applies to the Business Affairs of either of the Borrower or the Guarantor relating to the environment, or any past, present or future activity, event or circumstance in respect of any Hazardous Materials (including the use, handling, transportation, production, disposal, discharge or storage thereof or the terms of any permit issued therefor) or the environmental conditions on, under or about any real property of either of the Borrower or the Guarantor (including soil, groundwater and indoor and ambient air conditions);

(n) **"Event of Default"** means any of the events described in Section 9.1;

(o) **"GAAP"** means Generally Accepted Accounting Principles, as established by the Canadian Institute of Chartered Accountants as of the date of this Agreement;

(p) **"GE Entities"** means, collectively, GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company, GE Technology Finance,

GE VFS Canada Limited Partnership and GE Capital Canada Equipment Financing & Leasing Company;

(q) **"Good Mexican A/R"** means those accounts receivable of Landdrill Mexico that are less than 90 days past the date the invoice was sent out by Landdrill Mexico;

(r) **"Governmental Body"** means, when used with respect to any Person or its Business Affairs, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board, instrumentality, court, arbitration board or arbitrator or other law, regulation or rule making entity (including a Minister of the Crown, any central bank, Superintendent of Financial Institutions or other comparable authority or agency) having or purporting to have jurisdiction on behalf of, or pursuant to the laws of, Canada or any country in which such Person is incorporated, continued, amalgamated, merged or otherwise created or established or in which such Person has an undertaking, carries on business or holds property, or any province, territory, state, municipality, district or political subdivision of any such country or of any such province, territory or state of such country;

(s) **"Guarantors"** means Landdrill NB, Landdrill Barbados and Landdrill Mexico and **"Guarantor"** means each of them;

(t) **"Hazardous Materials"** means:

(a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, contaminants, materials or pollutants which:

(i) pose a hazard to any real property, or to Persons on or about real property; or

(ii) cause any real property to be in violation of any Environmental Law;

(b) any chemical, material or substance defined as or included in the definition of "dangerous goods", "deleterious substance", "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous waste", or "toxic substances", "waste", "special waste" or words of similar import under any Applicable Law;

(c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Body or which may or could pose a hazard to the owners or occupants of any real property, or users of waterways, or any other Person coming upon any real property or adjacent or surrounding water or property; and

(d) any other chemical, material or substance which is construed as having an "adverse effect", through impairment of or damage to the environment, human health or safety or property under any applicable Environmental Law;

(u) "**Income Taxes**" means taxes based on or measured by income or profit of any nature or kind, including Canadian federal and provincial income taxes and income taxes of any foreign jurisdiction;

(v) "**Indebtedness**" means, with respect to any person, indebtedness of such person which would, in accordance with generally accepted accounting principles, be classified upon a balance sheet (and the notes thereto) of such person as liabilities;

(w) "**Litigation**" means any grievance, investigation, litigation, legal action, lawsuit, or other proceeding (whether civil, administrative, quasi-criminal or criminal) by or before any Governmental Body;

(x) "**Lien**" means any mortgage, pledge, lien, hypothecation, security interest, encumbrance, charge (whether fixed, floating or otherwise), lease financing (including by way of sale and lease-back), title retention, deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor, or right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired;

(y) "**Loan**" means the loan of up to $4,000,000.00 to be made available to the Borrower by the Lender in accordance with the terms contained in this Agreement;

(z) "**Loan Advance**" means an advance of funds by the Lender to the Borrower in accordance with the provisions hereof;

(aa) "**Loan Documents**" means, collectively, this Agreement, the Security and each other agreement, document, certificate or instrument delivered to or for the benefit of the Lender pursuant to or otherwise in connection with this Agreement or the Security;

(bb) "**Loan Obligations**" means the Loan, Bonus Fee and other obligations of the Borrower owing to the Lender incurred under or pursuant to this Agreement, and any item or part of any thereof;

(cc) "**Material Adverse Effect**" means an effect which, (a) impairs, in a material adverse way, the Borrower's ability to perform its Loan Obligations, or (b) prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to this Agreement or the Security to or for the benefit of the Lender;

JB

(dd) **"Maturity Date"** has the meaning set forth in section 5.4 below;

(ee) **"Mexican A/R Report"** means an aged accounts receivable report listing all of the accounts receivable of Landdrill Mexico and including a total for the amount of Good Mexican A/R.

(ff) **"Permitted Liens"** means, as of any particular time in respect of any particular asset owned by the Borrower or the Guarantors, any of the following:

(i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith at the time by the Borrower or a Guarantor and in respect of which the Borrower or a Guarantor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(ii) the lien of any judgment rendered or claim filed against the Borrower or a Guarantor which it is contesting in good faith at the time and in respect of which it has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(iii) undetermined or inchoate liens and charges incidental to current construction or repairs or current operations which have not at the time been filed pursuant to law against the Borrower or a Guarantor or which relate to obligations not due or delinquent;

(iv) maritime, warehousemen's, woodsmen's, carriers' and other similar liens which relate to obligations not due or delinquent;

(v) the encumbrance resulting from the deposit of cash or obligations as security when the Borrower or a Guarantor is required to do so by a Governmental Body or by normal business practice in connection with contracts, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by law;

(vi) public and statutory obligations which are not due or delinquent, and security given to a public utility or any Governmental Body when required by such utility or other authority in connection with the operations of the Borrower or a Guarantor;

(vii) easements, rights-of-way or similar rights in real property granted to or reserved by other Persons which do not materially impair the usefulness in the Business Affairs of the Borrower or a Guarantor of such real property;

(viii) rights reserved to or vested in any Governmental Body by any lease, licence, franchise, grant, permit or statutory provision to terminate any lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(ix) reservations, limitations, provisos and conditions expressed in any original grant from a Governmental Body of real property;

(x) Purchase Money Obligations;

(xi) Liens in favour of any Senior Lender; and

(xii) Liens expressly consented to in writing by the Lender;

(gg) "**Person**" means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Body;

(hh) "**Purchase Money Obligation**" means indebtedness of a Person incurred or assumed to finance the acquisition, construction or installation of, or improvements to, any property, provided that such indebtedness is incurred or assumed substantially concurrently with, such acquisition, construction, installation or improvement, and includes any extension, renewal or refunding of any such indebtedness so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased;

(ii) "**Registration**" means any notice to or filing, recording or registration with any Governmental Body having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Business Affairs;

(jj) "**Rollover Fee**" has the meaning set forth in section 5.3 below;

(kk) "**Security**" means the security described in Article 10 hereof, all other security given hereunder and all other security given by any person at any time to secure the Loan and the remaining obligations of the Borrower to the Lender hereunder or any part thereof;

(ll) "**Senior Lender**" means, collectively, Canadian Imperial Bank of Commerce and the GE Entities;

(mm) "**Specified Rigs**" means, collectively, the following drilling rigs:

(i) one Boart Longyear 44 drilling rig with serial number LY-44-3, sent from Nicaragua to Mexico;

(ii) two Usinage Marcotte Inc. 2500 drilling rigs with serial numbers RG66466A347227 and 46288466, sent from Canada to Mexico;

(iii) two Usinage Marcotte Inc. 1500-U drilling rigs with serial numbers STM1500-3 and STM1500-4, sent from Canada to Mexico.

(nn) **"Taxes"** means all taxes of any kind or nature whatsoever including capital taxes, realty taxes (including utility charges which are collectible like realty taxes), business taxes, property transfer taxes, Income Taxes, sales taxes, custom duties, payroll taxes, stamp taxes, royalties, duties, and all fees, deductions and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Canada or Mexico, or any other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon;

(oo) **"Voting Capital Stock"** means Capital Stock of a Person which carries voting rights or the right to Control such Person under any circumstances, provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such right to vote or Control.

1.2 Currency. All references to dollars or currency in this Agreement are to Canadian dollars.

1.3 Governing Law. This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein. Subject to Article 11, each party hereto:

(a) irrevocably and unconditionally submits to and accepts the exclusive jurisdiction of the courts exercising jurisdiction in British Columbia, and any court that may hear appeals from any of those courts, for any proceeding in connection with this Agreement, subject to the right to enforce a judgement obtained in any of those courts in any other jurisdiction; and

(b) irrevocably waives any objection to the venue of any legal process commenced in the courts of British Columbia on the basis that the process has been brought in an inconvenient forum.

1.4 Severability. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

1.5 Extended Meanings. In the Loan Documents, except to the extent the context otherwise requires: (a) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (b) the words **"hereof," "herein," "hereto," "hereunder"** and the like mean and refer to this Agreement or any other Loan

Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (c) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (d) the words "**including,**" "includes" and "**include**" shall be deemed to be followed by the words "**without limitation;**" (e) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (f) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to; (g) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (h) in the computation of periods of time from a specified date to a later specified date, the word "**from**" means "**from and including**"; the words "**to**" and "**until**" each mean "**to but excluding**"; and the word "**through**" means "**to and including.**"

1.6 Headings. The headings to the clauses of this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof. The terms "**this Agreement**", "**hereof**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection, paragraph, subparagraph, clause or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Section of this Agreement.

1.7 Accounting Terminology and Practices. All accounting terms not defined in this Agreement shall have those meanings generally ascribed to them in accordance with GAAP. Where financial data is to be submitted pursuant to this Agreement, or the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purposes of this Agreement and any other Loan Document, including the contents of any certificate to be delivered hereunder, such determination, consolidation or computation shall, unless the parties otherwise agree or the context otherwise require, be made in accordance with GAAP applied on a consistent basis.

1.8 Per Annum Calculations. Unless otherwise stated, wherever in this Agreement or any other Loan Document reference is made to a rate of interest "per annum" or a similar expression is used, such interest shall be calculated using the nominal rate method, and not the effective rate method, of calculation and on the basis of a calendar year of 365 days or 366 days, as the case may be.

2. LOAN

2.1 The Loan. Subject to the terms and conditions hereof, the Lender shall make the Loan available to the Borrower by way of Loan Advances of up to a maximum aggregate principal amount of $4,000,000.00, in accordance with the terms and conditions set forth herein.

2.2 Use of Proceeds. The Borrower covenants and agrees with the Lender that the Loan will be used exclusively by the Borrower to reduce the Acquisition Debt, and for no other

purpose whatsoever without the express written consent of the Lender (which consent may be unreasonably withheld by the Lender in its sole discretion).

2.3 Funds. Each Loan Advance shall be advanced in Canadian dollars, by direct deposit or wire transfer, to the account set out by the Borrower in a written notice to the Lender.

3. CONDITIONS PRECEDENT TO ADVANCE OF THE LOAN

3.1 Conditions Precedent to Loan Advance. On or before a Loan Advance, the following conditions shall be met by the Borrower to the satisfaction of the Lender:

(a) the Borrower shall have delivered to the Lender certified copies of the constating documents for each of the Borrower and the Guarantors and all amendments thereto, and certified copies of the required resolutions of the directors of the Borrower and the Guarantors authorizing the transactions contemplated hereunder, all in form and substance satisfactory to the Lender;

(b) all Loan Documents shall have been executed and delivered and all filings, registrations and recordings and legal opinions necessary or desirable in connection therewith shall have been made;

(c) completion of all due diligence on the Borrower and Guarantors to the satisfaction of the Lender and its legal counsel, including a review of all:

(i) material contracts of the Borrower and Guarantors;

(ii) leases, licences and permits;

(iii) budgets of the Borrower and Guarantors; and

(iv) pro-forma financial statements of the Borrower and Guarantors.

(d) the Lender shall have received such search results, certificates and other documents, as the Lender shall reasonably require, confirming that the Business Assets of each of the Borrower and the Guarantors are free and clear of all Liens, save and except for the Security and the Permitted Liens;

(e) receipt of all applicable stock exchange and other regulatory approvals to the completion of this Agreement;

(f) receipt of written confirmation by the Borrower and Guarantors that all representations and warranties of each of them hereunder are true and correct as of the date of the Loan Advance;

(g) completion of an issuance of convertible debt of the Borrower having a minimum gross proceeds to the Borrower of $4,000,000;

Asiento 1

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.

Libro de Accionistas

La sociedad se constituyó de conformidad con las Leyes de los Estados Unidos Mexicanos según consta en la Póliza número 3,759 de fecha 21 de Marzo de 2006, otorgada ante el Lic. Carlos Orduño Fragoza, Corredor Público Número 3 de la Plaza de Sonora, la cual se encuentra debidamente registrada bajo folio mercantil número 34941*7, en el Registro Público de la Propiedad y del Comercio de Hermosillo, Sonora, con capital mínimo fijo de $50,000.00 (Cincuenta Mil pesos 00/100 moneda nacional) representado por 100 acciones nominativas, Serie "A", con valor nominal de $500.00 (Quinientos pesos 00/100 moneda nacional) cada una y con un capital Variable Ilimitado.

El capital social de la empresa está íntegramente suscrito y pagado en efectivo de la siguiente manera:

ACCIONISTAS	ACCIONES CAPITAL FIJO SERIE A	ACCIONES CAPITAL VARIABLE	MONTO TOTAL
1-A Ronald Joseph Goguen Canadiense 1776 de la Calle El Mwood Drive, Moncton Canadá, New Brumswick, Canadá	1	0	$500.00
2-A Landdrill International Inc. Canadiense 160, de la Avenida MacNaughton, Moncton E1H 3L9, New Brumswick, Canadá	99	0	$49,500.00
TOTAL	**100**	**0**	**$50,000.00**

Hermosillo, Sonora a 5 de Junio de 2006

Ronald Joseph Goguen
Administrador Único

I certify this to be a true copy of the original document, as verified by me this 5th day of August 2011

Briana Acuña

LANDDRILL
INTERNATIONAL

Título: 1-A	Ampara 1 acción
Capital Fijo	Con valor de $500.00 M.N. cada una
Serie:	"A"
Valor del Título	$500,00 M.N.
No. de Acciones que ampara esta Clase:	100

Ronald Joseph Goguen, de nacionalidad Canadiense, con domicilio en la finca marcada con el número 1776, de la Calle El Mwood Drive, Moncton Canada, New Brunswick, Canadá, es propietario de 1 (Una) acción, de la Serie A, con valor nominal de $500.00 *(Quinientos Pesos 00/100 MN)* cada una, del capital mínimo fijo de la Sociedad denominada **LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.**

La Sociedad tiene su domicilio en el Boulevard García Morales Kilómetro 12 Bodega 3, Colonia La Manga, Hermosillo, Sonora, C.P. 83220 y su duración es de 99 años. Su capital social es variable, siendo el mínimo fijo sin derecho a retiro, la cantidad de $50,000.00 *(Cincuenta Mil Pesos 00/100 MN)*, representado por 100 acciones nominativas, Serie A, totalmente suscritas y pagadas con valor nominal de $500.00 *(Quinientos Pesos 00/100 MN)* cada una. Su capital variable es ilimitado.

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V. tiene como objeto principal la Perforación en cualquiera de sus modalidades, ya sea Industrial, Comercial, especialmente la Minera, para obra civil, y en lo general para cualquier tipo de actividad, utilizando todo tipo de Equipo, tecnología y materiales posibles y permitidos por la Ley, en general, la realización de todo tipo de actividades relacionadas con la Industria de la perforación, tales como diseño de perforaciones, Estudios previos a la perforación, estudios de mantenimiento de Perforaciones, inspección de perforaciones, mantenimiento y conservación de Perforaciones, debiendo entenderse lo escrito como una enunciación de lo que la Sociedad puede hacer en esta materia, ya sea por cuenta propia o asociada con terceros o a través de Empresas que esta misma establezca por lo que su actividad deberá entenderse por en lo más amplio posible y este objeto social debe interpretarse sin restricción alguna, con excepción de perforación de Hidrocarburos.

La sociedad se constituyó mediante póliza número 3,759 de fecha 21 de Marzo del 2006, otorgada ante la fe del Licenciado Carlos Orcubo Fragoza, Corredor Público Número 3 de la Plaza de Sonora, cuyo primer testimonio se encuentra inscrito bajo Folio Mercantil Electrónico Número 34941*7 del Registro Público de la Propiedad y del Comercio de Hermosillo, Sonora.

Se expide el presente Título en Hermosillo, Sonora, a los 5 días del mes de Junio del 2006 y está firmado por el por el Administrador Único de conformidad con la cláusula Décima Primera de los Estatutos Sociales.

Ronald Joseph Goguen
Administrador Único

PRINCIPALES CLÁUSULAS DE LA SOCIEDAD LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.

QUINTA.- La sociedad es de nacionalidad mexicana con CLÁUSULA DE ADMISIÓN DE EXTRANJEROS.- Por esta sola, los socios fundadores convienen ante el Gobierno de los Estados Unidos Mexicanos en que los socios extranjeros actuales o futuros de la Sociedad se obligan formalmente con la Secretaría de Relaciones Exteriores a considerarse como nacionales respecto a las acciones de la Sociedad que adquieran o de que sean titulares, así como de los bienes, derechos, concesiones, participaciones o intereses de que sea titular la Sociedad, o bien de los derechos y obligaciones que se deriven de los contratos en que sea parte la propia Sociedad con autoridades mexicanas, y a no invocar, por lo mismo, la protección de sus gobiernos, bajo la pena, en caso contrario, de perder en beneficio de la Nación las participaciones sociales que hubieren adquirido.

SEXTA.- El capital social será variable y se constituye con una parte fija y una parte variable, en los términos que siguen: El Capital Social fijo, sin derecho a retiro, estará representado por 100 (Cien) acciones nominativas de la SERIE "A" con valor nominal de $500.00 (quinientos pesos 00/100 MONEDA NACIONAL) cada una, íntegramente suscritas y pagadas por los participantes, en la siguiente forma y proporciones:

ACCIONISTAS:	ACCIONES "A"	APORTACIÓN DE CAPITAL
Ronald Joseph Goguen	01	$500.00
Landdrill International Inc. Representada por Ronald Joseph Goguen	99	149,500.00
TOTAL:	100	$50,000.00
	CIEN ACCIONES	CINCUENTA MIL PESOS

SÉPTIMA.- Los aumentos al Capital Social se harán mediante la suscripción de acciones de tesorería y podrán ser adquiridas por los actuales Socios en proporción al monto de sus aportaciones. La Asamblea General determinará los aumentos de capital, la fecha en que se llevarán a cabo los aumentos de Capital Social, la forma y plazos en que los accionistas deberán cubrir a la Sociedad el importe de las Acciones que suscriban y cumplirán lo que al respecto establece el artículo 219 (doscientos diecinueve) de la Ley General de Sociedades Mercantiles; las asambleas donde se acuerden los aumentos de capital deberán estar presentes por lo menos el 51% (cincuenta y un por ciento) del capital social.

DÉCIMA.- Todas las acciones confieren a sus tenedores iguales derechos y les imponen las mismas obligaciones. El tenedor de cualquier acción por el simple hecho de poseerla se obliga de conformidad con las disposiciones de esta póliza, con las resoluciones adoptadas por la Asamblea General de Accionistas, por el Consejo de Administración, el Administrador Único en su caso, o los Funcionarios y representantes de la Sociedad dentro de sus respectivas atribuciones.

DÉCIMA PRIMERA.- Los Títulos de las Acciones contendrán las disposiciones a que se refiere el artículo 125 (ciento veinticinco) de la Ley de Sociedades Mercantiles y, además, expresa la cláusula de admisión de extranjeros que previene el artículo octavo de la Ley Orgánica de la Fracción I (primera) del Artículo 27 (veintisiete) Constitucional y la Cláusula Quinta de estos Estatutos; estarán numerados progresivamente y llevarán adheridos cupones para el cobro de los dividendos, serán firmados por el Presidente y el Tesorero del Consejo de Administración o por el Administrador Único en su caso y ampararán el número de Acciones que correspondan a cada socio.

DÉCIMA SEGUNDA.- La Sociedad tendrá un Libro Especial de Registro de acciones que contendrá: I.- El nombre, la nacionalidad, y el domicilio del accionista y la indicación de las acciones que le pertenezcan, expresándose los números, series, clases y demás particularidades; II.- La indicación de las exhibiciones que efectúen; III.- Las transmisiones que se realicen en los términos que prescribe esta póliza. El registro de acciones estará bajo el cuidado del Presidente del Consejo de Administración o del Administrador Único en su caso, quien responderá personalmente de su existencia regular y de la exactitud de sus datos.

DÉCIMA TERCERA.- La sociedad considerará como dueño de las acciones únicamente a quien aparezca inscrito como tal en el Libro de Registro a que se refiere la cláusula anterior, para este efecto la Sociedad deberá inscribir en dicho registro a petición de cualquier tenedor legítimo, las transmisiones que se efectúen con los requisitos que prescribe esta póliza. La transmisión o traspaso de Acciones no surtirá efecto alguno sino después de su inscripción en el Libro de Registro.

DÉCIMA CUARTA.- Las Acciones de la Sociedad son de circulación restringida, por ello su transmisión requerirá de la Autorización del Consejo de Administración o el Administrador Único en su caso, si estos niegan su autorización, designarán a través de Administración a un comprador de las Acciones a un precio corriente en el mercado, como lo previene el artículo ciento treinta de la Ley General de Sociedades Mercantiles.

DÉCIMA SEXTA.- La Dirección y administración de los negocios de la Sociedad podrán ser confiados a un ADMINISTRADOR ÚNICO o a un CONSEJO DE ADMINISTRACIÓN cuyo número de miembros se determinará por la Asamblea de accionistas. Los miembros del Consejo de Administración o el Administrador Único en su caso, durarán en su cargo un año y podrán ser reelectos, pero continuarán en el desempeño de sus funciones aun cuando hubiese concluido el plazo para el que fueron designados, mientras no se haga nueva designación y los nombrados no tomen posesión de sus cargos.

VIGÉSIMA PRIMERA.- La vigilancia de las operaciones sociales estará confiada a uno o varios Comisarios que designará la Asamblea por mayoría de votos. La Asamblea podrá designar también a un Comisario si lo solicitan los accionistas que representen por lo menos el veinticinco por ciento del Capital Social. El o los Comisarios durarán en su encargo dos años, pero continuarán en el desempeño de su cargo mientras no tome posesión la persona que deba sustituirlos; para el desempeño de sus funciones deberá otorgar un depósito de $100.00 (cien pesos) en efectivo o otorgar fianza por esa cantidad o lo que señale la Asamblea general en caso de modificarse esta cifra; si no otorgare el Comisario podrá ser removido, la comisión podrá no serlo si así lo estipula la Asamblea.

VIGÉSIMA SEGUNDA.- Las Asambleas Generales de Accionistas son el órgano supremo de la Sociedad, serán Ordinarias o Extraordinarias; las Ordinarias se ocuparán además de los asuntos incluidos en el orden del día, de los mencionados en el Artículo 181 (ciento ochenta y uno) de la Ley General de Sociedades Mercantiles, las demás serán Extraordinarias y se ocuparán para tratar cualquier asunto a que se refiere el artículo 182 (ciento ochenta y dos) de la citada Ley General de Sociedades Mercantiles.

TRIGÉSIMA TERCERA.- Serán causas de disolución de la Sociedad las que establece el Artículo 229 (doscientos veintinueve) de la Ley General de Sociedades Mercantiles.

"Los socios extranjeros actuales o futuros de la Sociedad se obligan formalmente con la Secretaría de Relaciones Exteriores a considerarse como nacionales respecto a las acciones de la Sociedad que adquieran o de que sean titulares, así como de los bienes, derechos, concesiones, participaciones o intereses de que sea titular la Sociedad, o bien de los derechos y obligaciones que se deriven de los contratos en que sea parte la propia Sociedad con autoridades mexicanas, y a no invocar, por lo mismo, la protección de sus gobiernos, bajo la pena, en caso contrario, de perder en beneficio de la Nación las participaciones sociales que hubieren adquirido."

REGISTRO DE ENDOSOS

Endoso en Propiedad
en favor de: ENDOSO EN PRENDA ESTE TITULO A FAVOR DE SPROTT RESOURCES LENDING PARTNERSHIP DE CONFORMIDAD
Fecha: CON EL BOOK PLEDGE AGREEMENT CELEBRADO ENTRE SPROTT RESOURCE LENDING PARTNERSHIP Y RONALD JOSEPH GOGUEN A VANCOUVER, CANADA A 04 DE JULIO DE 2011
Endosante: RONALD JOSEPH GOGUEN
Firma: [signature]

Cupón N° 8 "LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Titulo No. 1-A Serie "A" Ampara 1 Acción Capital Fijo	Cupón N° 7 "LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Titulo No. 1-A Serie "A" Ampara 1 Acción Capital Fijo
Cupón N° 6 "LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Titulo No. 1-A Serie "A" Ampara 1 Acción Capital Fijo	Cupón N° 5 "LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Titulo No. 1-A Serie "A" Ampara 1 Acción Capital Fijo
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"LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Recibí la Cantidad de: Firma	"LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Recibí la Cantidad de: Firma
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LANDDRILL
INTERNATIONAL

Titulo: 2-A	Ampara 99 acciones
Capital Fijo	Con valor de $500.00 M.N. cada una
Serie:	"A"
Valor del Titulo	$49,500.00 M.N.
No. de Acciones que ampara esta Clase:	100

Landdrill International Inc., de nacionalidad Barbados, con domicilio en la finca marcada con el número 160, de la Avenida MacNaughton, Moncton E1H 3L9, New Brunswick, Canada, es propietario de 99 (Noventa y Nueve) acciones, de la Serie A, con valor nominal de $500.00 (*Quinientos Pesos 00/100 MN*) cada una, del capital mínimo fijo de la Sociedad denominada **LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.**

La Sociedad tiene su domicilio en el Boulevard García Morales Kilometro 12 Bodega 3, Colonia La Manga, Hermosillo, Sonora, C.P. 83220 y su duración es de 99 años. Su capital social es variable, siendo el mínimo fijo sin derecho a retiro, la cantidad de $50,000.00 (*Cincuenta Mil Pesos 00/100 MN*), representado por 100 acciones nominativas, Serie A, totalmente suscritas y pagadas con valor nominal de $500.00 (*Quinientos Pesos 00/100 MN*) cada una. Su capital variable es ilimitado.

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V. tiene como objeto principal la Perforación en cualquiera de sus modalidades, ya sea Industrial, Comercial, especialmente la Minera, para obra civil, y en lo general para cualquier tipo de actividad, utilizando todo tipo de Equipo, tecnología y materiales posibles y permitidos por la Ley, en general, la realización de todo tipo de actividades relacionadas con la Industria de la perforación, tales como diseño de perforaciones, Estudios previos a la perforación, estudios de mantenimiento de Perforaciones, inspección de perforaciones, mantenimiento y conservación de Perforaciones debiendo entenderse lo escrito como una enunciación de lo que la Sociedad puede hacer en esta materia, ya sea por cuenta propia o asociada con terceros o a través de Empresas que esta misma establezca por lo que su actividad deberá entenderse por en lo más amplio posible y este objeto social debe interpretarse sin restricción alguna, con excepción de perforación de Hidrocarburos.

La sociedad se constituyó mediante póliza número 3,759 de fecha 21 de Marzo del 2006, otorgada ante la fe del Licenciado Carlos Ordaño Fragoza, Corredor Público Número 3 de la Plaza de Sonora, cuyo primer testimonio se encuentra inscrito bajo Folio Mercantil Electrónico Número 34941*7 del Registro Público de la Propiedad y del Comercio de Hermosillo, Sonora.

Se expide el presente Título en Hermosillo, Sonora, a los 5 días del mes de Junio del 2005 y esta firmado por el por el Administrador Único de conformidad con la cláusula Décima Primera de los Estatutos Sociales.

Ronald Joseph Gagnon
Administrador Unico

PRINCIPALES CLÁUSULAS DE LA SOCIEDAD LANDOLL INTERNATIONAL MÉXICO, S.A. DE C.V.

QUINTA.- La sociedad es de nacionalidad mexicana, con CLÁUSULA DE ADMISIÓN DE EXTRANJEROS. Por tanto, los socios extranjeros convienen ante el Gobierno de los Estados Unidos Mexicanos en que: Los socios extranjeros actuales o futuros de la Sociedad se obligan formalmente con la Secretaría de Relaciones Exteriores a considerarse como nacionales respecto a las acciones de la Sociedad que adquieran o de que sean titulares, así como de los bienes, derechos, concesiones, participaciones o intereses de que sea titular la Sociedad, o bien de los derechos y obligaciones que se deriven de los contratos en que sea parte la propia Sociedad con autoridades mexicanas, y a no invocar, por lo mismo, la protección de sus gobiernos, bajo la pena, en caso contrario, de perder en beneficio de la Nación las participaciones sociales que hubiesen adquirido.

SEXTA.- El capital social será variable y se constituye con una parte fija y una parte variable, en los términos que sigue: El Capital social fijo mínimo sin derecho a retiro, estará representado por 100 (Cien) acciones nominativas de la SERIE "A", con valor nominal de $500.00 (quinientos pesos 00/100 MONEDA NACIONAL) cada una, íntegramente suscritas y totalmente pagadas, por los comparecientes, en la siguiente forma y proporciones:

ACCIONISTAS:	ACCIONES "A"	APORTACIÓN DE CAPITAL:
Ronald Joseph Gorden	1	$500.00
Landoll International Inc.	99	$49,500.00
Representado por Ronald Joseph Gorden		
TOTAL	100	$50,000.00
SON CIEN ACCIONES		SON CINCUENTA MIL PESOS.

SÉPTIMA.- Los aumentos al Capital Social se harán mediante la suscripción de acciones de tesorería y podrán ser adquiridas por los actuales Socios en proporción al monto de sus aportaciones. La Asamblea General, determinará los aumentos de capital, la forma en que se llevarán a cabo los aumentos de Capital Social, la forma y plazos en que los accionistas deberán cubrir a la Sociedad el importe de las Acciones que suscriban, y cumplirá, lo que al respecto establece el artículo 216 (doscientos dieciséis) de la Ley General de Sociedades Mercantiles; las asambleas donde se acuerden los aumentos de capital deberán estar presentes por lo menos el 51% (cincuenta y uno por ciento) del capital social.

DÉCIMA.- Todas las acciones confieren a sus tenedores iguales derechos y les imponen las mismas obligaciones. El tenedor de cualquier acción por el simple hecho de poseerla, se obliga, de conformidad con las disposiciones de esta póliza con las resoluciones adoptadas por la Asamblea General de Accionistas, por el Consejo de Administración, el Administrador Único en su caso o los Funcionarios y representantes de la Sociedad, dentro de sus respectivas atribuciones.

DÉCIMA PRIMERA.- Los Títulos de las Acciones contendrán las disposiciones a que se refiere el artículo 125 (ciento veinticinco) de la Ley de Sociedades Mercantiles y llevarán, además, impreso o gravado la cláusula que previene el artículo octavo de la Ley Orgánica de la Fracción I (primera) del Artículo 27 (veintisiete) Constitucional y la Cláusula Quinta de estos Estatutos; estarán numerados progresivamente y llevarán adheridos cupones para el cobro de los dividendos, serán firmados por el Presidente y el Tesorero del Consejo de Administración o por el Administrador Único en su caso y amparando el número de Acciones que correspondan a cada caso.

DÉCIMA SEGUNDA.- La Sociedad tendrá un libro especial de Registro de acciones que contendrá: I.- El nombre, la nacionalidad y el domicilio del accionista y la indicación de las acciones que le pertenezcan, expresándose los números, series, clases y demás particularidades. II.- La indicación de las exhibiciones que efectúen, III.- Las transmisiones que se realicen en los términos que prescribe esta póliza. El registro de acciones estará encomendado al cuidado del Presidente del Consejo de Administración o del Administrador Único en su caso, quien responderá personalmente de su exactitud regular y de la seguridad de que existan.

DÉCIMA TERCERA.- La sociedad considerará como dueño de las acciones, únicamente a quien aparezca inscrito como tal en el Libro de Registro a que se refiere la cláusula anterior, para cuyo efecto la Sociedad deberá inscribir en dicho registro a petición de cualquier tenedor legítimo, las transmisiones que se efectúen con los requisitos que prescribe esta póliza. La transmisión o traspaso de Acciones no surtirá efecto alguno sino después de su inscripción en el Libro de Registro.

DÉCIMA CUARTA.- Las Acciones de la Sociedad son de circulación restringida, por ello su transmisión requerirá de la Autorización del Consejo de Administración o el Administrador Único, en su caso, si éstos negaren su autorización, designarán estos órganos de Administración a un comprador de las Acciones a un precio conforme en el mercado, como lo previene el artículo ciento treinta de la Ley General de Sociedades Mercantiles.

DÉCIMA SEXTA.- La Dirección y administración de los negocios de la Sociedad podrá ser confiada a un ADMINISTRADOR ÚNICO, o a un CONSEJO DE ADMINISTRACIÓN cuyo número de miembros se determinará por la asamblea de accionistas, los miembros del Consejo de Administración o el Administrador Único en su caso, durarán en su cargo dos años, y, podrán ser reelectos, pero continuarán en el desempeño de sus funciones, aún cuando hubiere concluido el plazo para el que hayan sido designados, mientras no se haga nueva designación y los nombrados no tomen posesión de sus cargos.

VIGÉSIMA PRIMERA.- La vigilancia de las operaciones sociales estará confiada a uno o varios Comisarios que designará la Asamblea por mayoría de votos. La Asamblea podrá designar, también a un Comisario si lo solicitan los accionistas que representen por lo menos, el veinticinco por ciento del Capital Social. El o los Comisarios durarán en su encargo dos años, pero continuarán en el desempeño de su cargo mientras no tome posesión la persona que deba sustituirlos, para el desempeño de sus funciones deberá efectuar un depósito de $100.00 (cien pesos) en efectivo u otorgar fianza por esa cantidad o la que señale la Asamblea general en caso de modificarse esta cifra; en su encargo el Comisario podrá ser reelecto, la comisión podrá no ser no ser exigible cuando lo disponga la asamblea.

VIGÉSIMA SEGUNDA.- Las Asambleas Generales de Accionistas son el órgano supremo de la Sociedad, serán Ordinarias o Extraordinarias; las Ordinarias se ocuparán además de los asuntos incluidos en el orden del día, de los mencionados en el Artículo 181 (ciento ochenta y uno) de la Ley General de Sociedades Mercantiles, las demás serán Extraordinarias y se reunirán para tratar cualquier asunto a que se refiere el artículo 182 (ciento ochenta y dos) de la citada Ley General de Sociedades Mercantiles.

TRIGÉSIMA TERCERA.- Serán causas de disolución de la Sociedad las que establece el Artículo 229 (doscientos veintinueve) de la Ley General de Sociedades Mercantiles.

"Los socios extranjeros actuales o futuros de la Sociedad se obligan formalmente con la Secretaría de Relaciones Exteriores, a considerarse como nacionales respecto a las acciones de la Sociedad que adquieran o de que sean titulares, así como de los bienes, derechos, concesiones, participaciones o intereses de que sea titular la Sociedad, o bien de los derechos y obligaciones que se deriven de los contratos en que sea parte la propia Sociedad con autoridades mexicanas, y a no invocar, por lo mismo, la protección de sus gobiernos, bajo la pena en caso contrario, de perder en beneficio de la Nación las participaciones sociales que hubieren adquirido."

REGISTRO DE ENDOSOS

Endoso en Propiedad / en favor de: ENDOSO EN PRENDA ESTE TÍTULO A FAVOR DE [illegible] ASSOCIATES LEASING PARTNERSHIP DE CONFORMIDAD CON EL SECURITY PLEDGE AGREEMENT CELEBRADO ENTRE [illegible]

Fecha: ASSOCIATES LEASING PARTNERSHIP Y LANDOLL INTERNATIONAL INC.

VANCOUVER, CANADA, A 29 DE JULIO DE 20[illegible]

Endosante: LANDOLL INTERNATIONAL INC. A TRAVÉS DE SU REPRESENTANTE LEGAL RONALD JOSEPH GORDEN

Firma: [signature]

Cupón N°. 8 "LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Titulo No. 2-A Serie "A" Ampara 99 Acciones Capital Fijo	Cupón N°. 7 "LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Titulo No. 2-A Serie "A" Ampara 99 Acciones Capital Fijo
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"LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Recibí la Cantidad de: Firma	"LANDDRILL INTERNATIONAL MEXICO, S.A DE C.V." Recibí la Cantidad de: Firma

GUARANTEE

THIS GUARANTEE is made as of the 29th day of July, 2011.

BY:

LANDDRILL INTERNATIONAL LTD., of 160 MacNaughton Avenue, Moncton NB E1H 3L9

(the "**Guarantor**")

IN FAVOUR OF:

SPROTT RESOURCE LENDING PARTNERSHIP, of Suite 1028, 550 Burrard Street, Vancouver, BC V6C 2B5

(the "**Lender**")

In consideration of the Lender agreeing to make loans to Landdrill International Inc., a British Columbia company (the "**Borrower**"), of up to the aggregate principal sum of $4,000,000.00 (the "**Principal Sum**"), the Guarantor covenants with the Lender as follows:

1. DEBT AND SECURITY

In this Guarantee, "Loan Documents" means all loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which the Lender may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments including without limitation the credit agreement between the Borrower and the Lender dated for reference July 29, 2011 (the "**Credit Agreement**").

2. GUARANTEE

The Guarantor unconditionally guarantees payment and performance to the Lender by the Borrower of all debts, obligations or liabilities under or in connection with the Loan Documents (collectively, the "**Borrower's Obligations**"), including without limitation, payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under or in connection with the Loan Documents (the foregoing amounts collectively are called the "**Outstanding Balance**"). The Guarantor also promises to pay to the Lender all reasonable legal fees and disbursements, on a solicitor and client basis, incurred by the Lender in reference to any suit upon this Guarantee, plus interest on such fees and disbursements and on the Outstanding Balance at the highest interest rate provided under the Loan Documents calculated and compounded monthly from the date the Lender demands payment under this Guarantee.

3. CONTINUING SECURITY

This Guarantee is and shall remain a continuing security for the Borrower's Obligations to the Lender at any time and shall not be satisfied or otherwise affected by any repayment or recovery from time to time of the whole or any part of any amount which may then be due and owing from the Borrower to the Lender.

4. LIABILITY AS PRINCIPAL DEBTOR

As between the Lender and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's Obligations notwithstanding any act or omission of the Borrower or of the Lender which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

5. INDEMNITY

The Guarantor shall indemnify and save the Lender harmless from and against any losses which may arise by virtue of any of the Borrower's Obligations, the Credit Agreement, any security held by the Lender for the Borrower's Obligations, or any other agreement relating to any of the foregoing being or becoming for any reason whatsoever, in whole or in part (i) void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable by the Lender in accordance with its terms, or (ii) released or discharged by operation of law (collectively, an "**Indemnifiable Circumstance**"). For greater certainty, these losses shall include, without limitation, the amount of all of the Borrower's Obligations which would have been payable by the Borrower but for the existence or occurrence of the Indemnifiable Circumstance.

6. ASSIGNMENT AND POSTPONEMENT

All the debts, obligations and liabilities of the Borrower to the Guarantor are hereby assigned to the Lender and postponed to the prior payment and performance to the Lender by the Borrower of the Borrower's Obligations, and all moneys received by the Guarantor in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way limiting or lessening the liability of the Guarantor hereunder, and this assignment and postponement is independent of this Guarantee and shall remain in full force and effect notwithstanding that the liability of the Guarantor under this Guarantee may be extinct.

7. LIABILITY NOT DIMINISHED BY ACTS OF THE LENDER OR THE BORROWER

Except for payment of all sums due under the Loan Documents, payment of the amount due under this Guarantee or written discharge, no act or omission of the Lender or of the Borrower, before or after default, discharges, diminishes or in any way affects the liability of the Guarantor under this Guarantee and without restricting the foregoing, the Guarantor covenants with the Lender as follows:

(a) the Lender may grant time and other indulgences to the Borrower, to any other Guarantor and to any other person liable for all or any portion of the Principal Sum;

(b) the Lender may modify, extend or renew (in each case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Documents or any part of it or anything mortgaged or charged by it;

(c) the Lender may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;

(d) the Lender may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to the Lender or the value of the Loan Documents or the value of anything mortgaged by it;

(e) the Lender need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Documents;

(f) the Lender bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Documents, either during possession by the Borrower or by any third party or by the Lender or by anyone on behalf of the Lender;

(g) the Lender is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and the Lender may enforce its various remedies under this Guarantee and the Loan Documents or any part of it at any time, in any manner and in any order as the Lender may choose;

(h) the Lender bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Documents and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Documents;

(i) the Lender has no obligation to ensure that any Loan Documents, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended security under the Loan Documents, guarantee or other collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this Guarantee remains enforceable and undiminished;

(j) the Guarantor confirms and agrees that any modifications of the loan terms or Loan Documents may be agreed upon directly between the Lender and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence; and

(k) this Guarantee shall be reinstated if at any time any payment of any of the Borrower's Obligations is rescinded or must otherwise be returned by the Lender upon any receivership, insolvency, dissolution, arrangement or other similar proceeding of or affecting the Borrower or any other person, or for any other reason whatsoever. The Lender may concede or compromise any claim that any such payment ought to be rescinded or otherwise returned.

8. SUBROGATION

The Guarantor shall not be subrogated in any manner to any right of the Lender until all money due to the Lender under the Loan Documents is paid.

9. RELEASE

If more than one person guarantees any of the obligations of the Borrower to the Lender under this Guarantee or any other instrument, the Lender may release any of those persons on any terms the Lender chooses and each person executing this Guarantee who has not been released shall remain liable to the Lender under this Guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

10. PAYMENT AND REMEDYING DEFAULTS

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from the Lender and shall do so whether or not the Lender has exhausted its recourses against the Borrower, other parties, the Loan Documents or anything mortgaged under the Loan Documents. A demand is effectually made when a letter is posted to the address of the Guarantor last known to the Lender.

11. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS

The Guarantor, in entering into this Guarantee, is not relying upon any agreement which diminishes its liability under this Guarantee nor any agreement which alters any term of this Guarantee and not set out herein. Possession of the original of this Guarantee by the Lender is deemed confirmation that the Guarantee was not delivered subject to any conditions.

12. CHANGES MUST BE IN WRITING

This Guarantee may only be amended by written instrument executed by the Lender. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this Guarantee unless the agreement is in writing and executed by the Lender. The Guarantor shall not rely upon any future representation made by the Lender in respect of the liability of the Guarantor under this Guarantee unless such representation is in writing executed by the Lender.

13. JOINT AND SEVERAL LIABILITY

Where this Guarantee has been executed by more than one person, the liability of the persons executing this Guarantee is joint and several and every reference in this Guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This Guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

14. SEVERABILITY

Any provision of this Guarantee which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall, to the maximum extent permitted by law, be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. INTERPRETATION

Unless the context otherwise requires, words, importing the singular include the plural and *vice versa* and words importing any gender include every gender.

16. JURISDICTION

The laws of British Columbia shall govern the enforcement of this Guarantee.

17. ASSIGNS

This Guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall ensure to the benefit of the Lender, its successors and assigns. The Lender may assign this Guarantee.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee on the day and year first above written.

LANDDRILL INTERNATIONAL LTD.

Per: Donald J Hogan
Authorized Signatory

GUARANTEE

THIS GUARANTEE is made as of the 27th day of July, 2011.

BY:

LANDDRILL INTERNATIONAL INC., a Barbados company, of Chancery House, High Street, Bridgetown, Barbados

(the "**Guarantor**")

IN FAVOUR OF:

SPROTT RESOURCE LENDING PARTNERSHIP, of Suite 1028, 550 Burrard Street, Vancouver, BC V6C 2B5

(the "**Lender**")

In consideration of the Lender agreeing to make loans to Landdrill International Inc., a British Columbia company (the "**Borrower**"), of up to the aggregate principal sum of $4,000,000.00 (the "**Principal Sum**"), the Guarantor covenants with the Lender as follows:

1. DEBT AND SECURITY

In this Guarantee, "Loan Documents" means all loan agreements, promissory notes, debentures, mortgages, hypothecations, pledges, assignments and security agreements of any kind which the Lender may hold at any time as security for the payment of the Principal Sum and all agreements amending, extending or renewing those security instruments including without limitation the credit agreement between the Borrower and the Lender dated for reference July 29, 2011 (the "**Credit Agreement**").

2. GUARANTEE

The Guarantor unconditionally guarantees payment and performance to the Lender by the Borrower of all debts, obligations or liabilities under or in connection with the Loan Documents (collectively, the "**Borrower's Obligations**"), including without limitation, payment by the Borrower of the Principal Sum, protective disbursements, interest and other amounts the Borrower has promised to pay under or in connection with the Loan Documents (the foregoing amounts collectively are called the "**Outstanding Balance**"). The Guarantor also promises to pay to the Lender all reasonable legal fees and disbursements, on a solicitor and client basis, incurred by the Lender in reference to any suit upon this Guarantee, plus interest on such fees and disbursements and on the Outstanding Balance at the highest interest rate provided under the Loan Documents calculated and compounded monthly from the date the Lender demands payment under this Guarantee.

3. CONTINUING SECURITY

This Guarantee is and shall remain a continuing security for the Borrower's Obligations to the Lender at any time and shall not be satisfied or otherwise affected by any repayment or recovery from time to time of the whole or any part of any amount which may then be due and owing from the Borrower to the Lender.

4. LIABILITY AS PRINCIPAL DEBTOR

As between the Lender and the Guarantor, the Guarantor is liable as principal debtor for all of the Borrower's Obligations notwithstanding any act or omission of the Borrower or of the Lender which might otherwise operate as a partial or absolute discharge of the Guarantor if the Guarantor were only a surety.

5. INDEMNITY

The Guarantor shall indemnify and save the Lender harmless from and against any losses which may arise by virtue of any of the Borrower's Obligations, the Credit Agreement, any security held by the Lender for the Borrower's Obligations, or any other agreement relating to any of the foregoing being or becoming for any reason whatsoever, in whole or in part (i) void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable by the Lender in accordance with its terms, or (ii) released or discharged by operation of law (collectively, an "**Indemnifiable Circumstance**"). For greater certainty, these losses shall include, without limitation, the amount of all of the Borrower's Obligations which would have been payable by the Borrower but for the existence or occurrence of the Indemnifiable Circumstance.

6. ASSIGNMENT AND POSTPONEMENT

All the debts, obligations and liabilities of the Borrower to the Guarantor are hereby assigned to the Lender and postponed to the prior payment and performance to the Lender by the Borrower of the Borrower's Obligations, and all moneys received by the Guarantor in respect thereof shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, the whole without in any way limiting or lessening the liability of the Guarantor hereunder, and this assignment and postponement is independent of this Guarantee and shall remain in full force and effect notwithstanding that the liability of the Guarantor under this Guarantee may be extinct.

7. LIABILITY NOT DIMINISHED BY ACTS OF THE LENDER OR THE BORROWER

Except for payment of all sums due under the Loan Documents, payment of the amount due under this Guarantee or written discharge, no act or omission of the Lender or of the Borrower, before or after default, discharges, diminishes or in any way affects the liability of the Guarantor under this Guarantee and without restricting the foregoing, the Guarantor covenants with the Lender as follows:

(a) the Lender may grant time and other indulgences to the Borrower, to any other Guarantor and to any other person liable for all or any portion of the Principal Sum;

(b) the Lender may modify, extend or renew (in each case, on the then current, or on new, terms), exchange, abstain from perfecting, discharge or abandon the Loan Documents or any part of it or anything mortgaged or charged by it;

(c) the Lender may enter into any agreement with the Borrower to vary the terms of any agreement affecting the payment or repayment of Principal Sum, including a change in the rate of interest chargeable on the Principal Sum;

(d) the Lender may enter into any agreement or accept any compromise that has the effect of diminishing or extinguishing the liability of the Borrower to the Lender or the value of the Loan Documents or the value of anything mortgaged by it;

(e) the Lender need not ascertain or enforce compliance by the Borrower or any other person with any covenant under the Loan Documents;

(f) the Lender bears no responsibility for any neglect or omission with respect to anything mortgaged under the Loan Documents, either during possession by the Borrower or by any third party or by the Lender or by anyone on behalf of the Lender;

(g) the Lender is not bound to seek recourse against the Borrower before requiring payment from the Guarantor and the Lender may enforce its various remedies under this Guarantee and the Loan Documents or any part of it at any time, in any manner and in any order as the Lender may choose;

(h) the Lender bears no duty to the Guarantor in respect of the liquidation of anything mortgaged under the Loan Documents and, without restricting the foregoing, it is under no duty to avoid waste of, to obtain a fair price for or to avoid neglect in the liquidation of anything mortgaged under the Loan Documents;

(i) the Lender has no obligation to ensure that any Loan Documents, other guarantee or security collateral to a guarantee is executed, perfected or delivered and, if by reason of want of authority or failure of execution and delivery or failure to comply with laws respecting perfection and registration of instruments or any other reason, any intended security under the Loan Documents, guarantee or other collateral security is not granted, is unenforceable or becomes unenforceable, the liability of the Guarantor under this Guarantee remains enforceable and undiminished;

(j) the Guarantor confirms and agrees that any modifications of the loan terms or Loan Documents may be agreed upon directly between the Lender and the Borrower without notice to the Guarantor and without the Guarantor's further concurrence; and

(k) this Guarantee shall be reinstated if at any time any payment of any of the Borrower's Obligations is rescinded or must otherwise be returned by the Lender upon any receivership, insolvency, dissolution, arrangement or other similar proceeding of or affecting the Borrower or any other person, or for any other reason whatsoever. The Lender may concede or compromise any claim that any such payment ought to be rescinded or otherwise returned.

8. SUBROGATION

The Guarantor shall not be subrogated in any manner to any right of the Lender until all money due to the Lender under the Loan Documents is paid.

9. RELEASE

If more than one person guarantees any of the obligations of the Borrower to the Lender under this Guarantee or any other instrument, the Lender may release any of those persons on any terms the Lender chooses and each person executing this Guarantee who has not been released shall remain liable to the Lender under this Guarantee as if the person so released had never guaranteed any of the obligations of the Borrower.

10. PAYMENT AND REMEDYING DEFAULTS

The Guarantor shall pay the amount guaranteed or rectify any default immediately upon receiving a demand from the Lender and shall do so whether or not the Lender has exhausted its recourses against the Borrower, other parties, the Loan Documents or anything mortgaged under the Loan Documents. A demand is effectually made when a letter is posted to the address of the Guarantor last known to the Lender.

11. NO COLLATERAL AGREEMENTS OR REPRESENTATIONS

The Guarantor, in entering into this Guarantee, is not relying upon any agreement which diminishes its liability under this Guarantee nor any agreement which alters any term of this Guarantee and not set out herein. Possession of the original of this Guarantee by the Lender is deemed confirmation that the Guarantee was not delivered subject to any conditions.

12. CHANGES MUST BE IN WRITING

This Guarantee may only be amended by written instrument executed by the Lender. No agreement has the effect of diminishing or discharging the liability of the Guarantor under this Guarantee unless the agreement is in writing and executed by the Lender. The Guarantor shall not rely upon any future representation made by the Lender in respect of the liability of the Guarantor under this Guarantee unless such representation is in writing executed by the Lender.

13. JOINT AND SEVERAL LIABILITY

Where this Guarantee has been executed by more than one person, the liability of the persons executing this Guarantee is joint and several and every reference in this Guarantee to the "Guarantor" shall be construed as meaning each person who has executed it as well as all of them. This Guarantee is binding on those who have executed it notwithstanding that it may remain unexecuted by any other person.

14. SEVERABILITY

Any provision of this Guarantee which is or becomes prohibited or unenforceable in any relevant jurisdiction shall not invalidate or impair the remaining provisions hereof which shall, to the maximum extent permitted by law, be deemed severable from such prohibited or unenforceable provision and any such prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. INTERPRETATION

Unless the context otherwise requires, words, importing the singular include the plural and *vice versa* and words importing any gender include every gender.

16. JURISDICTION

The laws of the Province of British Columbia and the laws of Canada applicable therein shall govern the enforcement of this Guarantee.

17. ASSIGNS

This Guarantee is binding upon the Guarantor and the Guarantor's heirs, executors, administrators, successors and assigns and shall ensure to the benefit of the Lender, its successors and assigns. The Lender may assign this Guarantee.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee on the day and year first above written.

LANDDRILL INTERNATIONAL INC.

Per: ______________________
Authorized Signatory

CREDIT GUARANTY AGREEMENT

RECITALS

I. Landdrill International Mexico, S.A. de C.V. ("LIM") through its legal representative declares that:

II. It is a Mexican business corporation organized under public instrument number 3,759 dated March 21, 2006, executed before Mr. Carlos Orduño Fragoza, public commercial attester number 3 of Hermosillo, Sonora, registered in the Public Registry of Commerce of Hermosillo, Sonora, under electronic filing number 34941*7 on April 11, 2006.

III. LIM's parent company, Landdrill International Inc. (hereinafter "Landdrill") requested financing from Sprott Resource Lending Partnership (hereinafter "Sprott"), and therefore LIM, Landdrill and Sprott executed a credit agreement (hereinafter, the "Credit Agreement"), a copy of which is attached hereto as Exhibit A.

IV. Under the Credit Agreement, Sprott agreed to loan Landdrill, an aggregate amount of CND$4,000,000.00 (four million dollars 00/100, currency of Canada), and LIM agreed to guarantee all obligations of Landdrill under the Credit Agreement.

V. It wishes to enter into this agreement to unconditionally and irrevocably guarantee the fulfillment of the obligations assumed by Landdrill and LIM under the Credit Agreement.

Based on the foregoing, LIM hereby establishes a guarantee subject to the following:

CLAUSES

1. **Guaranty.** LIM hereby unconditionally and irrevocably guarantees to Sprott the full and punctual performance and payment by Landdrill of any amounts due under the Credit Agreement, as well as any and all expenses (including attorneys' fees) which may be incurred or paid by Sprott in preserving, protecting or enforcing any of its rights or remedies in connection with, or collecting against Landdrill and/or LIM under the Credit Agreement, this guaranty, and all agreements derived from or related to the Credit Agreement (all of the above hereinafter the "Guaranteed Obligations").
Guarantor waives the rights contained in Articles 2814 and 2815 of the Mexican Federal Civil Code (*Código Civil Federal*).

2. **Waiver of Defenses.** LIM hereby expressly waives all defenses which might constitute a legal or equitable discharge of a surety or obligor, and agrees that this guaranty shall be valid and unconditionally binding upon LIM regardless of (i) the reorganization, merger or consolidation of Landdrill into or with another entity, corporate or otherwise, or the dissolution of Landdrill, or the sale or other disposition of all or substantially all of the capital stock, business or assets of Landdrill to any other person or party, or (ii) the voluntary or involuntary bankruptcy of Landdrill, (iii) or the release of Landdrill from any of its obligations under the Credit Agreement by Sprott, by operation of law or otherwise. LIM further agrees that this guaranty shall remain and continue in full force and effect notwithstanding any modification of the Credit Agreement. Thus, the Guarantor expressively waives the

rights contained in Articles 2826, 2846 and 2847 of the Mexican Federal Civil Code (*Código Civil Federal*).

3. **Term of Guaranty**. This guaranty shall remain in full force and effect until all of the Guaranteed Obligations have been completely performed and paid in full.

4. **No Waiver of Rights**. LIM hereby agrees that the failure of Sprott to insist in any one or more instances upon a strict performance or observance of any of the terms or any of its rights under the Credit Agreement or hereunder, shall not be construed or deemed to be a waiver or relinquishment for the future of any such terms, provisions, covenants or rights, but such terms, provisions, covenants and rights shall continue and remain in full force and effect.

5. **Jurisdiction and Applicable Law.** This guaranty shall be governed by and construed to the Mexican Federal Civil Code (*Código Civil Federal*). In any action prosecuted for the interpretation and performance of this guaranty, Guarantor agrees to submit itself to the jurisdiction of the federal courts of the Federal District of Mexico, expressly waiving the right to any other jurisdiction that LIM may have as a result of its present or future domicile or due to any other cause whatsoever.

6. **Notices.** All notices, requests, demands, directions, consents and other communications given or sent under this agreement shall be in writing and mailed (return receipt requested) or delivered to LIM at the following address: Blvd. Garcia Morales Km. 12 Bodega 3, Hermosillo, Sonora, C.P. 83220, Mexico.

7. **Continuing Guaranty.** This guaranty is a continuing guaranty and shall be binding upon Guarantor or its successors and assigns. This guaranty shall inure to the benefit of Sprott or its successors and assigns permitted under the Credit Agreement.

8. **Severability.** If any provision in or obligation under this guaranty shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions or obligations shall not in any way be affected or impaired thereby.

9. **Additional Documentation.** At any time, upon the request of Sprott, LIM shall execute and deliver such further documents and carry out such other actions as Sprott may reasonably request in order to effect fully the purposes of this guaranty, in accordance with its terms.

IN WITNESS WHEREOF, the undersigned have caused this guaranty to be executed on July 29, 2011.

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.	**SPROTT RESOURCE LENDING PARTNERSHIP**
Ronald J Coguen	
By: Ronald Joseph Coguen	**By:**

rights contained in Articles 2826, 2846 and 2847 of the Mexican Federal Civil Code (*Código Civil Federal*).

3. **Term of Guaranty.** This guaranty shall remain in full force and effect until all of the Guaranteed Obligations have been completely performed and paid in full.

4. **No Waiver of Rights.** LIM hereby agrees that the failure of Sprott to insist in any one or more instances upon a strict performance or observance of any of the terms or any of its rights under the Credit Agreement or hereunder, shall not be construed or deemed to be a waiver or relinquishment for the future of any such terms, provisions, covenants or rights, but such terms, provisions, covenants and rights shall continue and remain in full force and effect.

5. **Jurisdiction and Applicable Law.** This guaranty shall be governed by and construed to the Mexican Federal Civil Code (*Código Civil Federal*). In any action prosecuted for the interpretation and performance of this guaranty, Guarantor agrees to submit itself to the jurisdiction of the federal courts of the Federal District of Mexico, expressly waiving the right to any other jurisdiction that LIM may have as a result of its present or future domicile or due to any other cause whatsoever.

6. **Notices.** All notices, requests, demands, directions, consents and other communications given or sent under this agreement shall be in writing and mailed (return receipt requested) or delivered to LIM at the following address: Blvd. Garcia Morales Km. 12 Bodega 3, Hermosillo, Sonora, C.P. 83220, Mexico.

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9. **Additional Documentation.** At any time, upon the request of Sprott, LIM shall execute and deliver such further documents and carry out such other actions as Sprott may reasonably request in order to effect fully the purposes of this guaranty, in accordance with its terms.

IN WITNESS WHEREOF, the undersigned have caused this guaranty to be executed on July 29, 2011.

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.	**SPROTT RESOURCE LENDING PARTNERSHIP**
By: Ronald Joseph Goguen	By:

Exhibit A
Copy of Credit Agreement

CREDIT AGREEMENT

THIS AGREEMENT is made as of the ____ day of July, 2011

BETWEEN:

SPROTT RESOURCE LENDING PARTNERSHIP, a general partnership formed under the laws of Ontario;

(the "**Lender**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of the Province of British Columbia,

(the "**Borrower**")

AND:

LANDDRILL INTERNATIONAL LTD., a company incorporated under the laws of the Province of New Brunswick,

("**Landdrill NB**")

AND:

LANDDRILL INTERNATIONAL INC., a company incorporated under the laws of Barbados,

("**Landdrill Barbados**")

AND:

LANDDRILL INTERNATIONAL MEXICO, S.A. de C.V., a company incorporated under the laws of Mexico,

("**Landdrill Mexico**")

WHEREAS:

A. The Lender has agreed to lend to the Borrower and the Borrower has agreed to borrow from the Lender the aggregate principal amount of $4,000,000, on the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE THIS AGREEMENT witnesses that in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

1. INTERPRETATION

1.1 Definitions. Where used in this Agreement, each of the following words and phrases shall have the meanings set out below:

(a) **"Applicable Law"** means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, any law, rule, statute, regulation, treaty, order, judgement or decree, and any official request, directive, rule, guideline, order, policy, practice or other requirement of any Governmental Body relating or applicable at such time to such Person, property, transaction, event or other matter, and shall also include any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation;

(b) **"Acquisition Debt"** means all Indebtedness owed by the Borrower or Guarantor to **Inflight, S. de R.L. de C.V.**, including that arising under a US$4,988,000 promissory note dated March 31, 2011;

(c) **"Authorization"** means any authorization, approval, consent, exemption, licence, permit, franchise or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event or with respect to any of such Person's Business Affairs;

(d) **"Bonus Payment"** has the meaning set forth in section 5.2 below;

(e) **"Bonus Shares"** has the meaning set forth in section 5.2 below;

(f) **"Business Affairs"** means the Business Assets, affairs, liabilities, financial condition and results of operations of a specified Person or Persons;

(g) **"Business Assets"** means the business, operations, undertaking, property and assets of a specified Person or Persons (including interests held in the Capital Stock of another Person);

(h) **"Business Day"** means a day, excluding Saturday and Sunday, on which banking institutions are open for business in both Toronto, Ontario and Moncton, New Brunswick;

(i) **"Capital Stock"** means (i) common shares, preferred shares or other equivalent equity interests (howsoever designated) of capital stock of a body corporate, (ii) equity preferred or common interests in a limited liability company,

(iii) member or shareholder interests in an unlimited company or unlimited liability company, (iv) limited or general partnership interests in a partnership, (v) any other interest that confers the right to receive a share of the profits and/or losses of, or the distribution of assets of, any Person, and (vi) any other interest equivalent to any of the interests referred to in any of clauses (i), (ii, (iii), (iv) and (v) of this definition;

(j) "**Change in Law**" means the introduction of, any change in, or the coming into effect of, any Applicable Law (whether or not having the force of law), or any change in the interpretation, administration or application thereof by any Governmental Body, or compliance by the Lender with any Applicable Law or any order of any Governmental Body (whether or not having the force of law);

(k) "**Control**", "**Controls**" and "**Controlled**" when used with respect to any Person means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person (whether through ownership of Voting Capital Stock, by contract or otherwise); provided that, in any event and without limitation, any Person or combination of Persons acting jointly or in concert which owns or own, directly or indirectly, 50% or more of the Voting Capital Stock having ordinary voting power for the election of the directors of, or Persons performing similar functions for, such Person will be deemed to Control such Person (irrespective of whether at the time any other Capital Stock of such Person of any other class shall or might have voting power upon the occurrence of any contingency);

(l) "**Default**" means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, could become an Event of Default;

(m) "**Environmental Laws**" means any Applicable Law which applies to the Business Affairs of either of the Borrower or the Guarantor relating to the environment, or any past, present or future activity, event or circumstance in respect of any Hazardous Materials (including the use, handling, transportation, production, disposal, discharge or storage thereof or the terms of any permit issued therefor) or the environmental conditions on, under or about any real property of either of the Borrower or the Guarantor (including soil, groundwater and indoor and ambient air conditions);

(n) "**Event of Default**" means any of the events described in Section 9.1;

(o) "**GAAP**" means Generally Accepted Accounting Principles, as established by the Canadian Institute of Chartered Accountants as of the date of this Agreement;

(p) "**GE Entities**" means, collectively, GE Canada Equipment Financing G.P., GE Canada Leasing Services Company, General Electric Canada Equipment Finance G.P., GE Canada Asset Financing Holding Company, GE Technology Finance,

GE VFS Canada Limited Partnership and GE Capital Canada Equipment Financing & Leasing Company;

(q) **"Good Mexican A/R"** means those accounts receivable of Landdrill Mexico that are less than 90 days past the date the invoice was sent out by Landdrill Mexico;

(r) **"Governmental Body"** means, when used with respect to any Person or its Business Affairs, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board, instrumentality, court, arbitration board or arbitrator or other law, regulation or rule making entity (including a Minister of the Crown, any central bank, Superintendent of Financial Institutions or other comparable authority or agency) having or purporting to have jurisdiction on behalf of, or pursuant to the laws of, Canada or any country in which such Person is incorporated, continued, amalgamated, merged or otherwise created or established or in which such Person has an undertaking, carries on business or holds property, or any province, territory, state, municipality, district or political subdivision of any such country or of any such province, territory or state of such country;

(s) **"Guarantors"** means Landdrill NB, Landdrill Barbados and Landdrill Mexico and **"Guarantor"** means each of them;

(t) **"Hazardous Materials"** means:

(a) any oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, contaminants, materials or pollutants which:

(i) pose a hazard to any real property, or to Persons on or about real property; or

(ii) cause any real property to be in violation of any Environmental Law;

(b) any chemical, material or substance defined as or included in the definition of "dangerous goods", "deleterious substance", "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous waste", or "toxic substances", "waste", "special waste" or words of similar import under any Applicable Law;

(c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Body or which may or could pose a hazard to the owners or occupants of any real property, or users of waterways, or any other Person coming upon any real property or adjacent or surrounding water or property; and

(d) any other chemical, material or substance which is construed as having an "adverse effect", through impairment of or damage to the environment, human health or safety or property under any applicable Environmental Law;

(u) **"Income Taxes"** means taxes based on or measured by income or profit of any nature or kind, including Canadian federal and provincial income taxes and income taxes of any foreign jurisdiction;

(v) **"Indebtedness"** means, with respect to any person, indebtedness of such person which would, in accordance with generally accepted accounting principles, be classified upon a balance sheet (and the notes thereto) of such person as liabilities;

(w) **"Litigation"** means any grievance, investigation, litigation, legal action, lawsuit, or other proceeding (whether civil, administrative, quasi-criminal or criminal) by or before any Governmental Body;

(x) **"Lien"** means any mortgage, pledge, lien, hypothecation, security interest, encumbrance, charge (whether fixed, floating or otherwise), lease financing (including by way of sale and lease-back), title retention, deposit of moneys under any agreement or arrangement whereby such moneys may be withdrawn only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor, or right of or arrangement of any kind with any creditor to have its claims satisfied prior to other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired;

(y) **"Loan"** means the loan of up to $4,000,000.00 to be made available to the Borrower by the Lender in accordance with the terms contained in this Agreement;

(z) **"Loan Advance"** means an advance of funds by the Lender to the Borrower in accordance with the provisions hereof;

(aa) **"Loan Documents"** means, collectively, this Agreement, the Security and each other agreement, document, certificate or instrument delivered to or for the benefit of the Lender pursuant to or otherwise in connection with this Agreement or the Security;

(bb) **"Loan Obligations"** means the Loan, Bonus Fee and other obligations of the Borrower owing to the Lender incurred under or pursuant to this Agreement, and any item or part of any thereof;

(cc) **"Material Adverse Effect"** means an effect which, (a) impairs, in a material adverse way, the Borrower's ability to perform its Loan Obligations, or (b) prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to this Agreement or the Security to or for the benefit of the Lender;

(dd) "**Maturity Date**" has the meaning set forth in section 5.4 below;

(ee) "**Mexican A/R Report**" means an aged accounts receivable report listing all of the accounts receivable of Landdrill Mexico and including a total for the amount of Good Mexican A/R.

(ff) "**Permitted Liens**" means, as of any particular time in respect of any particular asset owned by the Borrower or the Guarantors, any of the following:

(i) liens for taxes, assessments or governmental charges or levies not at the time due and delinquent or the validity of which is being contested in good faith at the time by the Borrower or a Guarantor and in respect of which the Borrower or a Guarantor has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(ii) the lien of any judgment rendered or claim filed against the Borrower or a Guarantor which it is contesting in good faith at the time and in respect of which it has set aside on its books reserves reasonably considered by it to be adequate therefor, and provided that the Lender is satisfied with the adequacy of such reserves;

(iii) undetermined or inchoate liens and charges incidental to current construction or repairs or current operations which have not at the time been filed pursuant to law against the Borrower or a Guarantor or which relate to obligations not due or delinquent;

(iv) maritime, warehousemen's, woodsmen's, carriers' and other similar liens which relate to obligations not due or delinquent;

(v) the encumbrance resulting from the deposit of cash or obligations as security when the Borrower or a Guarantor is required to do so by a Governmental Body or by normal business practice in connection with contracts, licences or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by law;

(vi) public and statutory obligations which are not due or delinquent, and security given to a public utility or any Governmental Body when required by such utility or other authority in connection with the operations of the Borrower or a Guarantor;

(vii) easements, rights-of-way or similar rights in real property granted to or reserved by other Persons which do not materially impair the usefulness in the Business Affairs of the Borrower or a Guarantor of such real property;

(viii) rights reserved to or vested in any Governmental Body by any lease, licence, franchise, grant, permit or statutory provision to terminate any lease, licence, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(ix) reservations, limitations, provisos and conditions expressed in any original grant from a Governmental Body of real property;

(x) Purchase Money Obligations;

(xi) Liens in favour of any Senior Lender; and

(xii) Liens expressly consented to in writing by the Lender;

(gg) "**Person**" means an individual, corporation, estate, partnership, trust, joint venture, other legal entity, unincorporated association or Governmental Body;

(hh) "**Purchase Money Obligation**" means indebtedness of a Person incurred or assumed to finance the acquisition, construction or installation of, or improvements to, any property, provided that such indebtedness is incurred or assumed substantially concurrently with, such acquisition, construction, installation or improvement, and includes any extension, renewal or refunding of any such indebtedness so long as the principal amount thereof outstanding on the date of such extension, renewal or refunding is not increased;

(ii) "**Registration**" means any notice to or filing, recording or registration with any Governmental Body having jurisdiction with respect to any specified Person, transaction or event, or any of such Person's Business Affairs;

(jj) "**Rollover Fee**" has the meaning set forth in section 5.3 below;

(kk) "**Security**" means the security described in Article 10 hereof, all other security given hereunder and all other security given by any person at any time to secure the Loan and the remaining obligations of the Borrower to the Lender hereunder or any part thereof;

(ll) "**Senior Lender**" means, collectively, Canadian Imperial Bank of Commerce and the GE Entities;

(mm) "**Specified Rigs**" means, collectively, the following drilling rigs:

(i) one Boart Longyear 44 drilling rig with serial number LY-44-3, sent from Nicaragua to Mexico;

(ii) two Usinage Marcotte Inc. 2500 drilling rigs with serial numbers RG66466A347227 and 46288466, sent from Canada to Mexico;

(iii) two Usinage Marcotte Inc. 1500-U drilling rigs with serial numbers STM1500-3 and STM1500-4, sent from Canada to Mexico.

(nn) **"Taxes"** means all taxes of any kind or nature whatsoever including capital taxes, realty taxes (including utility charges which are collectible like realty taxes), business taxes, property transfer taxes, Income Taxes, sales taxes, custom duties, payroll taxes, stamp taxes, royalties, duties, and all fees, deductions and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Canada or Mexico, or any other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon;

(oo) **"Voting Capital Stock"** means Capital Stock of a Person which carries voting rights or the right to Control such Person under any circumstances, provided that Capital Stock which carries the right to vote or Control conditionally upon the happening of an event shall not be considered Voting Capital Stock until the occurrence of such event and then only during the continuance of such right to vote or Control.

1.2 Currency. All references to dollars or currency in this Agreement are to Canadian dollars.

1.3 Governing Law. This Agreement shall in all respects be governed by and be construed in accordance with the laws of British Columbia and the laws of Canada applicable therein. Subject to Article 11, each party hereto:

(a) irrevocably and unconditionally submits to and accepts the exclusive jurisdiction of the courts exercising jurisdiction in British Columbia, and any court that may hear appeals from any of those courts, for any proceeding in connection with this Agreement, subject to the right to enforce a judgement obtained in any of those courts in any other jurisdiction; and

(b) irrevocably waives any objection to the venue of any legal process commenced in the courts of British Columbia on the basis that the process has been brought in an inconvenient forum.

1.4 Severability. If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions shall not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

1.5 Extended Meanings. In the Loan Documents, except to the extent the context otherwise requires: (a) any reference to an Article, a Section, a Schedule or an Exhibit is a reference to an article or section thereof, or a schedule or an exhibit thereto, respectively, and to a subsection or a clause is, unless otherwise stated, a reference to a subsection or a clause of the Section or subsection in which the reference appears; (b) the words **"hereof," "herein," "hereto," "hereunder"** and the like mean and refer to this Agreement or any other Loan

Document as a whole and not merely to the specific Article, Section, subsection, paragraph or clause in which the respective word appears; (c) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; (d) the words **"including," "includes"** and **"include"** shall be deemed to be followed by the words **"without limitation;"** (e) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of the Loan Documents; (f) references to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, supplementing, interpreting or replacing the statute or regulation referred to; (g) any table of contents, captions and headings are for convenience of reference only and shall not affect the construction of this Agreement or any other Loan Document; and (h) in the computation of periods of time from a specified date to a later specified date, the word **"from"** means **"from and including"**; the words **"to"** and **"until"** each mean **"to but excluding"**; and the word **"through"** means **"to and including."**

1.6 Headings. The headings to the clauses of this Agreement are inserted for convenience only and shall not affect the construction or interpretation hereof. The terms **"this Agreement"**, **"hereof"**, **"hereunder"** and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection, paragraph, subparagraph, clause or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Section of this Agreement.

1.7 Accounting Terminology and Practices. All accounting terms not defined in this Agreement shall have those meanings generally ascribed to them in accordance with GAAP. Where financial data is to be submitted pursuant to this Agreement, or the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purposes of this Agreement and any other Loan Document, including the contents of any certificate to be delivered hereunder, such determination, consolidation or computation shall, unless the parties otherwise agree or the context otherwise require, be made in accordance with GAAP applied on a consistent basis.

1.8 Per Annum Calculations. Unless otherwise stated, wherever in this Agreement or any other Loan Document reference is made to a rate of interest "per annum" or a similar expression is used, such interest shall be calculated using the nominal rate method, and not the effective rate method, of calculation and on the basis of a calendar year of 365 days or 366 days, as the case may be.

2. LOAN

2.1 The Loan. Subject to the terms and conditions hereof, the Lender shall make the Loan available to the Borrower by way of Loan Advances of up to a maximum aggregate principal amount of $4,000,000.00, in accordance with the terms and conditions set forth herein.

2.2 Use of Proceeds. The Borrower covenants and agrees with the Lender that the Loan will be used exclusively by the Borrower to reduce the Acquisition Debt, and for no other

purpose whatsoever without the express written consent of the Lender (which consent may be unreasonably withheld by the Lender in its sole discretion).

2.3 Funds. Each Loan Advance shall be advanced in Canadian dollars, by direct deposit or wire transfer, to the account set out by the Borrower in a written notice to the Lender.

3. CONDITIONS PRECEDENT TO ADVANCE OF THE LOAN

3.1 Conditions Precedent to Loan Advance. On or before a Loan Advance, the following conditions shall be met by the Borrower to the satisfaction of the Lender:

(a) the Borrower shall have delivered to the Lender certified copies of the constating documents for each of the Borrower and the Guarantors and all amendments thereto, and certified copies of the required resolutions of the directors of the Borrower and the Guarantors authorizing the transactions contemplated hereunder, all in form and substance satisfactory to the Lender;

(b) all Loan Documents shall have been executed and delivered and all filings, registrations and recordings and legal opinions necessary or desirable in connection therewith shall have been made;

(c) completion of all due diligence on the Borrower and Guarantors to the satisfaction of the Lender and its legal counsel, including a review of all:

   (i) material contracts of the Borrower and Guarantors;

   (ii) leases, licences and permits;

   (iii) budgets of the Borrower and Guarantors; and

   (iv) pro-forma financial statements of the Borrower and Guarantors.

(d) the Lender shall have received such search results, certificates and other documents, as the Lender shall reasonably require, confirming that the Business Assets of each of the Borrower and the Guarantors are free and clear of all Liens, save and except for the Security and the Permitted Liens;

(e) receipt of all applicable stock exchange and other regulatory approvals to the completion of this Agreement;

(f) receipt of written confirmation by the Borrower and Guarantors that all representations and warranties of each of them hereunder are true and correct as of the date of the Loan Advance;

(g) completion of an issuance of convertible debt of the Borrower having a minimum gross proceeds to the Borrower of $4,000,000;

(h) receipt of evidence satisfactory to the Lender of the repayment of any debt that is secured by a Lien charging Business Assets of the Borrower or the Guarantors that are located in Mexico and that any related discharges have been filed or are held by the Borrower or its legal counsel on trust conditions that are acceptable to the Lender;

(i) receipt of evidence satisfactory to the Lender that the Specified Rigs have arrived in Mexico, have cleared customs and have no associated Liens or payables (including duties and shipping costs);

(j) a waiver by Canadian Imperial Bank of Commerce of any outstanding breach of covenant by the Borrower or Landdrill NB; and

(k) such additional evidence, documents and undertakings as the Lender may request, acting reasonably, to complete the transactions contemplated hereunder and reasonable evidence of compliance with the conditions set forth in this Agreement shall have been furnished to the Lender.

3.2 No Obligation to Advance. Notwithstanding the foregoing, the Lender shall not be required to make a Loan Advance at any time if:

(a) a Default has occurred that is continuing;

(b) the Lender is not satisfied, acting reasonably, as to the accuracy or completeness of the material delivered to it as a condition precedent to such Loan Advance;

(c) the Lender is not satisfied, acting reasonably, that such Loan Advance is being used solely for the purpose set out in Section 2.2;

(d) in the opinion of the Lender, there has been any Material Adverse Change in the business, assets or financial condition of the Borrower or the Guarantors; or

(e) there is any action, proceeding or investigation pending or threatened against the Borrower or the Guarantors.

The Lender shall promptly advise the Borrower if it is not prepared to make the Loan Advance and specify the reasons therefor.

3.3 Waiver. The conditions set forth in Section 3.1 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

4. EVIDENCE OF INDEBTEDNESS

4.1 Account of Record. The Borrower hereby appoints the Lender as its duly authorized agent to record each of the advances of principal of the Loan to the Borrower, repayments of such principal and payments of interest and such other information as may be required to calculate the resulting unpaid balance of the Indebtedness of the Borrower to the

Lender from time to time. All records made by the Lender in respect of advances and repayments of principal and payments of interest on the Loan shall, absent manifest error, be admissible in any proceedings as prima facie evidence of the amount of the Indebtedness of the Borrower to the Lender. The Lender shall, if requested, promptly advise the Borrower of any such records and provide a copy thereof to the Borrower.

4.2 Promissory Note. The Borrower will, prior to any Loan Advance, deliver to the Lender a promissory note evidencing the aggregate amount of such Loan Advance, in the form attached hereto as Schedule "A".

5. INTEREST, FEES AND MATURITY DATE

5.1 Interest. Interest will accrue on the principal amount of the Loan Advance, together with all accrued but unpaid interest, the Rollover Fee and all other sums due and payable from time to time pursuant to the terms of this Agreement from the date of Advance at the rate of **twelve percent (12%) per annum**, calculated daily and compounded monthly (effective annual rate of 12.68%), both before and after maturity, default or judgment, and **be payable by the Borrower to the Lender monthly on the last Business Day of every month by way of pre-authorized electronic debit.**

5.2 Bonus Payment. In consideration of the Lender issuing a Term Sheet dated June 10, 2011 to the Borrower, the Borrower will make a payment equal to the greater of $200,000 and an amount equal to 5% of the Loan (the "**Bonus Payment**") to the Lender, and the Bonus Payment will be payable in common shares in the capital of the Borrower at a price equal to a 10% discount to the ten day weighted average closing price of the Borrower's common shares traded on the TSX stock exchange for the ten days immediately prior to June 10, 2011 (the "**Bonus Shares**"). The Borrower will take all steps necessary or desirable to ensure that the Bonus Shares are subject to a hold period of four months and one day from the date of issue of the Bonus Shares.

5.3 Rollover Fee. On the first anniversary of the Loan Advance, the Borrower will pay to the Lender a fee in an amount equal to 2% of the outstanding balance of the Loan as of that date (the "**Rollover Fee**")

5.4 Maturity of Loan. The Loan will mature and the outstanding balance together with all accrued but unpaid interest, any unpaid fees and all other sums due and payable from time to time pursuant to the terms of this Agreement will be immediately due and payable by the Borrower to the Lender on the earliest of:

(a) July [redacted], 2013; and

(b) the occurrence and continuance of an Event of Default if not cured within the period specified in this Agreement;

as the case may be, the "**Maturity Date**");

5.5 Maximum Rate of Return. If any provision of this Agreement would oblige the Borrower to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law or so result in a receipt by the Lender of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary) (i) first, by reducing the amount or rate of interest; and (ii) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the affected Lender which would constitute interest for purposes of Section 347 of the *Criminal Code* (Canada).

6. REPAYMENT OF PRINCIPAL

6.1 Repayment on Maturity. The Borrower shall repay the outstanding balance of the Loan on the Maturity Date.

6.2 Mandatory Repayment on Sale. If the Borrower or any Guarantor sells or otherwise disposes of any its Business Assets outside of the ordinary course of business, or closes one or more equity financings, the Borrower and the Guarantors, as applicable, will pay or cause to be paid to the Lender all proceeds from such sale, disposition or financing, net of reasonable selling or financing costs, up to the full amount of the outstanding balance of the Loan, to be applied on account of the Loan.

6.3 Mandatory Payments of Principal before Maturity. The Borrower shall make the following payments in reduction of the outstanding balance of the Loan, unconditionally and without set-off, counterclaim or, to the extent permitted by applicable law, other defense, and free and clear of, and without reduction for or on account of, any present and future taxes or withholdings, and all liabilities with respect thereto:

(a) on the last Business Day of each and every month, commencing on **August 31, 2011**, the Borrower will pay to the Lender the sum of $100,000; and

(b) on the earlier of the 15th day after each month-end and five days after delivery of the Mexican A/R Report, the Borrower will pay to the Lender the amount by which the Good Mexican A/R is less than (an "**A/R Shortfall Payment**") the lower of:

(i) $2,000,000; and

(ii) the previous lowest amount of Good Mexican A/R as shown on a Mexican A/R Report.

By way of example:

- July Good Mexican A/R is $2,100,000 – no A/R Shortfall Payment required

- August Good Mexican A/R is $1,800,000 – a $200,000 A/R Shortfall Payment required
- September Good Mexican A/R is $2,200,000 – no A/R Shortfall Payment required
- October Good Mexican A/R is $1,900,000 – no A/R Shortfall Payment required
- November Good Mexican A/R is $1,700,000 – a $100,000 A/R Shortfall Payment required

6.4 Prepayment. The Borrower may prepay all or any portion of the Loan, upon 10 days prior written notice.

6.5 Manner of Payments. All payments to be made by the Borrower to the Lender under this Agreement shall be made in **Canadian dollars** for value on the day such amount is due and, if such day is not a Business Day, on the Business Day next following, by wire transfer or direct deposit in immediately available funds to such account of the Lender as the Lender may direct from time to time.

7. REPRESENTATIONS AND WARRANTIES

7.1 Borrower Representations. Each of the Borrower and the Guarantors represents and warrants as follows to the Lender and acknowledges and confirms that the Lender is relying upon such representations and warranties:

(a) Existence and Good Standing. Each of the Borrower and the Guarantors is a corporation duly and validly incorporated, organized and existing under the laws of its jurisdiction of incorporation and has the legal capacity and right thereunder to carry on its business and to own its Business Assets and has the right to carry on its business and to own its Business Assets in each other jurisdiction in which it carries on business or where any of its Business Assets are located, except for those other jurisdictions where failure to have such right has not and would not reasonably be expected to have a Material Adverse Effect.

(b) Authority. Each of the Borrower and the Guarantors has the legal capacity and right to enter into this Agreement and the Security to which it is a party and do all acts and things and execute and deliver all agreements, documents and instruments as are required thereunder to be done, observed or performed by it in accordance with the terms and conditions thereof.

(c) Due Authorization. Each of the Borrower and the Guarantors has taken all necessary action to authorize the execution and delivery of each Loan Document to which it is a party, the creation and performance of its obligations thereunder and the consummation of the transactions contemplated thereby.

(d) Due Execution. Each of the Borrower and the Guarantors has duly executed and delivered each Loan Document to which it is a party.

(e) Enforceability. Each Loan Document to which the Borrower and the Guarantors, or any of them, is a party constitutes a valid and legally binding obligation enforceable against the Borrower and the Guarantors in accordance with its terms, subject only to bankruptcy, insolvency, winding-up, dissolution, reorganization, arrangement or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and general principles of equity.

(f) Absence of Litigation. There is no existing, pending or threatened Litigation against any of the Borrower or the Guarantors that, if adversely determined against either of them, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect.

(g) Financial Statements. Each financial report and financial statement of the Borrower or the Guarantors delivered to the Lender pursuant to or in connection with this Agreement has been prepared in accordance with GAAP and presents fairly in all material respects the financial information and the financial condition and results of operations of the Borrower or the Guarantors contained therein as at their respective preparation dates.

(h) Accuracy of Information. No information furnished by the Borrower or the Guarantors to the Lender as required by any of the Loan Documents contains any material misstatement of fact, or omits to state a material fact, necessary to make the statements contained therein not misleading, in light of the circumstances in which they were made and as of the date made.

(i) No Material Adverse Change. Since March 31, 2011 consolidated financial statements of the Borrower provided to the Lender, there has been no fact, event, state or condition, or any change in any fact, event, state or condition that has or would reasonably be expected to have a Material Adverse Effect.

(j) Compliance with Laws. Each of the Borrower and the Guarantors is in compliance in all material respects with all Applicable Laws, except for any non-compliance which has not and would not reasonably be expected to have a Material Adverse Effect on the Borrower and the Guarantors or any of them.

(k) No Default or Event of Default. No Default has occurred which has not been either remedied (or otherwise ceased to be continuing) and no Event of Default has occurred which has not been expressly waived by the Lender in writing.

(l) Taxes. Each of the Borrower and the Guarantors has:

(i) delivered or caused to be delivered all returns for Income Taxes, royalty payments and other Taxes which are now due to the appropriate Governmental Body;

(ii) paid and discharged all Taxes payable by it when due;

(iii) made provision for appropriate amounts in respect of any Taxes likely to be exigible in accordance with GAAP;

(iv) withheld and collected all Taxes required to be withheld and collected by it and remitted such Taxes to the appropriate Governmental Body; and

(v) paid and discharged all obligations incidental to any statutory lien or deemed trust imposed upon it by Applicable Law (including obligations respecting wages, vacation pay, workers' compensation and unemployment insurance) which, if unpaid, might become a Lien on any of its Business Assets,

except to the extent that a failure to do any of the foregoing has not and would not reasonably be expected to have a Material Adverse Effect, and no assessment or appeal is, to its knowledge, being asserted or processed with respect to any material Taxes.

(m) Solvency. Each of the Borrower and the Guarantors is (i) Solvent, and (ii) does not have unreasonably small capital to carry out its business as conducted and as proposed to be conducted.

(n) Environmental Laws. To the best of the knowledge of each of the Borrower and the Guarantors, the Business Assets and the operation of the Business Affairs of each of them, are in compliance in all material respects with Environmental Laws.

7.2 Repetition of Representations and Warranties. The representations and warranties made in Section 7.1 shall be deemed to be repeated by the Borrower and the Guarantors on the date of the Loan Advance and the representations and warranties made herein shall be deemed to be repeated by the Borrower and the Guarantors on the date of any other Loan Advance by reference to the facts and circumstances then existing.

8. COVENANTS

8.1 Affirmative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantors to duly perform and comply with, each of the following affirmative covenants:

(a) Punctual Payment. The Borrower will duly and punctually pay each sum payable by it under this Agreement at the time and place and in the manner provided for in this Agreement.

(b) Existence and Conduct of Business. Each of the Borrower and the Guarantors will maintain in good standing and full force and effect its legal existence in its present jurisdiction of incorporation or formation and obtain, maintain and preserve all material Authorizations, Registrations, rights and qualifications necessary, as well as the legal capacity necessary, to carry on its Business Affairs

and own its Business Assets in each jurisdiction in which it carries on business or owns any Business Assets. Each of the Borrower and the Guarantors will carry on its Business Affairs in a proper manner in accordance with prudent industry standards, unless non-compliance would not reasonably be expected to have a Material Adverse Effect.

(c) Compliance with Applicable Laws. Each of the Borrower and the Guarantors will comply in all material respects with all Applicable Laws.

(d) Financial Records. Each of the Borrower and the Guarantors will maintain complete records and books of account.

(e) Financial Statements and Other Information. Each of the Borrower and the Guarantors will deliver or cause to be delivered to the Lender:

(i) within 90 days after the end of the fiscal year of the Borrower, the annual consolidated financial statements of the Borrower approved by its board of directors, and audited by its Auditors (without qualification relating to ability to continue as a going concern, a limited scope of examination or independence), prepared in accordance with GAAP;

(ii) within 90 days after the end of each Guarantor's fiscal year, the annual consolidated financial statements of each Guarantor, approved by its board of directors, prepared in accordance with GAAP by its Auditors on a review engagement basis;

(iii) within 60 days after the end of each of the first three fiscal quarters of the Borrower's fiscal year, the unaudited quarterly consolidated and unconsolidated financial statements of the Borrower for its current fiscal year to such fiscal quarter end, signed and approved by a senior officer or director of the Borrower, prepared in accordance with GAAP (subject to annual audit adjustments and in respect of such consolidated statements, the absence of note disclosure) consisting in each case of a balance sheet and statements of income and retained earnings (or deficit) and of changes in financial position;

(iv) within 10 days after the end of each month, monthly financial reports and financial summaries of the Guarantors consisting of a balance sheet and income statements, statements of aged trade payables and a Mexican A/R Report;

(v) within 10 days after the end of each month, monthly consolidated financial reports and financial summaries of the Borrower, consisting of a balance sheet and income statement; and

from time to time, such additional information regarding the Business Affairs of the Borrower and the Guarantors as the Lender may reasonably request.

(e) Change of Ownership of the Guarantors, etc. Without the prior written consent of the Lender, the Borrower and each Guarantor, as applicable, will not:

(i) permit any change in the legal or beneficial ownership of the shares of the Guarantors;

(ii) redeem or purchase any of the Guarantors' shares or reduce its capital;

(iii) permit the Guarantors to guarantee, endorse or otherwise become surety for or upon the obligation of any other firm or Person;

(iv) permit the Guarantors to enter into any merger, amalgamation, consolidation or acquisition; or

(v) create, incur or assume or permit the creation or incurrence of any mortgage, charge, lien or encumbrance on any of the Business Assets of the Guarantors, other than purchase money security on assets purchased on a deferred purchase basis;

(f) Notice of Litigation. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of the commencement of any Litigation or dispute affecting either of them or any of their Business Affairs that, either alone or when aggregated with all other such Litigation, has or would reasonably be expected to have a Material Adverse Effect;

(g) Notice of Governmental Action. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Applicable Law that is proposed, introduced or applied by any Governmental Body which has or would reasonably be expected to have a Material Adverse Effect.

(h) Notice of an Event of Default. Each of the Borrower and the Guarantors will give notice to the Lender as soon as it obtains knowledge of any Default or Event of Default and outline in reasonable detail in such notice the action it is taking to remedy any such Default.

(i) Maintenance of Insurance. Each of the Borrower and the Guarantors will insure and keep insured all of its Business Assets which are of an insurable nature against such risks, in such amounts and in such manner as is customary and prudent in the case of corporation carrying on similar businesses or holding similar assets, as well as maintain comprehensive general public liability coverage in such amounts and in such manner as is customary and prudent in the case of corporations carrying on similar businesses or holding similar assets, all with such financially sound and reputable insurance companies or associations as it may select;

(j) Comply with Environmental Laws. Each of the Borrower and the Guarantors will (i) manage and operate its Business Assets and Business Affairs in material compliance with all Environmental Laws, (ii) obtain and maintain all

Authorizations and make all material Registrations required under all Environmental Laws in relation to its Business Assets and Business Affairs and remain in compliance therewith, and (iii) store, treat, transport, generate, otherwise handle and dispose of all Hazardous Materials and Waste owned, managed or controlled by it in material compliance with all Environmental Laws.

(k) Environmental Compliance Orders. Each of the Borrower and the Guarantors will provide the Lender with copies of all written orders, control orders, directions, action requests, claims, complaints, notices or inquiries received by it (i) relating to environmental condition of any of its Business Assets or the conduct of its Business Affairs or (ii) relating to compliance or non-compliance with any Environmental Laws; and proceed diligently to comply with or resolve any such written orders, control orders, directions, action request, claims, complaints, notices or inquiries relating to compliance or non compliance with Environmental Laws where the failure to do so would be reasonably expected to have a Material Adverse Effect.

(l) Records. Each of the Borrower and the Guarantors will keep adequate records and books of account reflecting all financial transactions in conformity with generally accepted accounting principles and, when requested so to do, forthwith make available for inspection by duly authorized representatives of the Lender any of its books and records and furnish the Lender with any information regarding its Business Affairs and financial condition.

(m) Continued Employment. The Borrower will ensure that each of the following individuals is employed by the Borrower or its subsidiaries: Ron Goguen, Sr., Derrick West and Jake Burling.

8.2 Negative Covenants. So long as any Loan Obligations remain payable, the Borrower covenants and agrees with the Lender that it will duly perform and comply with, and (where the context so admits) it will cause the Guarantor to duly perform and comply with, each of the following negative covenants:

(a) No Sale of Business Assets. The Guarantors will not, and the Borrower will not permit the Guarantors to, sell, transfer, assign, convey or otherwise dispose of any of the Business Assets of the Guarantors, except in the ordinary course of the Business Affairs of the Guarantors and for the purpose of carrying out the same.

(b) No Incurring Indebtedness. The Borrower and the Guarantors will not, without the prior written consent of the Lender, and the Borrower will not permit the Guarantors to, create, issue, incur, assume or permit to exist any Indebtedness or contingent liabilities, in any manner, whether directly or indirectly, in respect of the Business Assets of the Borrower or the Guarantors, except such Indebtedness or liabilities incurred in the ordinary course of their Business Affairs.

(c) No Investments or Guarantees. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, directly or indirectly, make any

investments in, or loans to, or guarantee the obligation of, any other Person which would have a Material Adversely Effect on the Business Affairs of the Borrower and the Guarantors, or either of them, or on the Security and/or repayment of the Loan Obligations.

(d) Restricted Payments. The Borrower will not make any payment or distribution to any shareholder, affiliate or employee of the Borrower, other than salaries and bonuses consistent with past practice), or repay all or any portion of any loans owed now or hereafter to the shareholders of the Borrower, or purchase or redeem any of its shares or otherwise reduce its share capital, or in any way vary or alter its issued or unissued share capital or the ownership thereof without the prior written consent of the Lender. The Lender acknowledges that the conversion of the debt referenced in section 3.1(g) hereof shall not be a restricted payment.

(e) No Merger, Amalgamation of the Guarantors. The Guarantors will not enter into any merger, amalgamation, arrangement, consolidation, liquidation, winding-up, dissolution or similar transaction, nor dispose of (in one transaction or a series of transactions) all or substantially all of its Business Assets to, any Person.

(f) No Amendment to Agreements. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, alter, amend or waive any provision under, or permit any alteration, amendment or waiver of any provision under, any material agreement to which the Borrower and the Guarantors, or any of them, is a party, and will not permit any assignment of the interest of the Borrower and the Guarantors, or any of them, therein which may have a Material Adverse Effect on the Business Affairs of the Borrower and the Guarantors, or any of them, the Security and/or the repayment of the Loan Obligations.

(g) Non-Arm's Length Transactions. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, any contract whatsoever with an Affiliate for the sale, purchase, lease or other dealing in any property other than at a consideration which equals the fair value of such property or other than at a fair market rental as regards leased property, and shall not enter into any contract for the provision of services or employment with such persons other than at commercially reasonable rates or values given the nature of the services to be provided, which, in each case, would adversely affect the Business Affairs of the Borrower and the Guarantor, or any of them, the Security and/or repayment of the Loan Obligations.

(h) No Liens. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to enter into, create, issue, incur, assume or permit to exist any Lien against the Business Assets of the Guarantors, or any part therof, other than Permitted Liens.

(i) No Change in Business. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, abandon the Business Affairs of the

Borrower and the Guarantors, or any of them, as currently conducted, or deviate in any material respect from such Business Affairs.

(j) Management Services. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, enter into any agreement for the provision of operating, management or maintenance services to the Borrower or the Guarantors relating to the Business Assets of the Borrower and the Guarantors, or any of them, without the prior written consent of the Lender, and any such services provided to the Borrower or the Guarantors with the consent of the Lender shall be subject to the Person providing such services being experienced in the management, construction, operation and maintenance of the Business Affairs or the Borrower and the Guarantors, or any of them, and that the provision of such services will not have a Material Adverse Effect on the Business Affairs or Business Assets of the Borrower and the Guarantors, or any of them, the Security and/or the Borrower's ability to repay the Loan Obligations.

(k) Fiscal Year. The Borrower and the Guarantors will not, and the Borrower will not permit the Guarantors to, change the fiscal year end of the Borrower or the Guarantors without the consent of the Lender, such consent not to be unreasonably withheld.

(l) Debt Limit. The aggregate amount of Indebtedness of the Borrower and all of its subsidiaries that is secured by a Lien will not exceed $20,000,000 and the aggregate amount of all Indebtedness of the Borrower and all of its subsidiaries will not exceed $25,000,000.

9. EVENTS OF DEFAULT

9.1 Events of Default. The occurrence of any one or more of the following defaults, breaches, failures, events, states or conditions shall constitute an Event of Default under this Agreement:

(a) Non-Payment. The Borrower fails to pay any amount outstanding under any Loan Document when due and such failure continues unremedied for more than 3 Business Days.

(b) Misrepresentation. Any representation or warranty made or deemed made by the Borrower or the Guarantors in any Loan Document is found to have been materially incorrect or misleading in any respect materially adverse to the Lender.

(c) Breach of Covenants. The Borrower or a Guarantor fails to perform or comply with any provision or obligation contained in any Loan Document to which it is a party and such failure continues unremedied for a period of 5 days after the Borrower knows, or has been notified by the Lender, of such failure.

(d) Enforcement of Liens. Any one or more Persons entitled to any Lien or Liens on the Business Assets of the Borrower and the Guarantor, or any of them, or any

material part thereof, shall take possession of such property or any one or more seizures, executions, garnishments, sequestrations, distresses, attachments or other equivalent processes are issued or levied against any of such Business Assets or material part thereof and such property is not released within 30 Business Days or such shorter period as would permit such property to be sold, foreclosed upon or forfeited thereunder.

(e) Insolvency. The Borrower or a Guarantor does not pay its debts generally as they become due or admits its inability to pay its debts generally as they become due or makes a general assignment for the benefit of creditors or commits any or any other act of bankruptcy (within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or equivalent or analogous Applicable Law of any foreign jurisdiction) or any proceedings are instituted by or against the Borrower and the Guarantors, or any of them, seeking to adjudicate it a bankrupt or declare it insolvent or seeking administration, liquidation, winding-up, reorganization, compromise, arrangement, adjustment, protection, relief or composition of it or with respect to its debts, whether by voluntary arrangement, scheme of arrangement or otherwise, under any Applicable Law relating to bankruptcy, insolvency or reorganization of or relief with respect to debtors or other similar matters, or seeking the appointment of a receiver, manager, administrator, administrative receiver, receiver and manager, trustee, custodian or other similar official for it or with respect to any of its Business Assets, or the Borrower and the Guarantors, or any of them, takes corporate action to authorize any of the actions set forth above in this Section (excluding proceedings against the Borrower and the Guarantors, or any of them, being contested by the Borrower and the Guarantors, or any of them, in good faith by appropriate proceedings so long as enforcement sought in such proceedings remains stayed, none of the relief sought is granted (either on an interim or permanent basis), and such proceedings are dismissed, stayed or withdrawn within 30 days of the Borrower and the Guarantors, or any of them, receiving notice of the institution thereof).

(f) Litigation. The Borrower and the Guarantors, or any of them, fail to actively and diligently contest in good faith, by appropriate and timely proceedings, any Litigation commenced against it or them, the result of which if determined adversely to the Borrower and the Guarantors, or any of them, would reasonably be expected to give rise to a Material Adverse Effect or the Borrower and the Guarantors, or any of them, knowingly at any time and in any material respect contravenes the provisions of any Applicable Law which has or would reasonably be expected to have a Material Adverse Effect.

(g) Cessation of Business. The Borrower and the Guarantors, or any of them, ceases or demonstrates an intention to cease to carry on its business or a substantial portion thereof or the business of the Borrower and the Guarantors, or any of them, or a substantial portion thereof is suspended, whether voluntarily or involuntarily, and such suspension has or would reasonably be expected to have a Material Adverse Effect.

(h) Enforceability. Any Change in Law occurs which gives rise to, or would reasonably be expected to give rise to, an effect which prejudices, restricts or renders unenforceable or ineffective, in a material adverse way, any of the rights intended or purported to be granted under or pursuant to any Loan Document to or for the benefit of the Lender.

(i) Condemnation. Any Governmental Body shall condemn, seize, expropriate or otherwise appropriate, or take custody or control of, all or any portion of the Business Assets of the Borrower and the Guarantors, or any of them, which, when taken together with all other Business Assets of the Borrower or the Guarantors.

(j) if the Lender believes in good faith and upon commercially reasonable grounds that the prospect of payment of the Loan or any interest thereon or the performance of any of the other terms of this Agreement has been or is about to be impaired.

An Event of Default which occurs at any time shall be and be deemed to be continuing and to exist at all times thereafter unless it is expressly waived in writing by the Lender, whether or not the default, breach, failure, event, state or condition that gave rise to such Event of Default is remedied at any time.

9.2 Termination and Acceleration. Upon the occurrence of an Event of Default and at any time thereafter, the Lender may do any one or more of the following:

(a) declare the Loan to be cancelled, terminated or reduced, whereupon the Lender shall not be required to make any further Loan Advance hereunder;

(b) accelerate the maturity of all or any item or part of the payment obligations of the Borrower hereunder and declare them to be immediately due and payable, whereupon they shall be so accelerated and become so due and payable;

(c) suspend any rights of the Borrower and the Guarantors under any Loan Document, whereupon such rights shall be so suspended;

(d) take any other action, commence any other suit, action or proceeding or exercise such other rights as may be permitted by Applicable Law (whether or not provided for in any Loan Document) at such times and in such manner as the Lender may consider expedient,

all without any additional notice, demand, presentment for payment, protest, notice of protest, dishonour, notice of dishonour or any other action being required. If an Event of Default referred to in Section 9.1(e) occurs, unless the Lender otherwise agrees, the Loan shall be cancelled and the Loan Obligations shall be accelerated and become immediately due and payable automatically without any action on the part of the Lender being required.

9.3 Remedies For Events of Default. Upon the occurrence of an Event of Default, the Lender may:

(a) forthwith declare due and payable the outstanding balance of the Loan, the Default Fee and any accrued interest thereon without presentment of any promissory notes evidencing the same, and without demand, protest or other notices of any kind, all of which are hereby expressly waived;

(b) exercise any and all rights, powers, remedies and recourses available to the Lender under this Agreement, at law, in equity or otherwise; and

9.4 Waiver. The Lender may waive any Default or Event of Default. No waiver, however, shall be deemed to extend to a subsequent Default or Event of Default, whether or not the same as or similar to the Default or Event of Default waived, and no act or omission by the Lender shall extend to, or be taken in any manner whatsoever to affect, any subsequent Default or Event of Default or the rights of the Lender arising therefrom. Any such waiver must be in writing and signed by the Lender to be effective. No failure on the part of the Lender to exercise, and no delay by the Lender in exercising, any rights under any Loan Document shall operate as a waiver of such rights. No single or partial exercise of any such rights shall preclude any other or further exercise of such rights or the exercise of any other rights.

10. SECURITY

10.1 Security. The performance by the Borrower of all of its obligations to the Lender hereunder, including, without limitation, the repayment of the Loan together with interest thereon and all other amounts payable hereunder, shall be secured in particular by the following:

(a) a security agreement made by the Borrower in favour of the Lender, creating a first fixed charge on the Borrower's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(b) a pledge and assignment by the Borrower in favour of the Lender of all of the Capital Stock of Landdrill NB, as security for all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(c) a guarantee made by Landdrill NB in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(d) a security agreement made by Landdrill NB in favour of the Lender, creating a third fixed charge on the Business Assets of Landdrill NB and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(e) a pledge and assignment by Landdrill NB in favour of the Lender of all of the Capital Stock of Landdrill Barbados, as security for all present and future Indebtedness of Landdrill NB to the Lender, in a form reasonably acceptable to the Lender;

(f) a guarantee made by Landdrill Barbados in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(g) a pledge and assignment by Landdrill Barbados in favour of the Lender of all of the Capital Stock of Landdrill Mexico, as security for all present and future Indebtedness of Landdrill Barbados to the Lender, in a form reasonably acceptable to the Lender;

(h) a guarantee made by Landdrill Mexico in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender, in a form reasonably acceptable to the Lender;

(i) a non-possessory pledge agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(j) a security agreement made by Landdrill Mexico in favour of the Lender, creating a first fixed charge on Landdrill Mexico's Business Assets and all property and assets relating thereto or arising therefrom, in a form reasonably acceptable to the Lender;

(k) an intercreditor agreement in a form satisfactory to the Lender and its legal counsel, acting reasonably, among the Borrower, the Guarantor, the Lender and the Senior Lenders; and

(l) such further and other security and documentation as the Lender shall request, acting reasonably.

10.2 Registration. The Borrower and the Guarantors will cooperate to the extent necessary and, at its expense, register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the Security. The Borrower and the Guarantors will cooperate to the extent necessary to effect such registrations, filings and recordings from time to time as and when required and to keep them in full force and effect.

10.3 After Acquired Property and Further Assurances. The Borrower and the Guarantors shall, from time to time, execute and deliver all such further deeds and other instruments of conveyance, assignment, transfer, hypothec, pledge or charge in connection with all assets acquired by the Borrower and the Guarantors after the date hereof and intended to be subject to the Security.

10.4 Discharge. Upon payment of all of the Loan Obligations and all other amounts outstanding under this Agreement and satisfaction by the Borrower of all of the Borrower's other obligations hereunder, the Lender shall, at the request and expense of the Borrower, cancel, discharge and surrender or cause to be cancelled, discharged and surrendered the Security and shall execute and cause to be executed such deeds and other instruments as shall be requisite

therefor including, without limitation, reassignments of any assets assigned pursuant to the Security.

11. DISPUTES AND ARBITRATION

11.1 Disputes. If there is any dispute, question or difference of opinion between the parties hereto concerning or arising out of or under this Agreement (**"Dispute"**), then a party may give to the other party a notice (**"Dispute Notice"**) specifying the Dispute and requiring its resolution under this Article 11.

11.2 Dispute Representatives to Seek Resolution. If the Dispute is not resolved within 5 Business Days after a Dispute Notice is given by a party to the other party, each party must nominate 1 representative from its senior management to resolve the Dispute (each, a **"Dispute Representative"**), who must negotiate in good faith using their respective commercially reasonable efforts to attain a resolution of the Dispute. If the Dispute is not resolved within 10 Business Days of the Dispute being referred to the respective Dispute Representatives, then either party may submit the Dispute to arbitration in accordance with Section 11.3.

11.3 Arbitration. Any Dispute which has not been resolved under Section 11.2 must be referred to and finally resolved by an arbitration conducted in accordance with the British Columbia *Commercial Arbitration Act*, R.S.B.C. 1996, c. 55 before a tribunal of three (3) arbitrators, one appointed by the Borrower and the Guarantors jointly, one appointed by the Lender and the third one appointed by the two party-appointed arbitrators. Each party shall appoint its nominee to the arbitral tribunal within 15 days after receipt of a written notice initiating the arbitration. The arbitration shall be conducted pursuant to the Domestic Commercial Arbitration Rules of the British Columbia International Commercial Arbitration Centre. The language of the arbitration shall be English. The interpretation and construction of this Section 11.3 will be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable in British Columbia.

11.4 Enforcement. The award rendered by an arbitral panel may be enforced by judgment of any court having jurisdiction or an application may be made to such court for acceptance of the award and an order of enforcement, as the case may be.

12. MISCELLANEOUS

12.1 Survival of Representations, etc. All representations, warranties, covenants and agreements made herein and in any certificate or other document expressed to be delivered pursuant hereto by or on behalf of the Borrower and the Guarantors are material and shall conclusively be deemed to have been relied upon by the Lender, notwithstanding any prior or subsequent investigation by the Lender and shall survive Loan Advances made by the Lender under the Loan and the fulfilment of all other transactions and deliveries contemplated hereunder and shall continue in full force and effect so long as any of the principal amount of or interest on the Loan remains outstanding and unpaid. All statements contained in any certificate or other document expressed to be delivered to the Lender or the Lender's counsel under this Agreement shall be deemed to be representations and warranties by the party making the same.

12.2 Fees and Expenses. The Borrower shall pay all reasonable legal and other fees and disbursements in respect of the Loan including the preparation, execution and carrying out of this Agreement. The full amount of all costs, charges and expenses paid or incurred at any time or from time to time by the Lender for or in respect of any and all acts, actions and proceedings including without limiting the generality of the foregoing, any legal proceedings of any kind or nature done, taken or instituted by the Lender for the exercise, enforcement or preservation of any of its rights, remedies or recourses hereunder or in respect of the Loan, shall be paid by the Borrower on a solicitor and own client, lump sum basis.

12.3 Notice. A notice, demand, consent or request required or permitted to be given pursuant to this Agreement may only be given in writing and by delivery or by confirmed facsimile transmission to the address or facsimile number of such party set out below or at such other address or facsimile number as that party may designate by notice under this Agreement:

(a) To the Borrower:

Landdrill International Inc.
160 Macnaughton Avenue
Moncton, NB
E1H 3L9

Attention: Chief Executive Officer
Facsimile: 506 388 8990

(b) To the Lender:

Sprott Resource Lending Partnership
Suite 2750, 200 Bay Street
Royal Bank Plaza, South Tower
Toronto, ON
M5J 2J2

Attention: Chief Financial Officer
Facsimile: 416 977 9555

With a copy to:

Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC
V6C 0A3

Attention: Andrew P. Jackson
Facsimile: 604 631 3232

Any notice aforesaid shall, if actually delivered be deemed to have been given and made at the time of delivery and if sent by facsimile device be deemed to have been given or made on the day in the jurisdiction of the sender following the date it was sent.

12.4 No Prejudice. Nothing in this Agreement contained shall prejudice or impair any other right or remedy which the Lender may otherwise have with respect to the Loan hereunder or any rights or remedies it may have with respect to other loans which the Lender may make to the Borrower.

12.5 No Borrower Assignment. The Borrower shall have no right to assign or transfer its rights hereunder or any portion of the Loan.

12.6 Enurement. This Agreement shall be binding upon and enure to the benefit of the Borrower and the Lender and their respective successors and assigns.

12.7 Time. Time shall be of the essence of this Agreement.

12.8 Counterparts. This Agreement may be signed in as many counterparts as may be necessary, and may be signed by telecopy (facsimile), Portable Document Format (PDF) or other means of electronic communications producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date set forth above.

AS EVIDENCE OF THEIR AGREEMENT the parties hereto have caused this Agreement to be executed and delivered by their authorized officers as of the date first noted above.

LANDDRILL INTERNATIONAL INC., by
its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL LTD., by
its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL INC. , by
its authorized signatory:

Per:
Name:
Title:

LANDDRILL INTERNATIONAL MEXICO,
de C.V., by its authorized signatory:

Per:
Name:
Title:

SPROTT RESOURCE LENDING
PARTNERSHIP, by its Managing Partner
SPROTT LENDING CONSULTING LP, by
its General Partner, SPROTT LENDING
CONSULTING GP, INC.:

Per: ______________________________
Name:
Title:

Per: ______________________________

Name:
Title:

SCHEDULE "A"

PROMISSORY NOTE

Principal Amount: CAN$4,000,000

For value received, LANDDRILL INTERNATIONAL INC. (the "**Borrower**") hereby promises to pay to SPROTT RESOURCE LENDING PARTNERSHIP (the "**Lender**") the principal sum of **Four Million Dollars ($4,000,000)**, together with interest on the outstanding balance of the principal sum from time to time calculated as set out herein, as follows:

(a) on the last Business Day of every month, the sum of $100,000, plus interest as set out herein;

(b) when due, any A/R Shortfall Payment (as defined in the Credit Agreement between the Borrower and the Lender dated for reference July [redacted], 2011, as may be amended from time to time (the "**Credit Agreement**"); and

(c) the outstanding balance of the principal sum and all accrued and unpaid interest thereon on the earlier to occur of July ___, 2013 and the occurrence and continuance of an Event of Default (as defined in the Credit Agreement),

together with interest accruing on the outstanding principal amount from the date hereof at a rate of **TWELVE PERCENT (12%) per annum**, compounded monthly (being an effective annual rate of 12.68%), before and after each of maturity, default and judgment, **payable monthly on the last Business Day of every month**.

All payments under this promissory note will be made by wire transfer (pursuant to wire transfer instructions provided by the Lender from time to time) and delivered to the Lender at office at Suite 1028, 550 Burrard Street, Vancouver, British Columbia V6C 2B5.

The undersigned is entitled to prepay this promissory note, in whole or in part, without penalty, provided that such prepayment is made on the last Business Day of a calendar month and the Borrower has provided not less than ten (10) Business Days' prior notice of its intention to prepay the Facility. The undersigned waives demand and presentment for payment, notice of non-payment, protest, notice of protest and notice of dishonour.

This promissory note will be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. In this promissory note, "Business Day" means a day which is not a Saturday, Sunday or a statutory holiday in New Brunswick or British Columbia.

Dated: July ___, 2011.

LANDDRILL INTERNATIONAL INC.

Per: ______________________

Name: [redacted]
Title: [redacted]

LANDDRILL INTERNATIONAL INC.

OFFICER'S CERTIFICATE

TO:	Sprott Resource Lending Partnership (the "**Lender**")
AND TO:	Fasken Martineau DuMoulin LLP (the "**Lender's Solicitors**")
RE:	$4,000,000 credit facility made available by the Lender in favour of Landdrill International Inc. (the "**Borrower**"), pursuant to a Term Sheet dated June 10, 2011 (the "**Term Sheet**").

In my capacity as the Corporate Secretary of the Company, I, Brian Maude, of Saint John, NB, certify, in such capacity and without personal liability, having made due inquiry, that each of the statements set out in this Certificate is, as of the date of this Certificate, true, complete and accurate to the best of my knowledge, information and belief solely:

1. I am the duly appointed Corporate Secretary and authorized signatory of the Company and as such I am familiar with the matters hereinafter referred to.

2. The persons below hold the offices in the Company set forth below opposite their respective names:

OFFICER NAME	OFFICE HELD	SIGNATURE
Ronald J. Goguen Sr.	Chief Executive Officer, President	
Brian Maude	Corporate Secretary	
Derrick West	Chief Financial Officer	

The signatures appearing beside the name of each person set out above constitute their true signatures and are genuine.

3. The Board of Directors of the Company consists of the persons named below and no others:

   Ronald J. Goguen Sr.
   Ronald W. Goguen Jr.
   Richard G. Ormston
   Edward Stringer
   David Beatty
   David Watkins

Jamie Lavigne
Francis Melanson

4. Each of the persons named above as an officer or director was duly elected or appointed to, and was duly qualified at the time of such election or appointment for, such office or directorship, and since such election or appointment has continued to be so qualified.

5. I have reviewed the terms of the credit agreement (the "**Credit Agreement**") being entered into by the Company, as borrower, and the Lender pursuant to the Term Sheet, providing for a loan in the principal amount of up to $4,000,000 from the Lender to the Company. Capitalized expressions used and not otherwise defined in this Certificate shall have the meanings ascribed thereto in the Credit Agreement.

6. Attached hereto as Schedule A is a true copy of a resolution duly passed or consented to in writing by the Board of Directors of the Company authorizing certain security (the "**Security**") of the Company and as at the date hereof such resolution has not been varied or amended and is in full force and effect.

7. The Company is not registered to carry on business and does not carry on business in any jurisdiction other than British Columbia.

8. The chief executive office of the Company is located at suite 700, 625 Howe Street, Vancouver, BC V6C 2TC.

9. The Company does not have rights in any real or personal property (other than accounts receivable) located in any jurisdiction other than British Columbia.

10. Neither the execution and delivery of the Security, and any other mortgage, charge or security agreement in favour of the Lender, nor the performance of the obligations of the Company thereunder was or will constitute a default under any agreement to which the Company is party or by which either is bound.

11. The Company is not a party to, nor is it bound by or subject to, any agreement or contract which:

    (a) could in any way adversely affect the attachment or the validity of the mortgage and charge on, and security interest in, the property of the Company created by the Security and any other mortgage, charge or security agreement in favour of the Lender executed by the Company this day; or

    (b) constitutes or may constitute a charge, encumbrance or lien upon, or security interest in, any property of the Company except those which are disclosed in the Credit Agreement.

12. The Company is not in default of payment of any wages or salaries to its employees, or any assessment payable under any employment standards legislation, nor has it been served with or received any claim or demand under any employment standards or workers' compensation legislation.

13. The Company has paid and discharged or will in the ordinary course of business pay and discharge all claims and demands of all employees, contractors, subcontractors, materialmen, mechanics, carriers, warehousemen, landlords, and other like persons, and all governmental taxes, assessments, withholdings, remittances, charges, levies and claims levied or imposed, which, if unpaid, become or might become a lien or charge upon any or all of the properties, assets, earnings or operations of the Company.

14. No event of default has occurred under any document securing or evidencing any indebtedness or liability of the Company, nor has any event occurred which may become an event of default thereunder with the lapse of time or with the notice and lapse of time specified therein.

15. No litigation or appeal is pending or threatened against the Company with the exception of two outstanding litigations currently ongoing in the Province of Quebec, as disclosed to the solicitors for Sprott Resource Lending Partnership. No judgment, order, writ, injunction, demand, decree or award of any court, arbitrator or governmental agency is presently outstanding against the Company. No proceedings have been commenced or are threatened to condemn, expropriate, purchase or otherwise acquire the business or any properties or assets of the Company.

16. As at the date hereof the Company is not insolvent and has the ability to pay its debts as they become due in the usual course of its business.

17. A true copy of the Notice of Articles and Articles of the Company is attached hereto as Schedule B. The Notice of Articles and Articles have not been altered or amended and the powers conferred thereby upon the Board of Directors to cause the Company to borrow money and to grant security for the payment of monies or the performance of obligations owed by the Company to the Lender are not limited by a resolution of the members or directors of the Company or otherwise.

Sprott Resource Lending Partnership and Fasken Martineau DuMoulin LLP are entitled to rely upon the accuracy of the information herein contained.

Certified true and correct this 29th day of July, 2011.

Name: Brian Maude
Title: Corporate Secretary

SCHEDULE A

RESOLUTIONS OF THE BOARD OF DIRECTORS OF

LANDDRILL INTERNATIONAL INC.

(THE "COMPANY")

LANDDRILL INTERNATIONAL INC.

Minutes of a meeting of the board of directors of the above named company (the "**Borrower**") duly convened and held at Moncton, New Brunswick (via e-mail) on July 29, 2011 at 10:00 am/pm.

Present: Ronald J. Goguen, Sr. (Chairman)

David Watkins (via e-mail)

Ronald W. Goguen, Jr. (via e-mail)

Jamie Lavigne (via e-mail)

Richard G. Ormston (via e-mail)

Francis Melanson (via e-mail)

Edward Stringer (via e-mail)

1. Introduction

1.1 There being a quorum present and the meeting having been duly convened, the meeting was declared open.

1.2 **IT WAS RESOLVED** that Ronald J. Goguen, Sr., having consented to act, be and is hereby appointed as the Chairman of the meeting.

2. Purpose of meeting

2.1 It was noted that the purpose of the meeting was to consider and, if thought fit, approve the Security (as defined below).

2.2 The Chairman noted:

2.2.1 Landdrill International Ltd. (the "**Subsidiary**") is a wholly-owned subsidiary of the Borrower.

2.2.2 The Borrower wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower, as borrower and the Lender, as lender.

2.2.3 In connection with the Loan, the Lender requires the following loan security documents to be executed and delivered by the Borrower and the Subsidiary:

(i) a promissory note in favour of the Lender;

(ii) a General Security Agreement under which the Borrower shall grant a first ranking security interest in favour of the Lender over all of the present and after-acquired personal property;

(iv) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Borrower by the Lender pursuant to the Credit Agreement from time to time;

copies of which have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

2.2.4 Copies of the Term Sheet and the Security have been presented or made available to the directors of the Borrower.

3. <u>Resolutions</u>

3.1 After due and careful consideration each of the directors being of the opinion that the grant of the Security is in the best interests of the Borrower **IT WAS RESOLVED** that:

3.1.1 in the unanimous opinion of the directors, the Borrower entering into the Security would be most likely to promote the success of the Borrower for the benefit of its members as a whole;

3.1.2 the Borrower enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

3.1.3 the Borrower be and is hereby authorized to grant, execute and deliver the Security to the Lender;

3.1.4 the Subsidiary be and is hereby authorized to grant, execute and delivery the security, certificates, agreements, undertakings and other documents deemed necessary and required from it by the Lender pursuant to the Credit Agreement, from time to time;

3.1.6 any one officer or director of the Borrower is hereby authorized to execute and deliver the Security and all other documents, instruments and security necessary to give effect thereto and to the Term Sheet and the Credit Agreement in the name of and on behalf of the Borrower, under the Borrower's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto;

3.1.7 any officer or director of the Borrower is hereby authorized in the name and on behalf of the Borrower to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

4. Closure

4.1 The Corporate Secretary was instructed to make all such filings and all such entries in the books of the Borrower as are required to reflect or give effect to the business transacted at the meeting.

4.2 There being no further business, the meeting was declared closed.

Ronald J. Goguen, Sr.
Chairman

SCHEDULE B

NOTICE OF ARTICLES AND ARTICLES

(attached)

BRITISH COLUMBIA

Number: BC0432895

CERTIFICATE
OF
CHANGE OF NAME

BUSINESS CORPORATIONS ACT

I Hereby Certify that GENERAL STRATEGIES LTD. changed its name to LANDDRILL INTERNATIONAL INC. on December 30, 2005 at 12:01 AM Pacific Time.

Issued under my hand at Victoria, British Columbia
On December 30, 2005

RON TOWNSHEND
Registrar of Companies
Province of British Columbia
Canada

BRITISH COLUMBIA

NUMBER: **432895**

CERTIFICATE
OF
CHANGE OF NAME

COMPANY ACT

I Hereby Certify *that*

GOLDENGOALS.COM VENTURES INC.

has this day changed its name to

GENERAL STRATEGIES LTD.

Issued *under my hand at Victoria, British Columbia on April 27, 2001*

JOHN S. POWELL
Registrar of Companies
PROVINCE OF BRITISH COLUMBIA
CANADA

BRITISH COLUMBIA

NUMBER: 432895

CERTIFICATE OF CHANGE OF NAME

COMPANY ACT

I Hereby Certify that

CONTIKI RESOURCES LTD.

has this day changed its name to

GOLDENGOALS.COM VENTURES INC.

***Issued** under my hand at Victoria, British Columbia on September 01, 1999*

JOHN S. POWELL
Registrar of Companies
PROVINCE OF BRITISH COLUMBIA
CANADA

NUMBER: **432895**

COMPANY ACT

CANADA
PROVINCE OF BRITISH COLUMBIA

CERTIFICATE OF INCORPORATION

I Hereby Certify that

CONTIKI RESOURCES LTD.

has this day been incorporated under the *Company Act*

***Issued** under my hand at Victoria, British Columbia*
on September 24, 1992

JOHN S. POWELL
A/Registrar of Companies

BC Registry Services

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

RON TOWNSHEND
December 7, 2010

Notice of Articles

BUSINESS CORPORATIONS ACT

[illegible]

NOTICE OF ARTICLES

Name of Company:

LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
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AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

**PURSUANT to name change December 30, 2005

RECD AT RECORDS OFFICE
MAITLAND & COMPANY

2005 SEP 27 P 3:55

INDEX TO THE ARTICLES
OF
**LANDDRILL INTERNATIONAL INC.

Incorporation Number: 432895

(the "Company")

**PURSUANT to name change December 30, 2005

RECD AT RECORDS OFFICE
MATLAND & COMPANY

2005 SEP 27 P 3:55

ARTICLES
OF
**LANDDRILL INTERNATIONAL INC.
Incorporation Number: 432895
(the "Company")

PART 1 - INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

(1) "board of directors", "directors" and "board" mean the directors or sole director of the Company for the time being;

(2) "*Business Corporations Act*" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

(3) "legal personal representative" means the personal or other legal representative of the shareholder;

(4) "Notice of Articles" means the notice of articles for the Company contained in the Company's incorporation application, as amended from time to time;

(5) "registered address" of a shareholder means the shareholder's address as recorded in the central securities register;

(6) "seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act* (British Columbia), with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* (British Columbia) relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2 - SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company as the same may be amended from time to time.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

(1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and

(2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

(1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and

(2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount determined by the directors, if any, which must not exceed the amount prescribed under the *Business Corporations Act*.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

PART 3 - ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share, if any.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

(1) consideration is provided to the Company for the issue of the share by one or more of the following:

- (a) past services performed for the Company;
- (b) property;
- (c) money; and

(2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

PART 4 - SHARE REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

PART 5 - SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

(1) a duly signed instrument of transfer in respect of the share has been received by the Company;

(2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and

(3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

(1) in the name of the person named as transferee in that instrument of transfer; or

(2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

PART 6 - TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

PART 7 - PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(1) the Company is insolvent; or

(2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

(1) is not entitled to vote the share at a meeting of its shareholders;

(2) must not pay a dividend in respect of the share; and

(3) must not make any other distribution in respect of the share.

PART 8 - BORROWING POWERS

8.1 Company Authorized to Borrow

The Company, if authorized by the directors, may:

(1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

(2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

(3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

PART 9 - ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2, the *Business Corporations Act*, and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

(1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

(2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

(3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;

(4) if the Company is authorized to issue shares of a class of shares with par value:

(a) decrease the par value of those shares; or

(b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;

(5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;

(6) alter the identifying name of any of its shares; or

(7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act* and any regulatory or stock exchange requirements applicable to the Company, the Company may by directors' resolution:

(1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or

(2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by directors' resolution authorize an alteration of its Notice of Articles in order to change its name subject to any other regulatory or stock exchange requirements applicable to the Company.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by directors' resolution alter these Articles subject to any other regulatory or stock exchange requirements applicable to the Company.

PART 10 - MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

(1) if and for so long as the Company is a public company, 21 days;

(2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

(1) state the general nature of the special business; and

(2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:

(a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

(b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

PART 11 - PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

(1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

(2) at an annual general meeting, all business is special business except for the following:

(a) business relating to the conduct of or voting at the meeting;

(b) consideration of any financial statements of the Company presented to the meeting;

(c) consideration of any reports of the directors or auditor;

(d) the setting or changing of the number of directors;

(e) the election or appointment of directors;

(f) the appointment of an auditor;

(g) the setting of the remuneration of an auditor;

(h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds (2/3) of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

(1) the quorum is one person who is, or who represents by proxy, that shareholder; and

(2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the chief executive officer (if any), the president (if any), the chief financial officer (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

(1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and

(2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individual is entitled to preside as chair at a meeting of shareholders:

(1) the chair of the board, if any; or

(2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number or the Company's solicitor to be chair of the meeting failing which the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

(1) the poll must be taken:

  (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and

  (b) in the manner, at the time and at the place that the chair of the meeting directs;

(2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and

(3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

PART 12 - VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

(1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and

(2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

(1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

(2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

(1) for that purpose, the instrument appointing a representative must:

(a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;

(2) if a representative is appointed under this Article 12.5:

(a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

(b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions (as defined in section 1(1) of the *Business Corporations Act*) as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 Proxy Holder Need Not Be Shareholder

A person appointed as a proxy holder need not be a shareholder.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

(1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or

(2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

(1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

> *[name of company]*
> (the "Company")
>
> The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.
>
> Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the shareholder):
>
> ____________________
>
> Signed *[month, day, year]*
>
> ____________________
> *[Signature of shareholder]*
>
> ____________________
> *[Name of shareholder—printed]*

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

(1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

(2) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

(1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;

(2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

PART 13 - DIRECTORS

13.1. First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. There is no requirement for the directors or shareholders to fix or set the number of directors from time to time. If the Company is a public company, the Company shall have at least three directors. If the Company is not a public company, the Company shall have at least one director.

13.2 Change in Number of Directors

If the number of directors is at any time fixed or set hereunder:

(1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or

(2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 14 - ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

(1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

(2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

(1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

(2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

(3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

(1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or

(2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

(3) the date on which his or her successor is elected or appointed; and

(4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

(1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or

(2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

(1) the term of office of the director expires;

(2) the director dies;

(3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or

(4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if:

(1) such director is convicted of an indictable offence;

(2) such director ceases to be qualified to act as a director of a company and does not promptly resign; or

(3) if there are at least three directors on the board, then if all other directors pass a resolution to remove such director; and the remaining directors may in any such event appoint a director to fill the resulting vacancy.

PART 15 - ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

(1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;

(2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

(3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;

(4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

(1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;

(2) the alternate director dies;

(3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;

(4) the alternate director ceases to be qualified to act as a director; or

(5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

PART 16 - POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

PART 17 - DISCLOSURE OF INTEREST OF DIRECTORS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

PART 18 - PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

(1) the chair of the board, if any;

(2) in the absence of the chair of the board, the president, if any, if the president is a director; or

(3) any other director chosen by the directors or, if the directors wish, the Company's solicitor, if:

(a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;

(b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

(c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

(1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or

(2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 19 - EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

(1) the power to fill vacancies in the board of directors;

(2) the power to remove a director;

(3) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

(1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

(2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:

(a) the power to fill vacancies in the board of directors;

(b) the power to remove a director;

(c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

(d) the power to appoint or remove officers appointed by the directors; and

(3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

(1) conform to any rules that may from time to time be imposed on it by the directors; and

(2) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

(2) terminate the appointment of, or change the membership of, the committee; and

(3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

(1) the committee may meet and adjourn as it thinks proper;

(2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;

(3) a majority of the members of the committee constitutes a quorum of the committee; and

(4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

PART 20 - OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

(1) determine the functions and duties of the officer;

(2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

(3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

PART 21 - INDEMNIFICATION

21.1 Definitions

In this Article 21:

(1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:

(a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) "expenses" has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 Non-Compliance with *Business Corporations Act*

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(1) is or was a director, alternate director, officer, employee or agent of the Company;

(2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

(3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

(4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity,

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

PART 22 - DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of cash or of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

(1) set the value for distribution of specific assets;

(2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and

(3) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

PART 23 - DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

PART 24 - NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

(1) mail addressed to the person at the applicable address for that person as follows:

- (a) for a record mailed to a shareholder, the shareholder's registered address;
- (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the mailing address of the intended recipient;

(2) delivery at the applicable address for that person as follows, addressed to the person:

(a) for a record delivered to a shareholder, the shareholder's registered address;

(b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;

(c) in any other case, the delivery address of the intended recipient;

(3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;

(4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;

(5) physical delivery to the intended recipient.

24.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

24.3 Certificate of Sending

A certificate or other document signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

(1) mailing the record, addressed to them:

(a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

PART 25 - SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

(1) any two directors;

(2) any officer, together with any director;

(3) if the Company only has one director, that director; or

(4) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

LANDDRILL INTERNATIONAL LTD.

OFFICER'S CERTIFICATE

TO: Sprott Resource Lending Partnership (the "**Lender**")

AND TO: Fasken Martineau DuMoulin LLP (the "**Lender's Solicitors**")

RE: $4,000,000 credit facility made available by the Lender in favour of Landdrill International Inc. (the "**Borrower**"), pursuant to a Term Sheet dated June 10, 2011 (the "**Term Sheet**").

In my capacity as the Corporate Secretary of the Company, I, Brian Maude, of Saint John, NB, certify, in such capacity and without personal liability, having made due inquiry, that each of the statements set out in this Certificate is, as of the date of this Certificate, true, complete and accurate to the best of my knowledge, information and belief solely:

1. I am the duly appointed Corporate Secretary and authorized signatory of the Company and as such I am familiar with the matters hereinafter referred to.

2. The persons below hold the offices in the Company set forth below opposite their respective names:

OFFICER NAME	OFFICE HELD	SIGNATURE
Ronald J. Goguen Sr.	Chief Executive Officer, President	
Brian Maude	Secretary	
Derrick West	Chief Financial Officer	

The signatures appearing beside the name of each person set out above constitute their true signatures and are genuine.

3. The Board of Directors of the Company consists of the persons named below and no others:

Ronald J. Goguen Sr.

4. Each of the persons named above as an officer or director was duly elected or appointed to, and was duly qualified at the time of such election or appointment for, such office or directorship, and since such election or appointment has continued to be so qualified.

5. I have reviewed the terms of the credit agreement (the "**Credit Agreement**") being entered into by the Company, as borrower, and the Lender pursuant to the Term Sheet providing for a loan in the principal amount of up to $4,000,000 from the Lender to the Company. Capitalized expressions used and not otherwise defined in this Certificate shall have the meanings ascribed thereto in the Credit Agreement.

6. Attached hereto as Schedule A is a true copy of a resolution duly passed or consented to in writing by the Board of Directors of the Company authorizing certain security (the "**Security**") of the Company and as at the date hereof such resolution has not been varied or amended and is in full force and effect.

7. The Company is not registered to carry on business and does not carry on business in any jurisdiction other than New Brunswick.

8. The chief executive office of the Company is located at 160 MacNaughton Avenue, Moncton NB E1H 3L.

9. The Company does not have rights in any real or personal property (other than accounts receivable) located in any jurisdiction other than New Brunswick.

10. Neither the execution and delivery of the Security, and any other mortgage, charge or security agreement in favour of the Lender, nor the performance of the obligations of the Company thereunder was or will constitute a default under any agreement to which the Company is party or by which either is bound.

11. The Company is not a party to, nor is it bound by or subject to, any agreement or contract which:

    (a) could in any way adversely affect the attachment or the validity of the mortgage and charge on, and security interest in, the property of the Company created by the Security and any other mortgage, charge or security agreement in favour of the Lender executed by the Company this day; or

    (b) constitutes or may constitute a charge, encumbrance or lien upon, or security interest in, any property of the Company except those which are disclosed in the Credit Agreement.

12. The Company is not in default of payment of any wages or salaries to its employees, or any assessment payable under any employment standards legislation, nor has it been served with or received any claim or demand under any employment standards or workers' compensation legislation.

13. The Company has paid and discharged or will in the ordinary course of business pay and discharge all claims and demands of all employees, contractors, subcontractors,

materialmen, mechanics, carriers, warehousemen, landlords, and other like persons, and all governmental taxes, assessments, withholdings, remittances, charges, levies and claims levied or imposed, which, if unpaid, become or might become a lien or charge upon any or all of the properties, assets, earnings or operations of the Company.

14. No event of default has occurred under any document securing or evidencing any indebtedness or liability of the Company, nor has any event occurred which may become an event of default thereunder with the lapse of time or with the notice and lapse of time specified therein.

15. No litigation or appeal is pending or threatened against the Company. No judgment, order, writ, injunction, demand, decree or award of any court, arbitrator or governmental agency is presently outstanding against the Company. No proceedings have been commenced or are threatened to condemn, expropriate, purchase or otherwise acquire the business or any properties or assets of the Company.

16. As at the date hereof the Company is not insolvent and has the ability to pay its debts as they become due in the usual course of its business.

17. A true copy of the Notice of Articles and Articles of the Company is attached hereto as Schedule B. The Notice of Articles and Articles have not been altered or amended and the powers conferred thereby upon the Board of Directors to cause the Company to borrow money and to grant security for the payment of monies or the performance of obligations owed by the Company to the Lender are not limited by a resolution of the members or directors of the Company or otherwise.

Sprott Resource Lending Partnership and Fasken Martineau DuMoulin LLP are entitled to rely upon the accuracy of the information herein contained.

Certified true and correct this 29th day of July, 2011.

____

Name: Brian Maude
Title: Corporate Secretary

SCHEDULE A

RESOLUTIONS OF THE BOARD OF DIRECTORS OF

LANDDRILL INTERNATIONAL LTD.

(THE "COMPANY")

WHEREAS:

A. Landdrill International Inc. (the "**Borrower**") wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower and the Lender.

B. To secure repayment of the Loan and the Borrower's obligations under the Credit Agreement, the Lender requires the Company to sign the following documents in favour of the Lender:

(i) a General Security Agreement under which the Company shall grant a security interest in favour of the Lender over all of the Company's present and after-acquired personal property;

(ii) a share pledge agreement from the Company for the shares in its wholly-owned subsidiary, Landdrill International Inc. (Barbados) (the "**Subsidiary**"); and

(iii) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Company by the Lender pursuant to the Credit Agreement from time to time;

copies of which, along with the Term Sheet, have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

BE IT RESOLVED THAT:

1. in the unanimous opinion of the directors, the Company entering into the Security would be most likely to promote the success of the Company for the benefit of its members as a whole;

2. it is in the Company's best interests to give financial assistance to or for the benefit of the Borrower in connection with the Loan, as provided in these resolutions;

3. the Company give the financial assistance, enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

4. the Company be and is hereby authorized to grant, execute and deliver the Security to the Lender;

5. the Subsidiary be and is hereby authorized to grant, execute and delivery the security, certificates, agreements, undertakings and other documents deemed necessary and required by the Lender pursuant to the Credit Agreement, from time to time;

6. any officer or director of the Company is hereby authorized to execute and deliver the Security and all other documents, instruments and security necessary to give effect thereto and to the Term Sheet and the Credit Agreement in the name of and on behalf of the Company, under the Company's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto; and

7. any officer or director of the Company is hereby authorized in the name and on behalf of the Company to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

The undersigned consents to an passes the foregoing as a resolution of the sole director of LANDDRILL INTERNATIONAL LTD. as of July 29, 2011.

RONALD J. GOGUEN SR.

SCHEDULE B

NOTICE OF ARTICLES AND ARTICLES

(attached)

18.

New Nouveau Brunswick

CANADA
PROVINCE OF NEW BRUNSWICK
BUSINESS CORPORATIONS ACT
CERTIFICATE OF AMENDMENT
(SECTION 26, 117)

CANADA
PROVINCE DU NOUVEAU-BRUNSWICK
LOI SUR LES CORPORATIONS COMMERCIALES
CERTIFICAT DE MODIFICATION
(ARTICLE 26, 117)

LANDDRILL INTERNATIONAL LTD.

Name of Corporation / Raison sociale de la corporation

610673

Corporation Number / Numéro de la corporation

I HEREBY CERTIFY that the Articles of the above-mentioned corporation were amended
JE CERTIFIE que les statuts de la corporation mentionée ci-dessus ont été modifiés

(a) under Section 11 of the Business Corporations Act in accordance with the attached notice; en vertu de l'article 11 de la Loi sur les corporations commerciales conformément à l'avis ci-joints; ☐

(b) under Section 26 of the Business Corporations Act as set out in the attached Articles of Amendment designating en vertu de l'article 26 de la Loi sur les corporations commerciales de la façon indiquée dans les statuts de ☐

a series of shares;
modification ci-joints décrivant les actions d'une série;

(c) under Section 117 of the Business Corporations Act as set out in the attached Articles of Amendment; or en vertu de l'article 117 de la Loi sur les corporations commerciales de la façon indiquée dans les statuts de modification ci-joints; ou ☒

(d) under Section 132 of the Business Corporations Act as set out in the attached Articles of Reorganization. en vertu de l'article 132 de la Loi sur les corporations commerciales de la façon indiquées dans les statuts de réorganisation. ☐

Director
Directeur

Date of Amendment
Date de modification January 14, 2005

New / Nouveau Brunswick

CANADA	CANADA
PROVINCE OF NEW BRUNSWICK	PROVINCE DU NOUVEAU-BRUNSWICK
BUSINESS CORPORATIONS ACT	LOI SUR LES CORPORATIONS COMMERCIALES
CERTIFICATE OF AMENDMENT	CERTIFICAT DE MODIFICATION
(SECTION 26, 117)	(ARTICLE 26, 117)

LANDDRILL LTD.

Name of Corporation / Raison sociale de la corporation

CERTIFIED COPY - TRUE AND CORRECT
COPIE CERTIFIÉE - EXACTE ET CONFORME

6:0673

02 - 05 - 2004
Day/Jour - Month/Mois - Year/Année

Corporation Number / Numéro de la corporation

I HEREBY CERTIFY that the Articles of the above-mentioned corporation were amended
JE CERTIFIE que les statuts de la corporation mentionée ci-dessus ont été modifiés

Director - Business Corporations Act
Directeur - Loi sur les corporations commerciales
New Brunswick / Nouveau-Brunswick

(a) under Section 11 of the Business Corporations Act in accordance with the attached notice; en vertu de l'article 11 de la Loi sur les corporations commerciales conformément à l'avis ci-joint; ☐

(b) under Section 26 of the Business Corporations Act as set out in the attached Articles of Amendment designating en vertu de l'article 26 de la Loi sur les corporations commerciales de la façon indiquée dans les statuts de ☐

a series of shares;
modification ci-joints décrivent les actions d'une série;

(c) under Section 117 of the Business Corporations Act as set out in the attached Articles of Amendment; or en vertu de l'article 117 de la Loi sur les corporations commerciales de la façon indiquée dans les statuts de modification ci-joints; ou ☒

(d) under Section 132 of the Business Corporations Act as set out in the attached Articles of Reorganization. en vertu de l'article 132 de la Loi sur les corporations commerciales de la façon indiquées dans les statuts de réorganisation. ☐

Director
Directeur

Date of Amendment February 24, 2004
Date de modification

New / Nouveau Brunswick

CANADA PROVINCE OF NEW BRUNSWICK BUSINESS CORPORATIONS ACT CERTIFICATE OF INCORPORATION (SECTION 6)	CANADA PROVINCE DU NOUVEAU-BRUNSWICK LOI SUR LES CORPORATIONS COMMERCIALES CERTIFICAT DE CONSTITUTION EN CORPORATION (ARTICLE 6)

610673 NB INC.

Name of Corporation / Raison sociale de la corporation

610673

Corporation Number / Numéro de la corporation

I HEREBY CERTIFY that the above-mentioned corporation, the Articles of Incorporation of which are attached,
JE CERTIFIE que la corporation mentionnée ci-dessus, dont les statuts constitutifs sont joints à ce certificat, a été

was incorporated under the Business Corporations Act of the Province of New Brunswick.
constituée en corporation en vertu de la Loi sur les corporations commerciales de la province du Nouveau-Brunswick.

Director / Directeur

Date of Incorporation / Date de constitution: January 30, 2004

NEW BRUNSWICK
BUSINESS CORPORATIONS ACT
FORM 3
ARTICLES OF AMENDMENT
(SECTIONS 26, 116)

NOUVEAU BRUNSWICK
LOI SUR LES CORPORATIONS COMMERCIALES
FORMULE 3
STATUTS DE MODIFICATION
(ARTICLES 26, 116)

Name of Corporation - Raison sociale de la corporation	2 - Corporation No. - Numéro de la corporation
Landdrill Ltd.	610673

3 - The articles of the above-mentioned corporation are amended as follows:

Les statuts de la corporation mentionnée ici sont modifiés comme suit:

The name of the Corporation be changed to "LANDDRILL INTERNATIONAL LTD."

Date	Signature	Description of office - Description du bureau
January 10, 2005		President

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Filed - Déposé FILED / DÉPOSÉ JAN 1 4 2005

NEW BRUNSWICK
BUSINESS CORPORATIONS ACT
FORM 3
ARTICLES OF AMENDMENT
(SECTION 26, 116)

NOUVEAU-BRUNSWICK
LOI SUR LES CORPORATIONS COMMERCIALES
FORMULE 3
STATUTS DE MODIFICATION
(ARTICLE 26,116)

1-Name of Corporation - Raison sociale de la corporation	2-Corporation No.-Numéro de la corporation
610673 N.B. INC.	610673

3-The articles of the above-mentioned corporation are amended as follows:

Les statuts de la corporation mentionnée ici sont modifiés comme suit :

The name of the corporation is changed to LANDDRILL LTD.

Date	Signature	Description of Office - Description du bureau
Feb. 18th, 2004		President

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RÉSERVÉ AU SEUL USAGE DU MINISTÈRE

Filed - Déposé
FILED / DÉPOSÉ FEB 2 4 2004

45-3031 (3/01)

New Nouveau Brunswick

BUSINESS CORPORATIONS ACT
FORM 1
ARTICLES OF INCORPORATION
(SECTION 4)

LOI SUR LES CORPORATIONS COMMERCIALES
FORMULE 1
STATUTS CONSTITUTIFS
(ARTICLE 4)

1 - Name of Corporation: / Raison sociale de la corporation:

610673 NB INC.

2 - The classes and any maximum number of shares that the corporation is authorized to issue and any maximum aggregate amount for which shares may be issued including shares without par value and/or with par value and the amount of the par value: / Les catégories et le nombre maximal d'actions que la corporation peut émettre ainsi que le montant maximal global pour lequel les actions peuvent être émises y compris les actions sans valeur au pair ou avec valeur au pair ou les deux et le montant de la valeur au pair:

100 Common Shares with no nominal or par value

3 - Restrictions, if any, on share transfers: / Restrictions, s'il y en a, au transfert d'actions:

None

4 - Number (or minimum and maximum number) of directors: / Nombre (ou nombre minimum et maximum) des administrateurs:

Minimum 1 Maximum 10

5 - Restrictions, if any, on business the corporation may carry on: / Restrictions, s'il y en a, à l'activité que peut exercer la corporation:

None

6 - Other provisions, if any: / D'autres dispositions, le cas échéant:

None

7 - Incorporators: / Fondateurs

Date	Nom - Name	Address (include postal code) Adresse (y compris le code postal)	Signature
January 30, 2004	William MacDonald	147 Boxborough Avenue Moncton NB E1E 1P8	William MacDonald

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Corporation No. - No. de Corporation 610673

TN# 264919

Filed - Déposé

FILED / DÉPOSÉ JAN 30 2004

(6/01)

LANDDRILL INTERNATIONAL INC.

OFFICER'S CERTIFICATE

TO: Sprott Resource Lending Partnership (the "**Lender**")

AND TO: Fasken Martineau DuMoulin LLP (the "**Lender's Solicitors**")

RE: $4,000,000 credit facility made available by the Lender in favour of Landdrill International Inc. (the "**Borrower**"), pursuant to a Term Sheet dated June 10, 2011 (the "**Term Sheet**").

In my capacity as the President of the Company, I, Ronald J. Goguen, Sr., of Moncton, New Brunswick, certify, in such capacity and without personal liability, having made due inquiry, that each of the statements set out in this Certificate is, as of the date of this Certificate, true, complete and accurate to the best of my knowledge, information and belief solely:

1. I am the duly appointed President and authorized signatory of the Company and as such I am familiar with the matters hereinafter referred to.

2. The persons below hold the offices in the Company set forth below opposite their respective names:

OFFICER NAME	OFFICE HELD	SIGNATURE
Ronald J. Goguen Sr.	President	Ronald J. Goguen
Denise Collette	Secretary	Denise Collette

The signatures appearing beside the name of each person set out above constitute their true signatures and are genuine.

3. The Board of Directors of the Company consists of the persons named below and no others:

Ronald J. Goguen Sr.

4. Each of the persons named above as an officer or director was duly elected or appointed to, and was duly qualified at the time of such election or appointment for, such office or directorship, and since such election or appointment has continued to be so qualified.

5. I have reviewed the terms of the credit agreement (the "**Credit Agreement**") being entered into by the Company, as borrower, and the Lender pursuant to the term sheet dated June 10, 2011, providing for a loan in the principal amount of up to $4,000,000 from the Lender to the Company. Capitalized expressions used and not otherwise defined in this Certificate shall have the meanings ascribed thereto in the Credit Agreement.

6. Attached hereto as Schedule A is a true copy of a resolution duly passed or consented to in writing by the Board of Directors of the Company authorizing certain security (the "**Security**") of the Company and as at the date hereof such resolution has not been varied or amended and is in full force and effect.

7. The Company is not registered to carry on business and does not carry on business in any jurisdiction other than Barbados.

8. The chief executive office of the Company is located at Chancery House, High Street, Bridgetown, Barbados.

9. The Company does not have rights in any real or personal property (other than accounts receivable) located in any jurisdiction other than Barbados.

10. Neither the execution and delivery of the Security, and any other mortgage, charge or security agreement in favour of the Lender, nor the performance of the obligations of the Company thereunder was or will constitute a default under any agreement to which the Company is party or by which either is bound.

11. The Company is not a party to, nor is it bound by or subject to, any agreement or contract which:

    (a) could in any way adversely affect the attachment or the validity of the mortgage and charge on, and security interest in, the property of the Company created by the Security and any other mortgage, charge or security agreement in favour of the Lender executed by the Company this day; or

    (b) constitutes or may constitute a charge, encumbrance or lien upon, or security interest in, any property of the Company except those which are disclosed in the Credit Agreement.

12. The Company is not in default of payment of any wages or salaries to its employees, or any assessment payable under any employment standards legislation, nor has it been served with or received any claim or demand under any employment standards or workers' compensation legislation.

13. The Company has paid and discharged or will in the ordinary course of business pay and discharge all claims and demands of all employees, contractors, subcontractors, materialmen, mechanics, carriers, warehousemen, landlords, and other like persons, and all governmental taxes, assessments, withholdings, remittances, charges, levies and

claims levied or imposed, which, if unpaid, become or might become a lien or charge upon any or all of the properties, assets, earnings or operations of the Company.

14. No event of default has occurred under any document securing or evidencing any indebtedness or liability of the Company, nor has any event occurred which may become an event of default thereunder with the lapse of time or with the notice and lapse of time specified therein.

15. No litigation or appeal is pending or threatened against the Company.. No judgment, order, writ, injunction, demand, decree or award of any court, arbitrator or governmental agency is presently outstanding against the Company. No proceedings have been commenced or are threatened to condemn, expropriate, purchase or otherwise acquire the business or any properties or assets of the Company.

16. As at the date hereof the Company is not insolvent and has the ability to pay its debts as they become due in the usual course of its business.

17. A true copy of the Notice of Articles and Articles of the Company is attached hereto as Schedule B. The Notice of Articles and Articles have not been altered or amended and the powers conferred thereby upon the Board of Directors to cause the Company to borrow money and to grant security for the payment of monies or the performance of obligations owed by the Company to the Lender are not limited by a resolution of the members or directors of the Company or otherwise.

Sprott Resource Lending Partnership and Fasken Martineau DuMoulin LLP are entitled to rely upon the accuracy of the information herein contained.

Certified true and correct this 29th day of July, 2011.

Ronald J Gogu

Name: Ronald J. Goguen, Sr.
Title: President

SCHEDULE A

RESOLUTIONS OF THE BOARD OF DIRECTORS OF

LANDDRILL INTERNATIONAL INC. (BARBADOS)

(THE "COMPANY")

WHEREAS:

A. Landdrill International Inc. (Barbados) (the "**Borrower**") wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower and the Lender.

B. To secure repayment of the Loan and the Borrower's obligations under the Credit Agreement, the Lender requires the Company to sign the following documents in favour of the Lender:

(i) a share pledge agreement from the Company for the shares in its wholly-owned subsidiary, Landdrill International Mexico S.A. de C.V. (the "**Subsidiary**"); and

(ii) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Company by the Lender pursuant to the Credit Agreement from time to time;

copies of which, along with the Term Sheet, have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

BE IT RESOLVED THAT:

1. in the unanimous opinion of the directors, the Company entering into the Security would be most likely to promote the success of the Company for the benefit of its members as a whole;

2. it is in the Company's best interests to give financial assistance to or for the benefit of the Borrower in connection with the Loan, as provided in these resolutions;

3. the Company give the financial assistance, enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

4. the Company be and is hereby authorized to grant, execute and deliver the Security to the Lender;

5. the Subsidiary be and is hereby authorized to grant, execute and delivery the security, certificates, agreements, undertakings and other documents deemed necessary and required by the Lender pursuant to the Credit Agreement, from time to time;

6. any officer or director of the Company is hereby authorized to execute and deliver the Security and all other documents, instruments and security necessary to give effect thereto and to the Term Sheet and the Credit Agreement in the name of and on behalf of the Company, under the Company's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto; and

7. any officer or director of the Company is hereby authorized in the name and on behalf of the Company to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

The undersigned consents to an passes the foregoing as a resolution of the sole director of LANDDRILL INTERNATIONAL INC. (BARBADOS) as of July 29, 2011.

Ronald J. Goguen

RONALD J. GOGUEN SR.

SCHEDULE B

NOTICE OF ARTICLES AND ARTICLES

(attached)

18.

GOVERNMENT OF BARBADOS

International Business Companies Act
CAP. 77

Renewal of International Business Company Licence

NO: 5087

This is to certify that **LANDDRELL INTERNATIONAL INC.** whose address is Chancery House, High Street, Bridgetown has been granted a renewal of its licence effective from January 1, 2011 until December 31, 2011 and is hereby authorised to conduct international business in accordance with the provisions of the International Business Companies Act, Cap. 77 of the Laws of Barbados.

Dated this 19th day of April 2011

for Director of International Business.

LANDDRILL INTERNATIONAL INC.

SHARE REGISTER

COMMON SHARES

DATE ISSUED	SHAREHOLDER	CERTIFICATE	NUMBER OF SHARES	STATED CAPITAL [US$]	STATED CAPITAL REDUCTION	TRANSFERS/NOTES
December 23, 2004	Landdrill Ltd.	1	100	$ 100.00	$	

FORM 3

COMPANY NO. 24636

COMPANIES ACT OF BARBADOS

CERTIFICATE OF INCORPORATION

LANDDRILL INTERNATIONAL INC.

Name of Company

I hereby certify that the above-mentioned Company, the Articles of Incorporation of which are attached, was incorporated under the Companies Act of Barbados.

Registrar of Companies

December 23rd, 2004

Date of Incorporation

Form 33

COMPANIES ACT OF BARBADOS

REQUEST FOR NAME SEARCH AND NAME RESERVATION

1. Name, Address and telephone number of person making request:
   Chancery Chambers
   Chancery House
   High Street
   Bridgetown, Barbados
   Telephone Number: (246) 431-0070

2. Proposed name or names in order of preference
   (a) LANDDRILL INTERNATIONAL INC.
   (b)
   (c)

3. Main types of business the company carries on or proposes to carry on:
   (a) International Business Company under the provisions of the International Business Companies Act, 1991-24
   (b) Debt and Equity Investments
   (c) Under International Trade and Commerce as defined in Section 6 of the IBC Act

4. Derivation of name
   Client's imagination

5. First name available to be reserved: Yes ☒ No ☐

6. Name is for:
   Incorporation

7. If for a change of name, state present name of company:
   N/A

8. If for an amalgamation, state names of amalgamating companies:
   N/A

For Ministry use only APPROVED

Name reserved until (specify date) | For Director

1 ☐ 2005/03/23
2 ☐
3 ☐

See attached letter if name is not reserved

Date received: 2004/12/23 Request received by:

Form 4

COMPANIES ACT OF BARBADOS
(Section 169(1) and (2))

NOTICE OF ADDRESS
OR
NOTICE OF CHANGE OF ADDRESS OF REGISTERED OFFICE

1. Name of Company
LANDDRILL INTERNATIONAL INC.

2. Company Number

3. Address of Registered Office
Chancery House
High Street
Bridgetown, Barbados

4. Mailing Address
Chancery House
High Street
Bridgetown, Barbados

5. If change of address, give previous address of Registered Office.
N/A

6.

Date:	Signature:	Title:
December 23,2004	Peter L. Chase	Incorporator

For Ministry use only

Company Number: 24636

Filed: 23/12/2004

Form 9

COMPANIES ACT OF BARBADOS
(Sections 66 & 74)

NOTICE OF DIRECTORS
OR
NOTICE OF CHANGE OF DIRECTORS

1. Name of Company
   LANDDRILL INTERNATIONAL INC.
2. Company Number

3. Notice is given that on the day of , the following person(s) was / were appointed director(s)

Name	Residential Address	Occupation
	N/A	

4. Notice is given that on the day of , the following person(s) ceased to hold office as director(s)

Name	Residential Address
N/A	

5. The directors of the company as of this date are:

Name	Residential Address	Occupation
Ronald J. Goguen	1746 Elmwood Drive Moncton NB E1H 2H6, Canada	Business Executive

6. **Date:** December 23, 2004 **Signature:** Peter L. Chase **Title:** Incorporator

For Ministry use only

Company Number: 24636

Filed: 23/12/2004

DRAWN AND PREPARED BY

Dr. Trevor A. Carmichael
Attorney-at-Law
Chancery Chambers
High Street
Bridgetown

COMPANIES ACT CAP. 308

(Section 4(3))

DECLARATION

LANDDRILL INTERNATIONAL INC
Name of Company

I, **Trevor A. Carmichael** of Chancery Chambers, High Street, Bridgetown, Barbados, Attorney-at-Law, **DECLARE** to the best of my knowledge and belief:-

1. No signatory to the Articles of Incorporation of the above-named Company is an individual described in Section 4(2) of the Companies Act of Barbados.

2. It is the intent that the Company shall qualify as an "International Business Company" under the provisions of the International Business Companies Act, 1991-24 of Barbados or any statutory modifications thereof, or substitutions therefor from time to time subsisting and that nothing shall be done or permitted to be done in or about the Company's business or affairs which shall be contrary to the said intent.

The name of the signatory to the said Articles of Incorporation is:

(a) Peter L. Chase

DECLARED by the said **TREVOR AUSTIN CARMICHAEL** at Bridgetown, Barbados this 23rd day December, 2004)

Before me:

Justice of the Peace

CARL L. BOURNE
JUSTICE OF THE PEACE

Form 1

COMPANIES ACT OF BARBADOS
(Section 5)

ARTICLES OF INCORPORATION

1. Name of Company
LANDDRILL INTERNATIONAL INC.

Company Number

2. The classes and any maximum number of shares that the Company is authorized to issue
The Company is authorised to issue an unlimited number of common shares.

3. Restriction if any on share transfers
No share in the capital of the Company shall be transferred without the approval of the Directors of the Company or of a Committee of such Directors, evidenced by resolution and the Directors may, in their absolute discretion and without assigning any reasons therefor, decline to register any transfer of any share.

4. Number (or minimum and maximum number) of Directors
There shall be a minimum of 1 and a maximum of 10 Directors.

5. Restrictions if any on the business the company may carry on
The Company shall not engage in any business other than international business as defined in the International Business Companies Act, 1991-24

6. Other provisions if any
Any invitation to the public to subscribe for shares or debentures of the Company is prohibited.

7. Incorporators:
Date: December 23, 2004

Name	Address	Signature
Peter L. Chase	121 Applehall Terrace St. Philip, Barbados	

REGISTERED
SIGNATURE R
DATE 23/12/2004
CORPORATE AFFAIRS AND INTELLECTUAL PROPERTY OFFICE

For Ministry use only
Company Number: 24636

Filed: 23/12/2004

BARBADOS

THE COMPANIES ACT OF BARBADOS

BY-LAW NO. 1

A By-Law relating generally to the conduct of the affairs of:

LANDDRILL INTERNATIONAL INC.

BE IT ENACTED as the by-laws of **LANDDRILL INTERNATIONAL INC.**, (hereinafter called the "Company") as follows:

1. INTERPRETATION

1.1 In this By-Law and all other by-laws of the Company, unless the context otherwise requires:

"Act"	means the Companies Act, Cap. 308 of the laws of Barbados as from time to time amended and every statute substituted therefor; and in the case of such amendment or substitution, any references in the by-laws of the Company to provisions of the Act or to specific provisions of the Act, shall be read as references to the provisions as amended or substituted therefor in the amendment or the new statute or statutes;
"Articles"	means the Articles of Incorporation of the Company as may be amended, restated or revived from time to time;
"By-Law"	means this general By-Law No.1, as from time to time amended and every general By-Law substituted therefor as the same consolidates the all or any of the by-laws of the Company from time to time in force;
"by-law"	mean any by-law, or other rule or regulation with regard to the administration of the affairs of the Company having the force of a by-law in accordance with the Act, from time to time in force;
"Regulations"	means the Companies Regulations made under the Act, and all regulations substituted therefor and, in the case of such substitution, any references in the by-laws of the Company to provisions of the Regulations shall be read as references to the provisions substituted therefor in the new regulations;
"Shareholders Agreement"	means a unanimous shareholder agreement in accordance with section 133 of the Act, between the Company and each of the shareholders of the Company, and binding on all the parties thereto.

1.2 The word "person" includes individuals, companies, bodies corporate, limited liability companies, societies with restricted liability, partnerships (whether limited or general), firms, syndicates, joint ventures, trusts, un-incorporated associations, governmental authorities and agencies, and any legal entity or any other association of persons; and the word "individual" means a natural person.

1.3 All terms contained in the by-laws and not specifically defined, shall have the meanings given to such terms in the Act or the Regulations, as such terms may be qualified, amended or substituted in the Articles or the Shareholders Agreement. Terms defined elsewhere in this By-Law, unless otherwise indicated, shall have such meaning in every by-law herein.

1.4 Unless the context clearly requires otherwise, the words "hereof" "herein" and "hereunder" and words of similar import, when used in this By-Law, shall refer to this By-Law as a whole and not to any particular by-law provision; wherever the word "include" "includes" or "including" is used in any by-law provision, it shall be deemed to be followed by the words "without limitation" unless clearly indicated otherwise, or required by the Act, the Regulations, the Articles or the Shareholders Agreement.

1.5 The singular includes the plural and the plural includes the singular; and the masculine gender includes the feminine and neuter genders.

1.6 The division of this By-Law into sections, clauses, articles and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

2. REGISTERED OFFICE

2.1 The registered office of the Company shall be in Barbados at such address as the directors may fix from time to time by resolution.

3. SEAL

3.1 **COMMON SEAL:** The common seal of the Company shall be such as the directors may by resolution from time to time adopt.

3.2.1 **OFFICIAL SEAL:** The Company may have one or more official seals for use in any country other than Barbados or for use in any district or place not situated in Barbados. Each official seal must be a facsimile of the common seal of the Company, with the addition on its face of every country, district or place where that official seal is to be used.

3.2.2 The Company may by an instrument in writing under its common seal, authorise any person (appointed by resolution of directors for that purpose) to affix an official seal of the Company to any document to which the Company is a party in the country, district or place where that official seal is designated for use.

3.2.3 The person who affixes an official seal of the Company to any document shall by writing under his hand, certify on that document the date on which, and the place at which, the official seal is affixed.

4. DIRECTORS

4.1 **NUMBER:** There shall be a minimum of 1 and a maximum of 10 directors of the Company.

4.2 **ELECTION:** Directors shall be elected by the shareholders on a show of hands unless a poll is demanded in which case such election shall be by poll.

4.3 **TENURE:** Unless his tenure is sooner determined, a director shall hold office from the date on which he is elected or appointed until the close of the annual meeting of the shareholders next following but he shall be eligible for re-election if qualified.

4.3.1 A director shall cease to be a director:

(a) if he becomes bankrupt or compounds with his creditors or is declared insolvent;

(b) if he is found to be of unsound mind; or

(c) if by notice in writing to the Company he resigns his office and any such resignation shall be effective at the time it is sent to the Company or at the time specified in the notice, whichever is later.

4.3.2 The shareholders of the Company may, by ordinary resolution passed at a special meeting of the shareholders, remove any director from office and a vacancy created by the removal of a director may be filled at the meeting of the shareholders at which the director is removed.

5. POWERS OF DIRECTORS

5.1 **GENERAL:** Subject to a Shareholders Agreement, the business and affairs of the Company shall be managed by the directors.

5.2 **BORROWING POWERS:** The directors may from time to time:

(a) borrow money upon the credit of the Company;

(b) issue, reissue, sell or pledge debentures of the Company;

(c) subject to section 53 of the Act, give a guarantee on behalf of the Company to secure performance of an obligation of any person; and

LANDDRILL INTERNATIONAL INC.

(d) mortgage, charge, pledge or otherwise create a security interest in all or any property of the Company, owned or subsequently acquired, to secure any obligation of the Company.

5.2.1 The directors may from time to time by resolution delegate to any officer of the Company all or any of the powers conferred on the directors by by-law 5.2 hereof to the full extent thereof or such lesser extent as the directors may in any such resolution provide.

5.2.2 The powers conferred by by-law 5.2 hereof shall be in supplement of and not in substitution for any powers to borrow money for the purposes of the Company possessed by its directors or officers independently of a borrowing by-law.

5.3 **COMMITTEE OF DIRECTORS:** The directors may appoint from among their number a committee of directors, subject to the Act, the Articles the Regulations and by-law 5.4 hereof, to be vested with such powers, authorities and discretions as the Board of Directors may from time to time determine.

5.4 **DELEGATION OF POWERS:** The directors may delegate to any director, officer, or committee of directors, any of the powers of the directors except:

(a) the submission to the shareholders of any question or matter requiring the approval of the shareholders;

(b) the filling a vacancy among the directors (except a vacancy resulting from an increase in the number or minimum number of directors, or from a failure to elect the minimum number of directors required by the Articles);

(c) the filling of a vacancy among the directors or in the office of auditor;

(d) the issue of shares;

(e) the declaration of a dividend;

(f) the purchase, redemption or other acquisition of shares issued by the Company;

(g) the payment of a commission to any person in consideration for the purchase or the agreement to purchase any shares of the Company;

(h) the approval of a management proxy circular;

(i) the approval of the financial statements of the Company; and

(j) the adoption, amendment or repeal of any by-laws of the Company.

6. **MEETINGS OF DIRECTORS**

6.1 **PLACE OF MEETING:** Meetings of the directors and of any committee of the directors may be held within or outside Barbados.

6.2 **NOTICE:** A meeting of the directors may be convened at any time by any director or the Secretary, when directed or authorised by any director.

6.2.1 Except for a meeting called for the transaction of the following business:

(a) the submission to the shareholders of any question or matter requiring the approval of the shareholders;

(b) the filling of a vacancy among the directors or in the office of auditor;

(c) the issue of shares;

(d) the declaration of a dividend;

(e) the purchase, redemption or other acquisition of shares issued by the Company;

(f) the payment of a commission to any person in consideration for the purchase or the agreement to purchase any shares of the Company;

(g) the approval of a management proxy circular;

(h) the approval of the financial statements of the Company; and

(i) the adoption, amendment or repeal of any by-laws of the Company;

the notice of any such meeting need not specify the purpose of or the business to be transacted at the meeting. Notice of any such meeting shall be served in the manner specified in by-law 18.1 not less than two (2) days (exclusive of the day on which the notice is delivered or sent but inclusive of the day for which notice is given) before the meeting is to take place. A director may in any manner waive notice of a meeting of the directors and attendance of a director at a meeting of the directors shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

6.2.2 It shall not be necessary to give notice of a meeting of the directors to a newly elected or appointed director for a meeting held immediately following the election of directors by the shareholders or the appointment to fill a vacancy among the directors.

6.3 **QUORUM:** A majority of directors shall form a quorum for the transaction of business and, notwithstanding any vacancy among the directors, a quorum may exercise all the powers of the directors. No business shall be transacted at a meeting of directors unless a quorum is present.

LANDDRILL INTERNATIONAL INC.

6.4 A meeting of directors or of any committee of the directors may be held by means of telephone or other communications facility that permits all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed to be present at that meeting. A meeting of directors or of any committee of the directors held by means of telephone or other communications facility that permits all persons participating in the meeting to hear each other, shall be deemed to be held at the place where the chairman of the meeting is located.

6.5 **VOTING:** Questions arising at any meeting of the directors shall be decided by a majority of votes. In case of an equality of votes the chairman of the meeting, in addition to his original vote, shall have a second or casting vote.

6.6 **ALTERNATE DIRECTOR:** In addition to the power vested in the shareholders under section 66.1 of the Act, a director (not being an alternate director appointed under section 66.1 of the Act), may by written notice to the Company appoint any person to be his alternate to act in his place at meetings of the directors at which he is not present or by the by-laws deemed not to be present. A duly certified copy of the document whereby any such appointment is made shall be filed with the Company before any such individual acts as alternate as aforesaid. A director may at any time by written notice to the Company revoke the appointment of an alternate appointed by him.

6.6.1 Except for an alternate who is a director of the Company, every appointment of an alternate shall be confirmed by the meeting of the Board of Directors for which he is appointed. Valid confirmation at the meeting of the Board of Directors shall be given, provided that no director then present records his objection to appointment of such person as an alternate. In the event that any directors present at any meeting records his objection to the appointment of a person appointed as the alternate of a director, the Chairman of the meeting, shall adjourn the meeting for a period of not less than two (2) days. The Secretary shall immediately thereupon give notice of the objection to the director who appointed the alternate.

6.6.2 Every alternate appointed under by-law 6.6 shall be entitled to attend and vote at meetings at which the person who appointed him is not present or deemed to be present and, if he is a director, to have a separate vote on behalf of the director he is representing in addition to his own vote.

6.7 **CORPORATE REPRESENTATIVE:** A person who is a director of the Company but who is not an individual, shall by such procedure as may be appropriate for the management of the business and affairs of such person appoint an individual to act as such person's representative as a director of the Company with power to exercise all of the powers of a director of the Company. The person appointing any such individual shall remain fully liable as a director of the Company notwithstanding any such appointment. A duly certified copy of the resolution or document whereby any such appointment is made shall be filed with the Company before any such individual acts as representative as aforesaid. Any person appointing an individual under the provisions of this by-law may from time to time revoke the appointment of any such individual and appoint another in his place or stead.

6.8 **RESOLUTION IN LIEU OF MEETING:** Notwithstanding any of the foregoing provisions of this by-law a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the directors or any committee of the directors is valid as if passed at a meeting of the directors or any committee of the directors.

7. REMUNERATION OF DIRECTORS

7.1 The remuneration to be paid to any of the directors shall be such as the directors may from time to time determine and such remuneration may be in addition to the salary paid to any officer or employee of the Company who is also a director. The directors may also award special remuneration to any director undertaking any special services on the Company's behalf other than the duties ordinarily required of a director and the confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company.

8. APPROVAL OF TRANSACTIONS BY SHAREHOLDERS

8.1.1 The directors in their discretion may submit any contract, act or transaction for approval or ratification at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same.

8.1.2 Where a director votes in a resolution of directors approving, ratifying or confirming any contract, act or transaction, in which that director is a party, or a director or officer or has a material interest in any body which is a party (an "Interested Director"), other than:

(a) an arrangement by way of security for money loaned to, or obligations undertaken by the director for the benefit of the Company or an affiliate of the Company;

(b) is a contract that relates primarily to his remuneration as a director, officer, employee or agent of the Company or affiliate of the Company;

(c) a contract for indemnity or insurance under sections 97 and 101 of the Act;

(d) a contract with an affiliate of the Company;

the approval, confirmation or ratification of the directors must be approved by special resolution of the shareholders, to whom notice of the nature and extent of the director's interests in the contract must be declared and disclosed in reasonable detail, in accordance with the Act.

8.1.3 Except for a contract, act or transaction referred to in section 8.1.1 of the by-laws, any such contract, act or transaction that is approved or ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Company's articles or any other by-law) shall be as valid and as binding upon the Company and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Company.

LANDDRILL INTERNATIONAL INC.

8.2 In accordance with the Act, but subject to any additional requirements imposed by the Act or other applicable law and notwithstanding any contrary provision in the Shareholders Agreement, a special resolution of the shareholders of the Company shall be required to cause or permit the Company to do any of the following actions:

(a) to amend the Articles;

(b) to amalgamate the Company;

(c) to enter into any merger or consolidation or any other manner of reorganisation; and

(d) to sell, lease or exchange all or substantially all of the assets of the Company, (other than in the ordinary course of business of the Company).

9. LIMITATION OF LIABILITY OF DIRECTORS AND OFFICERS

9.1 No director or officer of the Company shall be liable to the Company for:-

(a) the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity;

(b) any loss, damage or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by the Company or for or on behalf of the Company;

(c) the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Company shall be placed out or invested;

(d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom any moneys, securities or effects shall be lodged or deposited;

(e) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Company; or

(f) any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto;

unless the same happens by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Company and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

LANDDRILL INTERNATIONAL INC.

9.2 Nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or Regulations or relieve him from liability for a breach thereof.

9.2.1 The directors for the time being of the Company shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name of or on behalf of the Company, except such as are submitted to and authorised or approved by the directors.

9.2.2 If any director or officer of the Company is employed by or performs services for the Company otherwise than as a director or officer or is a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Company, the fact of his being a shareholder, director or officer of the Company shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

10. INDEMNITIES TO DIRECTORS AND OFFICERS

10.1 Subject to section 97 of the Act, except in respect of an action by or on behalf of the Company to obtain a judgement in its favour, the Company shall indemnify a director or officer of the Company; a former director or officer of the Company; a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor, and the personal representatives of each; against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of such company, provided that:

(a) he acted honestly and in good faith with a view to the best interests of the Company; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

10.2 With the approval of the court, in respect of an action by or on behalf of the Company to obtain a judgement in its favour, the Company shall indemnify a director or officer of the Company; a former director or officer of the Company; a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor; and the personal representatives of each; to which such person is made a party by reason of being or having been a director of the Company or body corporate, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by him in respect of any action or proceeding, provided that:

(a) he acted honestly and in good faith with a view to the best interests of the Company; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

10.3 The Company shall indemnify a director or officer of the Company; a former director or officer of the Company; a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor; and the personal representatives of each; to which such person is made a party by reason of being or having been a director of the Company or body corporate, against all costs, charges and expenses, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of such company, provided that:

(a) he was substantially successful on the merits in his defence of the action or proceeding;

(b) he acted honestly and in good faith with a view to the best interests of the Company; and

(c) he is fairly and reasonably entitled to an indemnity.

10.4 The Company shall insure or obtain third-party insurance for the benefit of a director or officer of the Company; a former director or officer of the Company; a person who acts or acted at the Company's request as a director or officer of a body corporate of which the Company is or was a shareholder or creditor; and the personal representatives of each; against any liability incurred by him in his capacity of a director or officer of the Company for failure to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

11. OFFICERS

11.1 **APPOINTMENT:** The directors shall as often as may be required appoint a Secretary and, if deemed advisable, may as often as may be required designate any other offices and appoint officers of the Company, who shall have such authority and shall perform such duties as may from time to time be prescribed by the directors. Two or more offices may be held by the same person.

11.2 **REMUNERATION:** The remuneration of all officers appointed by the directors shall be determined from time to time by resolution of the directors. The fact that any officer or employee is a director or shareholder of the Company shall not disqualify him from receiving such remuneration as may be determined.

11.3 **POWERS AND DUTIES:** All officers shall sign such contracts, documents or instruments in writing as require their respective signatures and shall respectively have and perform all powers and duties incident to their respective offices and such other powers and duties respectively as may from time to time be assigned to them by the directors.

11.4 **DELEGATION:** In case of the absence or inability to act of any officer of the Company, or for any other reason that the directors may deem sufficient the directors may delegate all or any of the powers of such officer to any other officer or to any director.

11.5 **SECRETARY:** The Secretary shall give or cause to be given notices for all meetings of the directors, any committee of the directors and the shareholders when directed to do so and shall have charge of the minute books and seal of the Company and of the records (other than accounting records) referred to in section 170 of the Act.

11.6 **ASSISTANT SECRETARY:** If appointed, an Assistant Secretary or, if more than one, the Assistant Secretaries, shall respectively perform all the duties of the Secretary, in the absence or inability or refusal to act of the Secretary.

11.7 **VACANCIES:** If the office of any officer of the Company becomes vacant by reason of death, resignation, disqualification or otherwise, the directors by resolution shall, in the case of the Secretary, and may, in the case of any other office, appoint a person to fill such vacancy.

12. SHAREHOLDERS' MEETINGS

12.1 **ANNUAL MEETING:** Subject to the provisions of section 105 of the Act, the annual meeting of the shareholders shall be held on such day in each year and at such time as the directors may by resolution determine at any place within Barbados or, if all the shareholders entitled to vote at such meeting so agree, outside Barbados.

12.1.1 For the purposes of by-law 12.1, a shareholder entitled to vote at the annual meeting shall be deemed to agree to the convening of the annual meeting of the Company outside of Barbados, at the place specified in the notice of such annual meeting, unless such shareholder delivers prior to or at the annual meeting its dissent to such meeting, or pursuant to the Act, attends the meeting for the express purpose of objecting to the transaction of business at that annual meeting on the grounds that such meeting is not lawfully held.

12.2 **SPECIAL MEETINGS:** Special meetings of the shareholders may be convened at any date and time and at any place within Barbados or, if all the shareholders entitled to vote at such meeting so agree, outside Barbados.

12.2.1 For the purposes of by-law 12.2, a shareholder entitled to vote at any special meeting shall be deemed to agree to the convening of the special meeting of the Company outside of Barbados, at the place specified in the notice of such special meeting, unless such shareholder delivers prior to or at the annual meeting its dissent to such meeting, or pursuant to the Act, attends the meeting for the express purpose of objecting to the transaction of business at that special meeting on the grounds that such meeting is not lawfully held.

12.3 **REQUISITIONED MEETINGS:** The directors shall, on the requisition of the holders of not less than five percent of the issued shares of the Company that carry a right to vote at the meeting requisitioned, forthwith convene a meeting of shareholders, and in the case of such requisition the following provisions shall have effect:-

(a) the requisition must state the purposes of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more of the requisitionists;

(b) if the directors do not, within twenty-one (21) days from the date of the requisition being so deposited, proceed to convene a meeting, the requisitionists or any of them may themselves convene the meeting, but any meeting so convened shall not be held after three (3) months from the date of such deposit;

(c) unless section 129 (3) of the Act applies, the directors shall be deemed not to have duly convened the meeting if they do not give such notice as is required by the Act within fourteen (14) days from the deposit of the requisition;

(d) any meeting convened under this by-law by the requisitionists shall be called as nearly as possible in the manner in which meetings are to be called pursuant to the by-laws and Divisions E and F of Part 1 of the Act; and

(e) a requisition by joint holders of shares must be signed by all such holders.

12.4 **NOTICE:** A printed, written or typewritten notice stating the day, hour and place of meeting shall be given by serving such notice on each shareholder entitled to vote at such meeting, on each director and on the auditor of the Company in the manner specified in by-law 18.1 hereof, not less than twenty-one (21) days or more than fifty (50) days (in each case exclusive of the day for which the notice is delivered or sent and of the day for which notice is given) before the date of the meeting. Notice of a meeting at which special business is to be transacted shall state (a) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgement thereon, and (b) the text of any special resolution to be submitted to the meeting.

12.5 **WAIVER OF NOTICE:** A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

12.6 **OMISSION OF NOTICE:** The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any shareholder, director or the auditor of the Company shall not invalidate any resolution passed or any proceedings taken at any meeting of the shareholders.

12.7 **VOTES:** Every question submitted to any meeting of shareholders shall be decided in the first instance by a show of hands unless a person entitled to vote at the meeting has demanded a poll.

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12.7.1 At every meeting at which he is entitled to vote, every shareholder, proxy holder or individual authorised to represent a shareholder who is present in person shall have one vote on a show of hands. Upon a poll at which he is entitled to vote, every shareholder, proxy holder or individual authorised to represent a shareholder shall, subject to the articles, have one vote for every share held by the shareholder.

12.7.2 At any meeting unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

12.7.3 When the Chairman, the President and the Vice-President are absent, the persons who are present and entitled to vote shall choose another director as chairman of the meeting; but if no director is present or all the directors present decline to take the chair, the persons who are present and entitled to vote shall choose one of their number to be chairman.

12.7.4 A poll, either before or after vote by a show of hands may, be demanded by any person entitled to vote at the meeting. If at any meeting a poll is demanded on the election of a chairman or on the question of adjournment it shall be taken forthwith without adjournment. If at any meeting a poll is demanded on any other question or as to the election of directors, the vote shall be taken by poll in such manner and either at once, later in the meeting or after adjournment as the chairman of the meeting directs. The result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A demand for a poll may be withdrawn.

12.7.5 If two (2) or more persons hold shares jointly, one of those holders present at a meeting of shareholders may, in the absence of the other, vote the shares; but if two (2) or more of those persons who are present, in person or by proxy vote, they must vote as one on the shares jointly held by them.

12.8 **CORPORATE REPRESENTATIVE:** A body corporate or association which is a shareholder of the Company, may be represented at any annual or special general meeting of the Company, by an individual who in his capacity as a director or officer of that body corporate or association is authorised under its governing instruments to represent that body corporate or association or by an individual authorised by a resolution of the directors or governing body of that body corporate or association to represent it at meetings of shareholders of the Company.

12.9 **PROXIES:** Votes at meetings of shareholders may be given either personally (in the case of a body corporate or association by an individual described in by-law 12.8) or by proxy.

12.9.1 A proxy shall be executed by the shareholder or his attorney authorised in writing and is valid only at the meeting in respect of which it is given or any adjournment thereof.

12.9.2 A person appointed by proxy need not be a shareholder.

12.9.3 Subject to the provisions of Part V of the Regulations, a proxy may be in the following form:

The undersigned shareholder of ***LANDDRILL INTERNATIONAL INC.***

THE COMPANIES ACT
BY-LAW NO. 1

LANDDRILL INTERNATIONAL INC.

hereby appoints
of
or failing him
of
as the nominee of the undersigned to attend and act for the undersigned and on behalf of the undersigned at the meeting of the shareholders of the said Company to be held on [________] and at any adjournment or adjournments thereof in the same manner, to the same extent and with the same powers as if the undersigned were present at the said meeting or such adjournment or adjournments thereof

***DATED** this day of 19 .*

Signature of Shareholder

12.10 **ADJOURNMENT:** The chairman of any meeting may with the consent of the meeting adjourn the same from time to time to a fixed time and place and no notice of such adjournment need be given to the shareholders unless the meeting is adjourned by one or more adjournments for an aggregate of thirty (30) days or more in which case notice of the adjourned meeting shall be given as for an original meeting. Any business that might have been brought before or dealt with at the original meeting in accordance with the notice calling the same may be brought before or dealt with at any adjourned meeting for which no notice is required.

12.11 **QUORUM:** Subject to the Act, and except in the case of a Company having only one shareholder a quorum for the transaction of business at any meeting of the shareholders shall be two persons present in person, each being either a shareholder entitled to vote thereat, or a duly appointed proxy holder or representative of a shareholder so entitled. If a quorum is present at the opening of any meeting of the shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding a quorum is not present throughout the meeting. If a quorum is not present within thirty (30) minutes of the time fixed for a meeting of shareholders, the persons present and entitled to vote may adjourn the meeting to a fixed time and place but may not transact any other business.

12.12 **RESOLUTION IN LIEU OF MEETING:** Notwithstanding any of the foregoing provisions of this by-law a resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of the shareholders is, subject to section 128 of the Act, as valid as if it had been passed at a meeting of the shareholders.

13. SHARES

13.1 **ALLOTMENT AND ISSUANCE:** Subject to the Act, the Articles and the Shareholders Agreement, shares in the capital of the Company may be allotted and issued by resolution of the directors at such time and on such terms and conditions and to such persons or class of persons as the directors determine.

13.2 **CERTIFICATES:** Share certificates and the form of share transfer shall (subject to section 181 of the Act) be in such form as the directors may by resolution approve, and such certificates shall be signed by any two officers or directors of the Company.

13.2.1 The directors or any agent designated by the directors may in their or his discretion direct the issuance of a new share certificate or other such certificate in lieu thereof consequent upon the change of name of the registered shareholder pursuant to an amendment to the corporate instruments of the registered shareholder to effect a change of name; an amalgamation between the registered shareholder and another legal entity; a transfer of shares by operation of law; or any other change in the corporate instruments of the registered shareholder.

13.2.2 The directors or any agent designated by the directors may in their or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken, on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the directors may from time to time prescribe, whether generally or in any particular case.

14. TRANSFER OF SHARES AND DEBENTURES

14.1 **TRANSFER:** The shares or debentures of a company may be transferred by a written instrument of transfer signed by the transferor and naming the transferee.

14.2 **REGISTERS:** Registers of shares and debentures issued by the Company shall be kept at the registered office of the Company or at such other place in Barbados as may from time to time be designated by resolution of the directors.

14.3 **SURRENDER OF CERTIFICATES:** Subject to section 179 of the Act, no transfer of shares or debentures shall be registered unless or until the certificate representing the shares or debentures to be transferred has been surrendered for cancellation.

14.4 **SHAREHOLDER IN DEFAULT TO THE COMPANY:** If so provided in the Articles or the Shareholders Agreement, the Company has a lien on a share registered in the name of a shareholder or his personal representative for a debt of that shareholder to the Company, or for any default in its obligation owing to the Company under the Shareholders Agreement.

14.4.1 By way of enforcement of a lien under by-law 14.4, the directors may refuse to permit the registration of a transfer of such share, and may exercise any right to repurchase all of the shares of any defaulting shareholder. Until completion of such repurchase in accordance with the Shareholders' Agreement (and notwithstanding that any amounts due in respect of such repurchase remain due and outstanding) the Company shall have the right to exercise all rights in respect of the shares, (including without limitation the right to vote at any annual or special general meeting of the Company and to receive all dividends and distributions in respect thereof), and the defaulting shareholder shall have only the rights accorded under the Shareholders Agreement.

15. DIVIDENDS

15.1 The directors may from time to time by resolution declare and the Company may pay dividends out of realised profits of the Company, on the issued and outstanding shares in the capital of the Company subject to the Articles and provided that there are not reasonable ground for believing that:

(a) the Company is unable (or would after the payment) be unable to pay its liabilities as they become due; and

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

15.1.1 In the event that several persons are registered as the joint holders of any shares, any one of such persons may give effectual receipts for all dividends and payments on account of dividends.

16. VOTING IN OTHER COMPANIES

16.1 All shares or debentures carrying voting rights in any other body corporate that are held from time to time by the Company may be voted at any and all meetings of shareholders, debenture holders (as the case may be) of such other body corporate and in such manner and by such person or persons as the directors of the Company shall from time to time determine. The officers of the Company may for and on behalf of the Company from time to time:

(a) execute and deliver proxies; and

(b) arrange for the issuance of voting certificates or other evidence of the right to vote;

in such names as they may determine without the necessity of a resolution or other action by the directors.

17. INFORMATION AVAILABLE TO SHAREHOLDERS

17.1 Except as provided by the Act, no shareholder shall be entitled to any information respecting any details or conduct of the Company's business which in the opinion of the directors it would be in-expedient in the interests of the Company to communicate to the public.

17.2 The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Company or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Company except as conferred by statute or authorised by the directors or by a resolution of the shareholders.

18. NOTICES

18.1 **METHOD OF GIVING NOTICE:** Any notice or other document required by the Act, the Regulations, the Articles or the by-laws to be sent to any shareholder, debenture holder, director or auditor may be delivered by hand or sent by air courier, registered mail, facsimile, telecopier electronic mail or other instantaneous electronic means to any such person at his latest address as shown in the records of the Company or its transfer agent and to any such director at his latest address as shown in the records of the Company or in the latest notice filed under section 66 or 74 of the Act, and to the auditor at his business address.

18.2 **WAIVER OF NOTICE:** Notice may be waived or the time for the notice may be waived or abridged at any time with the consent in writing of the person entitled thereto.

18.3 **UNDELIVERED NOTICES:** If a notice or document is sent to a shareholder or debenture holder by prepaid mail in accordance with this by-law and the notice or document is returned on three (3) consecutive occasions because the shareholder or debenture holder cannot be found, it shall not be necessary to send any further notices or documents to the shareholder or debenture holder until he informs the Company in writing of his new address.

18.4 **SHARES AND DEBENTURES JOINTLY REGISTERED:** All notices or other documents with respect to any shares or debentures registered in more than one name shall be given to whichever of such persons is named first in the records of the Company and any notice or other document so given shall be sufficient notice or delivery to all the holders of such shares or debentures.

18.5 **PERSONS ENTITLED BY OPERATION OF LAW:** Subject to section 184 of the Act, every person who by operation of law, transfer or by any other means whatsoever becomes entitled to any share is bound by every notice or other document in respect of such share that, previous to his name and address being entered in the records of the Company is duly given to the person from whom he derives his title to such share.

18.6 **DECEASED SHAREHOLDERS:** Subject to section 184 of the Act, any notice or other document delivered or sent by air courier, registered mail, facsimile, telecopierelectronic mail or other instantaneous electronic means or left at the address of any shareholder as the same appears in the records of the Company shall, notwithstanding that such shareholder is deceased, and whether or not the Company has notice of his death, be deemed to have been duly served in respect of the shares held by him (whether held solely or with any other person) until some other person is entered in his stead in the records of the Company as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his personal representatives and on all persons, if any, interested with him in such shares.

18.7 **SIGNATURE OF NOTICES:** The signature of any director or officer of the Company to any notice or document to be given by the Company may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

18.8 **COMPUTATION OF TIME:** Where a notice extending over a number of days or other period is required under any provisions of the Articles or the by-laws the day of sending the notice shall, unless it is otherwise provided, be counted in such number of days or other period.

18.9 **PROOF OF SERVICE:** Where a notice required under by-law 18.1 hereof is delivered to the person to whom it is addressed in the manner prescribed in by-law 18.1 hereof, notice shall be deemed to be received:

(a) if delivered by hand, at the time of delivery;

(b) if delivered by registered mail, on the fifth day after such notice is mailed, provided that if such day of deemed receipt is not a business day (in the jurisdiction of the recipient), then notice shall be deemed received at the commencement of business on the business day immediately following the day of deemed receipt; and

(c) if delivered by facsimile, telecopier, electronic mail or other instantaneous electronic means, at the time of transmission so stated (if any), provided that in the absence of a statement of transmission or if such time of deemed receipt is not a business day (in the jurisdiction of the recipient), or within the hours during which business is normally conducted by the recipient then notice shall be deemed received at the commencement of business on the business day immediately following the day of transmission.

18.9.1 A certificate of an officer of the Company in office at the time of the making of the certificate or of any transfer agent of shares of any class of the Company as to facts in relation to the delivery or sending of any notice shall be conclusive evidence of those facts.

19. BANKING AUTHORISATIONS

19.1 **DEPOSIT OF FUNDS:** All funds of the Company shall be deposited in the name of the Company with such bank, bankers or trust company or other duly licensed financial institution or intermediary as may be designated from time to time by the Board of Directors.

19.2 **AUTHORISED WITHDRAWALS:** Withdrawals from the accounts of the Company, and all banking authorisations may be made by commercially recognised means, including telephone instruction, electronic funds transfer, manual signature and facsimile signature signed and/or countersigned by such persons and in the manner, as may be authorised by the Board of Directors to sign and/or countersign the same, provided that no person shall be authorised to sign and countersign the same authorisation.

19.3 **PAYMENTS:** All cheques or drafts shall be made payable to the order of the person entitled to receive the money, except that cheques for cash for office expenses may be drawn to the order of any officer, or other person as may be authorised by the Board of Directors.

20. EXECUTION OF INSTRUMENTS

20.1 In the absence of any resolution of the directors of the Company, contracts, documents or instruments in writing requiring the signature of the Company, including (subject to section 134 of the Act), all instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such shares, stocks, bonds, debentures, rights, warrants or other securities, may be signed by:

(a) the Secretary or the Assistant Secretary; or

(b) any two directors or officers of the Company.

All contracts, documents and instruments in writing so signed shall be binding upon the Company without any further authorisation or formality.

20.2 The directors shall have power from time to time by resolution to appoint any officers or persons on behalf of the Company either to sign certificates for shares in the Company and contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

20.3.1 The common seal of the Company may be affixed to contracts, documents and instruments in writing signed as aforesaid by any director, officer or other person specified in by-law 20.1 hereof, or by any director, officer or other person appointed by resolution under by-law 20.2 hereof.

20.3.2 An official seal which the Company may have, as it is authorised to do by by-law 3.2 hereof, may be affixed to any document to which the Company is part in the country, district or place where such official seal can be used by a person appointed for that purpose by the Company by an instrument in writing under the common seal and a person who affixes an official seal of the Company to a document shall do so in accordance with section 25(6) of the Act.

21. SIGNATURES

21.1 The signature of any director or officer of the Company or any other person on behalf of the Company (whether under the authority of by-law 20.1 or appointed by resolution of the directors pursuant to by-law 20.2) may, if specifically authorised by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any certificate for shares in the Company or contract, documents or instrument in writing, bond, debenture or other security of the Company executed or issued by or on behalf of the Company.

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21.2 Any document or instrument in writing on which the signature of any such officer or person is so reproduced shall be deemed to have been manually signed by such officer or person whose signature is so reproduced and shall be as valid to all intents and purposes as if such document or instrument in writing had been signed manually and notwithstanding that the officer or person whose signature is so reproduced has ceased to hold office at the date on which such document or instrument in writing is delivered or issued.

22. FINANCIAL YEAR

22.1 The directors may from time to time by resolution establish the financial year of the company.

23. CONSTRUCTION OF BY-LAWS

23.1 These by-laws shall be the complete rules and regulations for the purpose of regulating the business of the Company in accordance with the provisions of the Act, the Regulations and the Shareholders Agreement.

23.2.1 These by-laws are subject to the Act, the Articles and the Shareholders Agreement, and are to be read and construed to the fullest extent possible in a manner consistent with the Act, the Articles and the Shareholders Agreement; and to give effect to all duties, rights and obligations prescribed in the Act, the Articles and the Shareholders Agreement.

23.2.2 Notwithstanding the foregoing, in the event that any provision herein is inconsistent with, conflicts with or is at variance with the Act, the Articles or the Shareholders Agreement, this document shall be deemed to be amended (and shall be amended at the earliest opportunity by special resolution of the shareholders), to the extent necessary to ensure conformity between these by-laws and that inconsistent provision of the Act, the Articles and the Shareholders Agreement.

24. AMENDMENT OF BY-LAWS

24.1 The following by-laws (the "Restricted Clauses") of this By-Law may be amended, varied, modified repealed or replaced only by special resolution of the shareholders.

24.2 Subject to by-law 24.1, this By-Law may be restated, repealed or amended, and further by-laws may be enacted by resolution of the Board of Directors; provided that such restatement, repeal or amendment of the By-Law, or the terms of such further by-laws (the "Permitted Amendment") is submitted to the shareholders of the Company for ratification and approval by ordinary resolution at the next annual or special meeting of the Company.

24.2.1 Notwithstanding any omission or failure to give notice to the shareholders in accordance with the provisions of by-law 12.4 hereof, the shareholders entitled to vote at any annual or special meeting at which the Permitted Amendment must be considered in accordance with by-law 24.2

hereof, shall be deemed to have received notice that such meeting has been called to consider (in addition to any other matters), the Permitted Amendment and its ratification and approval (a) in sufficient detail to permit the shareholders to form a reasoned judgement thereon, and (b) with the text of an approval and ratification resolution.

24.3 Where the Permitted Amendment is confirmed or further amended by the shareholders pursuant to by-law 24.2 hereof, the Permitted Amendment (in the form in which it was confirmed or amended), shall be effective from the date of the resolution of the directors approving and enacting the Permitted Amendment. In the event that the Permitted Amendment is rejected by the shareholders, pursuant to by-law 24.2 hereof, the Permitted Amendment shall be effective from the date of the resolution of the directors approving and enacting the Permitted Amendment until the date rejected by the shareholders.

24.4.1 The shareholders may defer consideration of the Permitted Amendment to an adjourned or later annual or special general meeting of the Company, and in any such event, the Permitted Amendment in the form approved by the directors, shall continue in effect until the date of such adjourned or later annual or special general meeting of the Company to which consideration of the Permitted Amendment has been deferred, and the provisions of by-law 24.3 hereof apply to any resolution of the shareholders adopted at any such adjourned or later annual or special general meeting of the Company.

24.4.2 Except where the shareholders expressly reject a resolution calling for the approval and ratification of the Permitted Amendment, or expressly declare the non-applicability of by-law 24.4.1 hereof, any failure to adopt a resolution approving and ratifying a Permitted Amendment (with or without any modification or further amendment), shall be deemed as a resolution to defer consideration of the Permitted Amendment to an adjourned or later annual or special general meeting of the Company pursuant to by-law 24.4.1.

ENACTED this 23rd day of December, 2004.

LANDDRILL INTERNATIONAL INC.
CORPORATE SEAL

President

Denise Carette

Secretary

LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.

OFFICER'S CERTIFICATE

TO:	Sprott Resource Lending Partnership (the "**Lender**")
AND TO:	Fasken Martineau DuMoulin LLP (the "**Lender's Solicitors**")
RE:	$4,000,000 credit facility made available by the Lender in favour of Landdrill International Inc. (the "**Borrower**"), pursuant to a Term Sheet dated June 10, 2011 (the "**Term Sheet**").

In my capacity as the President of the Company, I, Ronald J. Goguen, Sr., of Moncton, New Brunswick, certify, in such capacity and without personal liability, having made due inquiry, that each of the statements set out in this Certificate is, as of the date of this Certificate, true, complete and accurate to the best of my knowledge, information and belief solely:

1. I am the duly appointed President and authorized signatory of the Company and as such I am familiar with the matters hereinafter referred to.

2. The persons below hold the offices in the Company set forth below opposite their respective names:

OFFICER NAME	OFFICE HELD	SIGNATURE
Ronald J. Goguen Sr.	President	

The signatures appearing beside the name of each person set out above constitute their true signatures and are genuine.

3. The Board of Directors of the Company consists of the persons named below and no others:

Ronald J. Goguen Sr.

4. Each of the persons named above as an officer or director was duly elected or appointed to, and was duly qualified at the time of such election or appointment for, such office or directorship, and since such election or appointment has continued to be so qualified.

5. I have reviewed the terms of the credit agreement (the "**Credit Agreement**") being entered into by the Company, as borrower, and the Lender pursuant to the term sheet dated June 10, 2011, providing for a loan in the principal amount of up to $4,000,000 from the Lender to the Company. Capitalized expressions used and not otherwise

defined in this Certificate shall have the meanings ascribed thereto in the Credit Agreement.

6. Attached hereto as Schedule A is a true copy of a resolution duly passed or consented to in writing by the Board of Directors of the Company authorizing certain security (the "**Security**") of the Company and as at the date hereof such resolution has not been varied or amended and is in full force and effect.

7. The Company is not registered to carry on business and does not carry on business in any jurisdiction other than Sinaloa, Mexico.

8. The chief executive office of the Company is located at Av. Principal No. 103, Bodega 6, Colonia Esperanza, C.P. 82180, Mazatlan, Sinaloa, Mexico.

9. The Company does not have rights in any real or personal property (other than accounts receivable) located in any jurisdiction other than Mexico.

10. Neither the execution and delivery of the Security, and any other mortgage, charge or security agreement in favour of the Lender, nor the performance of the obligations of the Company thereunder was or will constitute a default under any agreement to which the Company is party or by which either is bound.

11. The Company is not a party to, nor is it bound by or subject to, any agreement or contract which:

    (a) could in any way adversely affect the attachment or the validity of the mortgage and charge on, and security interest in, the property of the Company created by the Security and any other mortgage, charge or security agreement in favour of the Lender executed by the Company this day; or

    (b) constitutes or may constitute a charge, encumbrance or lien upon, or security interest in, any property of the Company except those which are disclosed in the Credit Agreement.

12. The Company is not in default of payment of any wages or salaries to its employees, or any assessment payable under any employment standards legislation, nor has it been served with or received any claim or demand under any employment standards or workers' compensation legislation.

13. The Company has paid and discharged or will in the ordinary course of business pay and discharge all claims and demands of all employees, contractors, subcontractors, materialmen, mechanics, carriers, warehousemen, landlords, and other like persons, and all governmental taxes, assessments, withholdings, remittances, charges, levies and claims levied or imposed, which, if unpaid, become or might become a lien or charge upon any or all of the properties, assets, earnings or operations of the Company.

14. No event of default has occurred under any document securing or evidencing any indebtedness or liability of the Company, nor has any event occurred which may become

an event of default thereunder with the lapse of time or with the notice and lapse of time specified therein.

15. No litigation or appeal is pending or threatened against the Company. No judgment, order, writ, injunction, demand, decree or award of any court, arbitrator or governmental agency is presently outstanding against the Company. No proceedings have been commenced or are threatened to condemn, expropriate, purchase or otherwise acquire the business or any properties or assets of the Company.

16. As at the date hereof the Company is not insolvent and has the ability to pay its debts as they become due in the usual course of its business.

17. A true copy of the Notice of Articles and Articles of the Company is attached hereto as Schedule B. The Notice of Articles and Articles have not been altered or amended and the powers conferred thereby upon the Board of Directors to cause the Company to borrow money and to grant security for the payment of monies or the performance of obligations owed by the Company to the Lender are not limited by a resolution of the members or directors of the Company or otherwise.

Sprott Resource Lending Partnership and Fasken Martineau DuMoulin LLP are entitled to rely upon the accuracy of the information herein contained.

Certified true and correct this 29th day of July, 2011.

Name: Ronald J. Goguen, Sr.
Title: President

SCHEDULE A

RESOLUTIONS OF THE BOARD OF DIRECTORS OF

LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.

(THE "COMPANY")

WHEREAS:

A. Landdrill International Inc. (the "**Borrower**") wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower and the Lender.

B. To secure repayment of the Loan and the Borrower's obligations under the Credit Agreement, the Lender requires the Company to sign the following documents in favour of the Lender:

(i) a General Security Agreement under which the Company shall grant a security interest in favour of the Lender over all of the Company's present and after-acquired personal property;

(iii) a Guarantee in favour of the Lender; and

(iv) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Company by the Lender pursuant to the Credit Agreement from time to time;

copies of which, along with the Term Sheet, have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

BE IT RESOLVED THAT:

1. in the unanimous opinion of the directors, the Company entering into the Security would be most likely to promote the success of the Company for the benefit of its members as a whole;

2. it is in the Company's best interests to give financial assistance to or for the benefit of the Borrower in connection with the Loan, as provided in these resolutions;

3. the Company give the financial assistance, enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

4. the Company be and is hereby authorized to grant, execute and deliver the Security to the Lender;

5. any officer or director of the Company is hereby authorized to execute and deliver the Security and all other documents, instruments and security necessary to give effect thereto and to the Term Sheet and the Credit Agreement in the name of and on behalf of the Company, under the Company's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto; and

6. any officer or director of the Company is hereby authorized in the name and on behalf of the Company to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

The undersigned consents to an passes the foregoing as a resolution of the sole director of LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. as of July 29, 2011.

RONALD J. GOGUEN SR.

SCHEDULE B

NOTICE OF ARTICLES AND ARTICLES

(attached)

18.

Lic. Carlos Orduño Fragoza
Corredor Público No. 3
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- - - - PÓLIZA TRES MIL SETESCIENTOS CINCUENTA Y NUEVE - - - -

- - - - LIBRO DOS DE SOCIEDADES MERCANTILES - - - - - - - - - -

- - En la Ciudad de Hermosillo, Sonora, México, a los veintiuno días del mes de marzo del año dos mil Seis, el suscrito, LICENCIADO CARLOS ORDUÑO FRAGOZA, CORREDOR PUBLICO NUMERO TRES, PLAZA SONORA; con residencia en esta misma Ciudad, con fundamento en la Fracción VI (sexta) del Artículo 6 (seis) de la LEY FEDERAL DE CORREDURÍA PUBLICA, 53 (cincuenta y tres) Fracción V (quinta) y 54 (cincuenta y cuatro) del Reglamento de la propia Ley, hago constar el siguiente Acto Jurídico Mercantil:- - - - - - - - - -

- - CONSTITUCIÓN DE UNA SOCIEDAD MERCANTIL, ANÓNIMA, DE CAPITAL VARIABLE.- -

- - Ante Mi, Corredor Publico Numero Tres, Plaza Sonora, comparecieron los señores **RONALD JOSEPH GOGUEN** por su propio derecho y el señor **RONALD JOSEPH GOGUEN** como representante de la sociedad mercantil Extranjera denominada **LANDDRILL INTERNATIONAL INC.**, los datos de los comparecientes se describen y asientan mas adelante en esta misma Póliza y me dijeron que concurren a constituir y Constituyen una Sociedad Mercantil del tipo Sociedad Anónima, con régimen de Capital Variable, los comparecientes manifiestan que los Estatutos de la Sociedad que se constituye son los que se contienen en las siguientes:- - - - - - - - - - - - - -

- - - - - - - - - - - - **C L A U S U L A S** - - - - - - - - - - - - -

- - - - - - - - - - - - - **CAPITULO I** - - - - - - - - - - - - -

- DENOMINACIÓN, OBJETO, DOMICILIO, DURACIÓN Y NACIONALIDAD.- -

- - **PRIMERA:** LOS COMPARECIENTES CONSTITUYEN UNA SOCIEDAD ANÓNIMA MERCANTIL que se denominará **LANDDRILL INTERNATIONAL MEXICO**, seguida de las palabras SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE O DE LAS SIGLAS S.A. DE C.V., de conformidad con Ley General de Sociedades Mercantiles.- - - - - - - - - - - - - - - -

- - **SEGUNDA**.- La Sociedad tendrá por objeto o finalidad social preponderante lo siguiente:- - - - - - - - - - - - - - - - - -

I.- Perforación en cualquiera de sus modalidades, ya sea Industrial, Comercial, especialmente la Minera, para obra civil, y en lo general para cualquier tipo de actividad, utilizando todo tipo de Equipo, tecnología y materiales posibles y permitidos por la Ley, en general, la realización de todo tipo de actividades relacionadas con la Industria de la perforación, tales como diseño de perforaciones, Estudios previos a la perforación, estudios de mantenimiento de Perforaciones,

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inspección de perforaciones, mantenimiento y conservación de Perforaciones debiendo entenderse lo escrito como una enunciación de lo que la Sociedad puede hacer en esta materia, ya sea por cuenta propia o asociada con terceros o a través de Empresas que esta misma Establezca por lo que su actividad deberá entenderse por en lo mas amplio posible y este objeto social debe interpretarse sin restricción alguna, con excepción de perforación de Hidrocarburos. -
2.- Adquirir, Enajenar, Importar, Exportar y Comercializar toda clase de Equipo, maquinaria, refacciones, implementos, enseres, aditamentos, y toda clase bienes, necesarios para su actividad o actividades conexas a esta y también para Comercializarlos a terceros; Importar, Comercializar (temporalmente y/o permanentemente), para su propio uso, Equipo para la perforación de suelos y Minerales; refacciones para el Equipo de perforación, materia prima y productos de consumo requeridos para llevar a cabo los contratos y trabajos de Perforación. Importar (temporalmente y/o permanentemente) Equipo de soporte, incluyendo bulldozers, excavadoras, vehículos para el transporte de Equipo pesado y vehículos para el personal tales como camionetas pick up y carros para el personal, así como soporte para el cumplimiento de los objetivos de los servicios de perforación contratados, de lo anterior se deberá tener como una enunciación ilustrativa pero nunca restrictiva de lo que la empresa podrá realizar.- - - - - -
3.- Operar sistemas de almacenamiento, empaque, transporte tramite aduanal, para la distribución de la mercancía, Equipos y demás bienes tangibles, que Comercialice o requiera esta Sociedad para el cumplimiento de este fin social, o los que Comercialice con Terceros, solicitando en caso de requerirlo los permisos o concesiones correspondientes cuando el caso lo amerite.- - - - -
4.- Construir, adquirir, enajenar, arrendar ya sea como arrendador o ya sea como arrendatario o utilizar por cualquier título jurídico y en cualesquier modalidad contractual, los Bienes Muebles O inmuebles como terrenos, Instalaciones y Edificios necesarios para las actividades que emprenda, debiendo tener en cuenta lo que la Ley establece en cuanto a adquisiciones en zona restringida. -
5.- Celebrar todo tipo de actos, contratos de comisión, representación, fungiendo como corredor privado, intermediario comisionista o concesionario, respecto de bienes, productos,

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materiales y Equipos vinculados o que tengan relación con su objeto principal. -

6.- Efectuar todo tipo de operaciones permitidas por la Ley con toda clase de títulos de crédito, ya sea por cuenta propia o de terceros. -

7.- Adquirir, enajenar, suscribir, pagar, disponer por cualquier título legal y celebrar toda clase de convenios o contratos en relación con acciones, obligaciones o participaciones en otras Sociedades, asociaciones o Empresas, ya sean, Mercantiles o Civiles, ya sea por cuenta propia o de terceros.- - - - - - - - -

8.- Contratar líneas de crédito o financiamiento u obtener préstamos con instituciones o personas físicas nacionales o extranjeras, otorgar préstamos con o sin garantía y otorgar garantías para asegurar el cumplimiento de obligaciones propias o de terceros, siempre y cuando en éste último caso las mismas se relacionen con la consecución de los fines sociales.- - - - - - -

9.- Obtener y explotar nombres o avisos Comerciales, patentes, marcas, franquicias y representaciones de Empresas nacionales o extranjeras.- -

10.- Llevar a cabo los trámites, gestiones, procedimientos o cualesquier actos necesarios o convenientes, para obtener de las autoridades nacionales o extranjeras, o ante cualquier organismo público o privado, los permisos, autorizaciones, cuotas, derechos, licencias, o cualesquier elemento que le permita la operación y el cumplimiento de esta Sociedad y de su objeto social.- - - - - - - -

11.- Actuar ante cualquier Tribunal civil, penal, administrativo, laboral o ante otras autoridades jurisdiccionales de competencia municipal, estatal o federal o en cualquier panel arbitral y en lo general estar legitimado ante cualquier autoridad o particular

12.- Celebrar contratos de asistencia técnica, asesoría administrativa, supervisión, de consultoría e ingeniería con empresas mexicanas o extranjeras cuando dichos contratos tengan relación con su objeto social, o alguna actividad conexa a esta empresa, así como Proporcionar el servicio manejo de proyectos y su ejecución, así como dar el soporte en la logística al sector de exploración de Minerales dentro de la industria Minera en México. -

13.- Gestionar Créditos, dar o tomar dinero en Préstamo, con o sin garantía, emitir bonos, cédulas hipotecarias, obligaciones y demás títulos de Crédito con la intervención de Personas o Instituciones

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Nacionales o Extranjeras, en caso de que se requiera, conforme a la Ley y celebrar todas las operaciones financieras y cambiarias permitidas pro la ley para este tipo de sociedad y en las que no se requieran autorizaciones expresas.- - - - - - - - - - - - - - - -
13.- En beneficio de la propia empresa, o para obtener empréstitos para sus actividades, podrá, suscribir, firmar, girar, librar, avalar, aceptar, otorgar o extender, pagar, endosar, ya sea en propiedad, en garantía, o en procuración, ceder por vía ordinaria, protestar para su aceptación o pago, letras de cambio, pagarés, cheques, acciones, certificados de participación, bonos de descuento, certificados de embarque y cualesquier otro título de crédito u obligaciones de las señaladas en la Legislación mercantil, garantizado su pago con todas o parte de las propiedades de la Sociedad, así como afianzar a nombre propio o de tercero.- -
14.- Obtener Capital en préstamo, por cuenta propia o de terceros sin mas limitación que la establecida en la Ley, sea a través de créditos simples, aperturas de crédito en crédito simple o cuenta corriente, mutuo, documentado, reporto, habilitación o avío y refaccionario, quirografarios y en cualesquier tipo o modalidad de las permitidas por la Ley General de Títulos y Operaciones de Crédito, la Legislación Bancaria y de Organizaciones Auxiliares del Crédito, las supletorias o concurrentes; con o sin Garantía Prendaria o Hipotecaria o de cualquier tipo de garantía, ya sea real o de crédito, contable o documental, mismas que podrán celebrar con Instituciones de crédito y Organizaciones Auxiliares de Crédito autorizadas conforme a la Ley, ya sea nacionales o extranjeras y con los comerciantes en los casos que las mismas disposiciones señaladas así lo permitan.- -
15.- En general, la celebración de todos los actos, acuerdos, transacciones, contratos y convenios ya sea de forma directa o por interpósita persona, que sean necesarios, convenientes, afines o conexos con el Objeto Social, sin más limitaciones que las que señalen las Leyes que en su caso los regulen, esto es podrá efectuar actos de comercio en general.- - - - - - - - - - - - - -
- - - **TERCERA.**- DOMICILIO SOCIAL: El domicilio de la Sociedad será en la Ciudad de **HERMOSILLO, SONORA**, pero por acuerdo de la Asamblea General de Accionistas, del Administrador Único o del Consejo de Administración, podrá establecer sucursales, agencias,

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oficinas y representaciones, corresponsales u oficinas receptoras de trámites en cualquier otro lugar del Estado, de la República o del Extranjero.- -

- - - **CUARTA.-** La duración de la Sociedad será de 99 (noventa y nueve) años contados a partir de la fecha de esta Póliza.- - - - -

- - - - - - - - - - - - - - - **CAPITULO II** - - - - - - - - - - - - - -

- - - **QUINTA.-** La Sociedad será de nacionalidad mexicana; con **CLAUSULA DE ADMISION DE EXTRANJEROS:** Por este acto, los socios fundadores convienen ante el Gobierno de los Estados Unidos Mexicanos en que: Los socios extranjeros actuales o futuros de la Sociedad se obligan formalmente con la Secretaría de Relaciones Exteriores a considerarse como nacionales respecto a las acciones de la Sociedad que adquirieran o de que sean titulares, así como de los bienes, derechos, concesiones, participaciones o intereses de que sea titular la Sociedad, o bien de los derechos y obligaciones que se deriven de los contratos en que sea parte la propia Sociedad con autoridades mexicanas, y a no invocar, por lo mismo, la protección de los gobiernos, bajo la pena en caso contrario, de perder en beneficio de la Nación las participaciones sociales que hubieren adquirido.- - - - - - - - -

- - - - - - - - - **CAPITAL SOCIAL Y ACCIONES** - - - - - - - - - - -

- - - **SEXTA.-** El capital social será variable y se constituye con una aparte fija y una parte variable , en los términos que sigue:- -

El Capital social fijo mínimo sin derecho a retiro, estará representado por 100 (Cien) acciones nominativas de la SERIE "A" con valor nominal de $500.00 (quinientos pesos 00/100 MONEDA NACIONAL) cada una, íntegramente suscritas y totalmente pagadas por los comparecientes, en la siguiente forma y proporciones:- -

ACCIONISTAS: - - - - - - - - - - - - **ACCIONES "A"** - - - **APORTACIÓN DE**
- **CAPITAL** -
Ronald Joseph Goguen - - - - - - - - - - - 01 - - - - - -$ 500.00-
Landdrill International Inc. -
Representada por Ronald Joseph Goguen - 99 - - - - -$ 49,500.00-
TOTA-L - - - - - - - - - - - - - - - - - - - 100 - - - - -$ 50,000.00-

- - - **SON CIEN ACCIONES.- - -SON CINCUENTA MIL PESOS-** - - - - - - -

- - - **SÉPTIMA.-** Los aumentos al Capital social, se harán mediante la suscripción de acciones de tesorería y podrán ser adquiridas por los actuales Socios en proporción al monto de sus aportaciones. La Asamblea General, determinarán los aumentos de

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capital, la fecha, en que se llevarán a cabo los aumentos de Capital Social, la forma y plazos en que los accionistas deberán cubrir a la Sociedad el importe de las Acciones que suscriban y cumplirán lo que al respecto establece el artículo 219 (doscientos diecinueve de la Ley General de Sociedades Mercantiles); las asambleas donde se acuerden los aumentos de capital deberán estar presentes por lo menos el 51% (cincuenta y un por ciento) del capital social.- -

- - - **OCTAVA**.- Las reducciones de Capital social podrán operarse por acuerdo tomado en los mismos términos de la cláusula anterior.

- - - **NOVENA**.- No podrá acordarse reducción alguna del capital social a menos de $50,000.00 (cincuenta mil pesos, moneda nacional).- -

- - - **DÉCIMA**.- Todas las acciones confieren a sus tenedores iguales derechos y les imponen las mismas obligaciones. El tenedor de cualquier acción por el simple hecho de poseerla, se obliga, de conformidad con las disposiciones de esta póliza, con las resoluciones adoptadas por la Asamblea General de Accionistas, por el Consejo de Administración, el Administrador Único en su caso o los Funcionarios y representantes de la Sociedad dentro de sus respectivas atribuciones.- -

- - - **DÉCIMA PRIMERA**.- Los Títulos de las Acciones contendrán las disposiciones a que se refiere el artículo 125 (ciento veinticinco) de la Ley de Sociedades Mercantiles y llevarán, además, impresa o grabada la renuncia que previene el artículo octavo de la Ley orgánica de la Fracción I (primera) del Artículo 27 (veintisiete) Constitucional y la Cláusula Quinta de estos Estatutos; estarán numerados progresivamente y llevarán adheridos cupones para el cobro de los dividendos, serán firmados por el Presidente y el Tesorero del Consejo de Administración o por el Administrador Único en su caso y ampararán el número de Acciones que correspondan a cada caso.- - - - - - - - - - - - - - - - - - -

- - - **DÉCIMA SEGUNDA**.- La Sociedad tendrá un Libro especial de Registro de acciones que contendrá:- - - - - - - - - - - - - - - -

- - - I.- El nombre, la nacionalidad, y el domicilio del accionista y la indicación de las acciones que le pertenezcan expresándose los números, series, clases y demás particularidades:

- - - II.- La indicación de las exhibiciones que efectúen:- - - -

- - - III.- Las trasmisiones que se realicen en los términos que prescribe esta póliza.- -

- - - El registro de acciones estará directamente al cuidado del Presidente del Consejo de Administración o del Administrador Único en su caso, quien responderá personalmente de su existencia regular y de la exactitud de sus datos.- - - - - - - - - - - -

- - - **DÉCIMA TERCERA.**- La Sociedad considerará como dueño de las acciones, únicamente a quien aparezca inscrito como tal en el Libro de Registro a que se refiere la cláusula anterior, para este efecto la Sociedad deberá inscribir en dicho registro a petición de cualquier tenedor legítimo, las transmisiones que se efectúen con los requisitos que prescribe esta póliza. La transmisión o traspaso de Acciones no surtirá efecto alguno sino después de su inscripción en el Libro de Registro.- - - - - - - - - - - - - -

- - - **DÉCIMA CUARTA.**- Las Acciones de la Sociedad son de circulación restringida, por ello su transmisión requerirá de la autorización del Consejo de Administración o el Administrador Único en su caso si estos negaren su autorización, designarán estos órganos de Administración a un comprador de las Acciones a un precio corriente en el mercado, como lo previene el artículo ciento treinta de la Ley General de Sociedades Mercantiles.- - -

- - - **DÉCIMA QUINTA.**- El derecho a retiro parcial o total de las aportaciones de capital podrá ser ejercitado por los socios de acuerdo con las prescripciones de Ley.- - - - - - - - - - - - - -

- - - - - - - - - - - - - - **CAPITULO III** - - - - - - - - - - - - - - -

- - - - **DE LA ADMINISTRACIÓN Y VIGILANCIA DE LA SOCIEDAD**- - - - -

- - - **DÉCIMA SEXTA.**- La Dirección y administración de los negocios de la Sociedad podrán ser confiados a un ADMINISTRADOR ÚNICO o a un CONSEJO DE ADMINISTRACIÓN cuyo número de miembros se determinará por la asamblea de accionistas; los miembros del Consejo de Administración o el Administrador Único en su caso, durarán en su cargo dos año, y podrán ser reelectos, pero continuará en el desempeño de sus funciones aún cuando hubiera concluido el plazo para el que hayan sido designados, mientras no se haga nueva designación y los nombrados no tomen posesión de sus cargos.- -

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- - - **DÉCIMA SÉPTIMA.**- Los miembros del Consejo de Administración o el Administrador Único, deberán caucionar su manejo depositando en la Sociedad dos acciones o constituyendo depósito en efectivo y otorgando fianza por el valor de éstas. Dicha garantía les será devuelta al concluir su encargo, previa aprobación por la Asamblea de las cuentas respectivas y mientras esté constituida la caución, no podrá ser enajenada, ni reconocida en esta forma, lo que se hará constar en el recibo del depósito que extienda la Sociedad, la asamblea podrá liberarlos de esta obligación.- - - - - - - - -

- - - **DÉCIMA OCTAVA**.- La Sociedad Mercantil, tendrá Representación Legal Directa, para realizar todas las operaciones, actos y hechos jurídicos inherentes a su objeto social; por Representación Legal Directa, debe entenderse aquella que recae en su Administrador o Administradores que integren consejo de Administración, o gerentes que es en si la Representación Orgánica que corresponde a la Sociedad, la cual solo está limitada por la Ley y el contrato social, la Sociedad podrá tener Representación Legal Indirecta, cuando sus órganos de Representación Legal Directa, esto es, su Administrador o Administradores, deleguen a terceras personas ajenas a la administración de la Sociedad facultades específicas o generales, a través de contratos de mandato o comisión mercantil o la asignación de poderes conforme a la Ley común.- - - - - - - -

- - - **DÉCIMA NOVENA**.- La sociedad, estará legalmente representada por sus órganos de gobierno, que son el consejo de administración o el administrador único en su caso, quienes en su carácter de órganos representativos de la sociedad mercantil que en este acto se constituye, tendrán facultades directas de representación legal de la sociedad mercantil en los términos del primer párrafo del artículo 10 (diez) de la Ley General de Sociedades Mercantiles, así como de lo que al respecto establecen los artículos 26 (veintiséis), 27 (veintisiete) y 28 (veintiocho) del Código Civil Federal en materia común y para toda la república en materia federal, de aplicación supletoria en materia mercantil, sin necesidad de más autorizaciones especiales que las que imponga el presente estatuto o posterior acuerdo general de la asamblea de accionistas y sin que se tengan restringidas las facultades que tengan por otorgar o contratar mandatos y poderes a terceras personas, conforme a lo dispuesto por los artículos 149 (ciento cuarenta y nueve) al 150 (ciento cincuenta) de la Ley General de Sociedades Mercantiles; también para administrar y regir los negocios de sociedad en los términos y con toda amplitud similar de lo establecido en los tres primeros párrafos del artículo 2554 (dos mil quinientos cincuenta y cuatro) del Código Civil Federal, iguales en su redacción y contenido a los tres primeros párrafos del artículo número 2831 (dos mil ochocientos treinta y uno) del Código Civil para el Estado de Sonora y podrán realizar todas las

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operaciones inherentes al objeto social de esta sociedad y del presente contrato social que la constituye.- - - -

- - - Las resoluciones tomadas fuera de sesión de consejo, si así se administrara la sociedad, por unanimidad de sus miembros, tendrán para todos efectos legales, la misma validez que si se hubieran adoptado en sesión de consejo, siempre que se confirme por escrito.- -

- - - Complementariamente, de manera enunciativa y no limitativa, la representación directa de la sociedad, esto es, su consejo de administración o el administrador único, en su caso, tendrán entre sus facultades las que enseguida se señalan:- - - - - - - - - - -

- - - **A).-** Representar directamente a la sociedad con facultades de **REPRESENTACIÓN LEGAL PARA PLEITOS Y COBRANZAS**, otorgándose éstas, con todas las facultades generales y las especiales que requieran cláusula especial de acuerdo con la ley, por lo que se confieren sin limitación alguna con las mismas facultades que para los apoderados están establecidas en los artículo 2554 (dos mil quinientos cincuenta y cuatro) del Código Civil Federal y su correlativo 2,831 (dos mil ochocientos treinta y uno) del Código Civil para el Estado de Sonora; por lo tanto, el consejo de administración, como el administrador único, por consiguiente, tendrán facultades para promover en toda clase de juicios, aún de los de amparo; para sustituir las facultades de representación que la asamblea le confiere, así como para reservarse su ejercicio, presentar denuncias y querellas ante el ministerio público, ya sean del fuero común o federal, para transigir, para someterse a arbitraje, para articular y absolver posiciones, para recusar, para recibir pagos, otorgar recibos y ejecutar todos los actos expresamente determinados por la ley, entre los que se incluyen la representación legal de la sociedad ante las autoridades penales, mercantiles, civiles, administrativas, del trabajo, legislativas y, en general, ante cualquier autoridad que dependa directa o indirectamente de los Gobiernos Federal, Estatal y Municipal, así como a los que representen a las entidades desconcentradas y descentralizadas de estos tres niveles de gobierno; para que por conducto de las autoridades competentes exija la reparación del daño proveniente de delitos; para que otorgue el perdón cuando proceda o crea conveniente, así como para que suscriba todos los documentos públicos o privados que el ejercicio de esta representación directa requiera, inclusive el de someterse a

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árbitros. asimismo, gozará de la representación legal, con **PODER GENERAL AMPLISIMO PARA REPRESENTACIÓN LABORAL,** de esta sociedad para representara a la misma en juicios o procedimientos laborales en los términos y para los efectos a los que se refieren los artículos 11 (once), 46 (cuarenta y seis), 47 (cuarenta y siete), 134 (ciento treinta y cuatro), fracción III (tercera), 523 (quinientos veintitrés), 692 (seiscientos noventa y dos), fracciones II (segunda) y III (tercera), 694 (seiscientos noventa y cuatro), 695 (seiscientos noventa y cinco), 786 (setecientos ochenta y seis), 787 (setecientos ochenta y siete), 873 (ochocientos setenta y tres), 874 (ochocientos setenta y cuatro), 876 (ochocientos setenta y seis), 878 (ochocientos setenta y ocho), 880 (ochocientos ochenta), 883 (ochocientos ochenta y tres), 884 (ochocientos ochenta y cuatro), 889 (ochocientos ochenta y nueve), en relación a lo aplicable en las normas de los capítulos XII (décimo segundo) y XVII (décimo séptimo) del título catorce, todos de la Ley Federal del Trabajo en vigor, con las atribuciones, obligaciones y derechos a los que en materia de personalidad se refieren dichos dispositivos legales. Igualmente, se confiere a favor del administrador único o al consejo de administración, en su caso la representación patronal de la sociedad poderdante en los términos del artículo 11 (once) de la Ley Federal del Trabajo citada. El poder que se otorga, la representación legal que se delega y la representación patronal que se confiere mediante el presente instrumento, la ejercitará el apoderado con las siguientes facultades que se enumeran en forma enunciativa y no limitativa; los apoderados como representantes legales, patronales y apoderados jurídicos generales, podrán actuar ante o frente al o los sindicatos con los cuales existen celebrados contratos colectivos de trabajo, y para todos los efectos de conflictos colectivos; podrá actuar ante o frente a los trabajadores personalmente considerados y para todos los efectos de conflictos individuales; en general, para todos los asuntos obrero-patronales y para ejercitarse ante cualesquiera de las autoridades del trabajo y servicios sociales a las que se refiere el artículo 523 (quinientos veintitrés) de la Ley Federal del Trabajo; podrán asimismo comparecer ante las juntas de conciliación y arbitraje, ya sean locales o federales. en consecuencia, podrán comparecer a juicio laboral con todas las atribuciones y facultades que se mencionan en el presente mandato

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en lo aplicable, y demás llevarán la representación patronal para efectos de los artículos 11 (once), 46 (cuarenta y seis) y 47 (cuarenta y siete), y también la representación legal de la sociedad mandante para los efectos de acreditar personalidad y la capacidad en juicio o fuera de ellos, en los términos del artículo 692 (seiscientos noventa y dos), fracciones II (segunda) y III (tercera); podrán comparecer al desahogo de la prueba confesional, en los términos de los artículos 787 (setecientos ochenta y siete) y 788 (setecientos ochenta y ocho) de la Ley Federal del Trabajo, con facultades para articular y absolver posiciones y desahogar la prueba confesional en todas sus partes; podrán señalar domicilios convencionales para recibir notificaciones, en los términos del artículo 876 (ochocientos setenta y seis), podrán comparecer con toda la representación legal bastante y suficiente para acudir a la audiencia a la que se refiere el artículo 873 (ochocientos setenta y tres), en sus tres fases de conciliación, de demanda y excepciones y de ofrecimiento y admisión de pruebas, en los términos de los artículos 875 (ochocientos setenta y cinco), 876 (ochocientos setenta y seis), fracciones I (primera) y IV (cuarta), 877 (ochocientos setenta y siete), 878 (ochocientos setenta y ocho), 879 (ochocientos setenta y nueve) y 880 (ochocientos ochenta); también podrán acudir a la audiencia de desahogo de pruebas en los términos de los artículos 873 (ochocientos setenta y tres) y 874 (ochocientos setenta y cuatro), todos los artículos de la Ley Federal del Trabajo en vigor; asimismo, se les confieren facultades para ofrecer y aceptar fórmulas de conciliación, celebrar transacciones, tomar toda clase de decisiones, negociar y suscribir convenios laborales, judiciales o extrajudiciales; al mismo tiempo podrán actuar como representante de la sociedad mandante en calidad de administrador, respecto y para toda clase de juicios o procedimientos de trabajo, individuales o colectivos, que se tramiten ante cualesquiera autoridades, podrán celebrar contratos de trabajo y rescindirlos, ofrecer reinstalaciones, contestar todo tipo de demandas, reclamaciones o emplazamientos, ratificando la sociedad todo lo que los apoderados hagan en tales audiencias.- - - - - - - - - - - - - - - -

- - - B).- Para **ACTOS DE ADMINISTRACIÓN** de los bienes y negocios sociales con las facultades mas amplias, por lo que se confieren sin limitación alguna, con las mismas facultades que para los

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apoderados están establecidas en los artículos 2554 (dos mil quinientos cincuenta y cuatro) del Código Civil Federal y su correlativo 2831 (dos mil ochocientos treinta y uno) de el Código Civil para el Estado de Sonora, en la parte conducente al segundo párrafo de ese artículo.- -

- - - C).- Para **ACTOS DE DOMINIO** respecto a los bienes y derechos de la sociedad, con las facultades más amplias, por lo que se confieren sin limitación alguna, con las mismas facultades que para los apoderados están establecidas en el párrafo tercero del artículo 2,554 (dos mil quinientos cincuenta y cuatro) del Código Civil Federal y su correlativo artículo 2831 (dos mil ochocientos treinta y uno) del Código Civil para el Estado de Sonora, en la parte conducente a su tercer párrafo.- - - - - - - - - - - - - - - -

D.- Igualmente estarán facultados además para:- - - - - - -

- - - 1).- Conceder, conferir u otorgar la representación legal indirecta de la sociedad a apoderados y mandatarios, a través del otorgamiento de poderes generales y la celebración de contratos de mandato, determinando las facultades de cada uno de ellos bajo su responsabilidad y revocar dichos nombramientos cuando se requiera, ajustando éstos a lo dispuesto en el artículo 10 (diez) de la Ley General de Sociedades Mercantiles, en relación con los artículos 149 (ciento cuarenta y nueve) y 150 (ciento cincuenta) de la Ley General de Sociedades Mercantiles, sin que por ello se restrinjan o limiten las facultades propias que poseen el administrador único o el consejo de administración en su caso.- - - - - - - - - - - - -

- - - 2).- Ejecutar los acuerdos de la asamblea y, en general, llevar a cabo los actos y operaciones que sean necesarios o convenientes para el objeto de la sociedad, excepción hecha de los expresamente reservados por la ley y los reservados exclusivamente para la asamblea y asentados en esta póliza.- - - - - - - - - - -

- - - 3).- Nombrar y remover libremente a los agentes, factores. -

- - - 4).- Nombrar y remover libremente a los directores generales, gerentes generales, o gerentes locales o específicos, así como a los agentes de la sociedad y demás empleados y determinar sus atribuciones y facultades, condiciones de trabajo y remuneraciones.- -

- - - 5).- Enajenar, conceder y recibir en arrendamiento, usufructo, uso, o cualesquier modalidad que signifique la transmisión de los derechos de posesión o propiedad, o de cualesquier derecho real, de toda clase de bienes muebles e

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inmuebles además hacer y revocar donaciones.- - - - - - - - - - - -
- - - 6).- **PODER CAMBIARIO**, para ejercerse en toda la extensión de la república mexicana y en el extranjero, pero tan amplio como en derecho sea necesario, para emitir, aceptar, girar, librar, endosar, certificar, descontar, efectuar y realizar en cualquier forma de suscripción, títulos y operaciones de crédito, títulos valor con o sin garantía e instrumentos de pago, así como todo tipo de convenios, contratos, negocios, actos jurídicos y operaciones que estén relacionadas directa o indirectamente con los mismo, en los términos más amplios que establecen los artículos 9°. (noveno), fracción I (primera), párrafo final, 85 (ochenta y cinco), 174 (ciento setenta y cuatro) y 196 (ciento noventa y seis) de la Ley General de Títulos y Operaciones de Crédito; afianzar, coafianzar, y en general garantizar en nombre de la sociedad poderdante en forma individual, solidaria, subsidiaria o mancomunada, según corresponda a los intereses de la sociedad poderdante, con o sin contraprestación, incluso con prenda, hipoteca, fideicomiso o bajo cualquier otra forma de garantía permitida por la ley, obligaciones a cargo de la sociedad poderdante, pudiendo por lo tanto suscribir títulos de crédito, convenios, contratos y demás documentos que fueren necesarios o convenientes para el otorgamiento de dichas garantías; se incluyen las facultades de abrir cuentas de cheques en las instituciones bancarias, de disponer de sus fondos y las de cancelación de las mismas, en su caso, así como para que autorice a terceras personas a realizar los actos dentro de los que al propio administrador único o al consejo de administración en su caso, se le otorgan y confieren, de depósito en otras instituciones u organizaciones auxiliares de crédito y, de obligar a la sociedad mandante, en cualquier forma que legalmente estime necesaria dentro de las operaciones propias de sus autorizaciones, y en forma enunciativa y no limitativa podrá además realizar toda clase de operaciones con instituciones de crédito, nacionales y extranjeras, con intermediarios del mercado de valores, organizaciones auxiliares del crédito, sociedades de inversión, casas de bolsa, para disponer o depositar fondos, títulos de crédito o títulos de valor, desde luego dentro de las atribuciones que por este instrumento le otorga el órgano supremo de la sociedad.- -
- - - 7).- Celebrar, formalizar, otorgar, suscribir, firmar así

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como cumplir y exigir el cumplimiento de toda clase de contratos, convenios o arreglos, de la índole o naturaleza que fuesen, relacionados directa o indirectamente con los objetos, bienes, negocios, derechos, y acciones de la sociedad, generen estos derechos u obligaciones reales o personales para la sociedad, incluyéndose en estos contratos, los que de manera enunciativa se relacionan a continuación, como son los contratos de mutuo, crédito simple, de cuenta corriente, personales, habilitación o avío y refaccionario, arrendamientos financieros, factoraje financiero, y de cualesquier otro tipo de contrato de naturaleza financiera, los cuales podrá suscribir, tanto con empresas nacionales como extranjeras; entendiéndose que esta facultad esta concedida conforme al artículo noveno de la Ley General de Títulos y Operaciones de Crédito.- -

- - - 8).- Otorgar toda clase de garantías permitidas por la ley, para garantizar las obligaciones de la sociedad, ya sean reales o personales, motivo por el cual podrá gravar los bienes muebles e inmuebles de la sociedad, con hipoteca prenda o en cualesquier otra forma, pudiendo igualmente otorgar avales o fianzas así como constituirse en obligado solidario de la sociedad, cuando se trate de los mismos fines.- -

- - - 9).- Convocar a asambleas generales y extraordinarias y ejecutar sus resoluciones.- -

- - - 10).- designar comités o comisiones en el seno del consejo de administración o bajo la dirección del administrador único, señalándoles sus atribuciones y delegar tales atribuciones o facultades en alguno de sus miembros, para que las ejerzan en los negocios y lugares que el mismo consejo de administración o el administrador único, en su caso, designe.- - - - - - - - - - - - -

- - - **VIGÉSIMA**.- Las facultades enumeradas en la cláusula que antecede, se podrán conceder igualmente al Presidente del Consejo de Administración, el Administrador Único Y/o Gerentes, si así lo decide la asamblea de accionistas, y la asamblea podrá establecerá las modalidades o limitaciones en su caso.- - - - - - - - - - - - -

- - - **VIGÉSIMA PRIMERA**.- La vigilancia de las operaciones sociales, estará confiada a uno o varios Comisarios que designará la Asamblea por mayoría de votos. La Asamblea podrá designar también a un Comisario si lo solicitan los accionistas que representen por lo menos, el veinticinco por ciento del Capital social. El o los Comisarios durarán en su encargo dos años, pero

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continuarán en el desempeño de su cargo mientras no tome posesión la persona que deba sustituirles, para el desempeño de sus funciones deberá efectuar un depósito de $100.00 (cien pesos) en efectivo u otorgar fianza por esta cantidad o la que señale la Asamblea general en caso de modificarse esta cifra; en su encargo el Comisario podrá ser reelecto, la comisión podrá no ser no ser exigible cuando lo dispense la asamblea.- - - - - - - - - - - - -

- - - - - - - - - - - - - - **CAPITULO IV** - - - - - - - - - - - - - -

- - - - - - - **DE LAS ASAMBLEAS GENERALES DE ACCIONISTAS** - - - - - - -

- - - **VIGÉSIMA SEGUNDA.-** Las Asambleas Generales de Accionistas son el órgano supremo de la Sociedad, serán Ordinarias o Extraordinarias; las Ordinarias se ocuparán además de los asuntos incluidos en el orden del día, de los mencionados en el Artículo 181 (ciento ochenta y uno) de la Ley General de Sociedades Mercantiles, los demás serán Extraordinarias y se reunirán para tratar cualquier asunto a que se refiere el artículo 182 (ciento ochenta y dos) de la citada Ley General de Sociedades Mercantiles.- -

- - - **VIGÉSIMA TERCERA.-** Las Asambleas Generales Ordinarias se reunirán por lo menos una vez al año, en la fecha en que se señale por el Consejo de administración o por el Administrador único, en su caso, dentro de los cuatro meses siguientes al Balance anual.-

- - - Las Asambleas Extraordinarias se reunirán cada vez que sea necesario tratar alguno de los asuntos materia de ella, las asambleas podrán reunirse también a petición de los Accionistas, en los términos de los Artículos Ciento Ochenta y Cuatro y Ciento Ochenta y Cinco de la Ley General de Sociedades Mercantiles.- - -

- - - **VIGÉSIMA CUARTA.-** Tanto las Asambleas Ordinarias como las Asambleas extraordinarias, serán convocadas por el Presidente del Consejo de administración; el Administrador único en su caso, o por el Comisario. La convocatoria contendrá siempre los siguientes elementos: El Orden del día que irá firmada por el Presidente del Consejo de administración o el Administrador único en su caso, o por el Comisario en los casos que así proceda conforme a la Ley, o por quien lo haya sustituido; fijará el lugar, fecha y hora de la asamblea; designará donde y con que anticipación deberán depositarse los títulos de las Acciones para asistir a ella y se publicará en el Periódico de mayor circulación de la localidad, por lo menos con cinco días de anticipación a la fecha señalada para la celebración de la asamblea a que se convoca; si se trata

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de segunda convocatoria, la publicación deberá hacerse con tres días de anticipación, por lo menos. Cuando todas las acciones que integran la Sociedad se encuentren representadas, no será necesario expedir Convocatoria en los términos mencionados, para la elaboración de una asamblea y todo acuerdo que así se tome será plenamente valido.- -

- - - Igualmente cuando se tomen resoluciones fuera de Asamblea por unanimidad de los accionistas que representen la totalidad de las acciones con derecho a voto o de la categoría especial de Acciones de que se trate, en su caso, tendrán para todos los efectos legales la misma validez que si hubieran sido adoptadas reunidos en Asamblea General o especial, respectivamente, siempre que se confirme por escrito.- - - - - - - - - - - - - - - - - - -

- - - **VIGÉSIMA QUINTA.**- Presidirá las Asambleas el Presidente del Consejo de administración o el Administrador único si este es el caso y será Secretario el que la propia Asamblea designe. En los casos de ausencia del Presidente del Consejo de administración o del Administrador Único, presidirá la Asamblea de accionistas el accionista que la asamblea designe. Las votaciones serán económicas a menos que dos de los concurrentes pidan que sean nominales. Si no pudieren agotarse todos los puntos de la Orden del Día en la fecha señalada para la Asamblea, ésta podrá sesionar en los días subsecuentes en que se determine, sin necesidad de nueva convocatoria.- -

- - - **VIGÉSIMA SEXTA.**- Los accionistas podrán hacerse representar en la Asamblea por apoderados, bastando que el mandato se otorgue en carta poder, ratificada ante dos testigos y dirigida a la asamblea.- -

- - - **VIGÉSIMA SÉPTIMA.**- La Asamblea General Ordinaria se considerará legítimamente instalada, ya sea que se trate de primera o ulterior convocatoria, si a ella concurren accionistas que representen cuando menos, el cincuenta uno por ciento del Capital Social. La Asamblea General Extraordinaria se considerará legítimamente instalada ya sea que se trate de la primera o ulterior convocatoria, si en ella están representadas las tres cuartas partes del Capital Social cuando menos. Para que las decisiones de las Asambleas generales Ordinarias sean válidas, deberán ser tomadas por los accionistas que representen más del cincuenta por ciento de las acciones; tratándose de Asambleas Generales Extraordinarias, las decisiones también se tomarán por

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el voto favorable del número de acciones que representen cuando menos el cincuenta y uno por ciento del capital social.- - - - -

- - - **VIGÉSIMA OCTAVA.**- Las actas de las Asambleas Generales de accionistas se asentarán en el Libro Autorizado al efecto y deberán ser firmadas por el Presidente y el Secretario de la Asamblea, así como por el Comisario si concurriere, se formarán expedientes relativos a cada Asamblea con los documentos que se hicieron, en su caso, en los términos de la Ley y de estos Estatutos y las listas de asistencia firmadas por los presentes y autorizadas por las personas que hubieran actuado como Presidente y Secretario.- -

- - - - - - - - - - - - - - **CAPITULO V** - - - - - - - - - - - - - -

- - - - **EJERCICIO SOCIAL, BALANCE, PERDIDAS Y GANANCIAS**- - - - - -

- - - **VIGÉSIMA NOVENA.**- Los Ejercicios sociales comenzarán a partir del primero de Enero y terminarán el treinta y uno de Diciembre de cada año, con excepción del primero que comenzará en la fecha de la inscripción de esta PÓLIZA en el Registro Público de Comercio del Distrito Judicial que corresponda y terminará el día treinta y uno de Diciembre del mismo año.- - - - - - - - - - -

- - - El Balance deberá concluirse dentro de los tres meses que sigan a la clausura de cada ejercicio social y deberá ponerse junto con los documentos justificantes del mismo a la disposición del Comisario y de los accionistas, con la anticipación que fija el artículo 73 (setenta y tres) de la Ley General de Sociedades Mercantiles.- -

- - - **TRIGÉSIMA.**- Las utilidades netas anuales, una vez deducidas las cantidades necesarias para fondos y reservas, así como el monto del impuesto sobre la Renta, serán aplicados en los siguientes términos.- -

- - - a).- Se separará un cinco por ciento para formar un fondo de reserva legal hasta que éste ascienda al veinte por ciento del capital social.- -

- - - b).- Si se desean se constituirán otros fondos de reserva que las Leyes autoricen.- -

- - - c).- El resto se distribuirá como dividendos entre los accionistas. Si así lo acuerda la asamblea por el setenta y cinco por ciento de los votos computables en la misma, será llevado total o parcialmente a reservas de previsión, reservas especiales u otras que la misma asamblea decida formar. No se pagarán dividendos, sino después de aprobado el Balance que efectivamente

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los arroje. El dividendo acordado por la asamblea, deberá ser pagado en un plazo no mayor de doce meses, contados a partir de la fecha de su aprobación, siempre que el acuerdo relativo no especificare otra forma de pago, en la inteligencia de que los dividendos no cobrados dentro de un período de cinco años, se considerarán como renunciados a favor de la Sociedad.- - - - - - -

- - - **TRIGÉSIMA PRIMERA**.- Si hubiera pérdidas, los accionistas serán responsables únicamente por el monto de sus respectivas acciones o en proporción al número que posean.- - - - - - - - - -

- - - **TRIGÉSIMA SEGUNDA**.- Los socios fundadores no se reservan participación especial alguna en las utilidades de la Sociedad.-

- - - - - - - - - - **C A P I T U L O V I** - - - - - - - - - - - - - -

- - - - - - **DISOLUCIÓN Y LIQUIDACIÓN DE LA SOCIEDAD**- - - - - - - -

- - - **TRIGÉSIMA TERCERA**.- Serán causas de disolución de la Sociedad las que establece el Artículo 229 (doscientos veintinueve) de la Ley General de Sociedades Mercantiles.- - - - -

- - - **TRIGÉSIMA CUARTA**.- Disuelta la Sociedad, la Asamblea designará por mayoría de votos a uno o más liquidadores que podrán ser accionistas o personas extrañas, fijándoseles un plazo para el desempeño de sus cargos y la retribución que habrá de corresponderles. Cuando la liquidación estuviese a cargo de varios liquidadores se reunirán mensualmente debiendo tomar los acuerdos que correspondan, por mayoría relativa de votos.- - - - - - - - -

- - - Mientras no haya sido inscrito en el Registro Público de Comercio el nombramiento del o los liquidadores, el Consejo de Administración o el Administrador Único en su caso, continuará en el desempeño de sus funciones, pero no podrá iniciar nuevas operaciones después del acuerdo de disolución o de que se compruebe la existencia de causa legal de esta.- - - - - - - - - - -

- - - **TRIGÉSIMA QUINTA**.- El liquidador o los liquidadores, practicarán la liquidación con arreglo a las instrucciones de la Asamblea y en su defecto, conforme a las siguientes bases: - - -

- - - a).- Concluirán los negocios de la manera que juzguen más convenientes.- -

- - - b).- Formarán el balance, cobrarán los créditos y pagarán las deudas, enajenando los bienes de la Sociedad que sea necesario para tal efecto.- -

- - - c).- En General, llevarán a cabo la liquidación de conformidad con lo dispuesto en la Ley General de Sociedades Mercantiles.- -

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- - - - - - - - - - - - C A P I T U L O VIII - - - - - - - - - - -
- - - - - - - - - -SUPLETORIEDAD DE JURISDICCIÓN - - - - - - - - - -
- - - TRIGÉSIMA SEXTA.- -
- - - - - - - - -ARBITRAJE / CLAUSULA COMPROMISORIA- - - - - - - -
- - - LAS PARTES PACTAN Y CONVIENEN QUE CUALQUIER CONTROVERSIA, disputa, diferencia o reclamación entre: I.- los accionistas, II.- la Sociedad con cualquier accionista; III.- cualquier accionista con la Sociedad; IV.- la Sociedad con los administradores (gerente o gerentes) con la Sociedad, derivada de o en relación con estos Estatutos sociales y actividades derivadas de ellos, su interpretación, ejecución, cumplimiento o incumplimiento, será resuelto y decidido por medio de arbitraje; una vez que no haya sido posible ser resuelta en forma amigable mediante el procedimiento de mediación. el procedimiento da las actuaciones arbitrales se llevarán a cabo bajo las reglas de arbitraje indicadas en el titulo cuarto del código de comercio vigente en la republica mexicana.- - - - - - - - - - - - - -
- - - A. el Tribunal arbitral estará compuesto por un árbitro, quien podrá ser corredor publico habilitado por la secretaría de economía.- -
- - - B.- el idioma en las actuaciones arbitrales será en español e ingles o en ambos según las partes que intervengan.- - - - - -
- - - C.- el lugar del arbitraje será en la cuidad de Hermosillo, Sonora.- -
- - - D.- el Tribunal arbitral decidirá el fondo de litigio conforme a: I.- las Leyes Mercantiles y demás aplicables de los estados unidos mexicanos, II.- las tesis jurisprudenciales aplicables al caso emitidas por la suprema corte de justicia de la nación funcionando en pleno y/o sala civil y/o los Tribunales colegiados de circuito; III.- los usos Mercantiles aplicables al caso y IV.- a falta de estos, se resolverá conforme a los principios generales de derecho, o las practicas Comerciales.- -
- - - E.- el Tribunal arbitral observará en lo relativo a las actuaciones arbitrales las reglas de arbitraje de la comisión de las naciones unidas para el derecho mercantil internacional (UNCITRAL ARBITRATION RULES), en cuanto no se oponga a lo estipulado, I.- en este acuerdo arbitral y II.- en lo previsto en el titulo IV del código de comercio.- - - - - - - - - - - - - - -
- - - F.- el laudo se pronunciará en estricto derecho y será inapelable y tendrá los efectos de cosa juzgada a menos de que el

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mismo contenga elementos de nulidad indicados en el artículo 1457 (mil cuatrocientos cincuenta y siete) del código de comercio.- -

- - - G.- una vez constituido el Tribunal arbitral, las partes en conflicto se obligan a depositar en sumas iguales, las cantidades suficientes para anticipo de honorarios y gastos de los árbitros. Las costas del arbitraje serán a cargo de la parte vencida. - - -

- - - H.- las partes acuerdan que el arbitro a designar sea un Corredor Publico, partes están de acuerdo que para la modificación de esta cláusula se requerirá asamblea extraordinaria.- -

- - - Con renuncia expresa de cualquier otro fuero de domicilio o vecindad; la sola posesión de una o más acciones de la Sociedad implica la aceptación de las disposiciones de estos Estatutos y de la presente cláusula compromisoria de arbitraje.- - - - - - - - -

- - - - - - - - - - - - - **CLÁUSULAS TRANSITORIAS** - - - - - - - - - -

- - - **PRIMERA**.- Los comparecientes accionistas en la Sociedad, Constituidos en Asamblea General toman en este acto, por unanimidad de votos, los siguientes acuerdos:- - - - - - - - - -

- - - **A)**.- La administración de la Sociedad quedará a cargo de un ADMINISTRADOR ÚNICO.- -

- - - **B)**.- Para el primer ejercicio social se designa un **ADMINISTRADOR ÚNICO**, designándose por unanimidad de votos al señor **RONALD JOSEPH COGUEN**, a quien se le otorgan todas las facultades de representación legal, y apoderamiento para que actué a nombre de la Sociedad, describiéndose enunciativamente **NUNCA LIMITATIVAMENTE** LAS SIGUIENTES FACULTADES. PARA ACTUAR **COMO APODERADO PARA PLEITOS Y COBRANZAS, ACTOS DE ADMINISTRACIÓN Y DE DOMINIO, PODER CAMBIARIO PARA LLEVAR A CABO TODO TIPO DE OPERACIONES BANCARIAS, APERTURAR Y OPERAR CUENTAS DE CHEQUES, AHORROS Y DE CUALESQUIER MODALIDAD Y PODER LABORAL, DEBIÉNDOSE INTERPRETAR ESTE ACUERDO Y OTORGAMIENTO DE FACULTADES DE FORMA AMPLIA Y SIN LIMITACIÓN ALGUNA, Y CONFORME TODAS LAS ATRIBUCIONES DESCRITAS EN EL ARTICULO DECIMO NOVENA DE ESTOS ESTATUTOS**. - - - -

- **C)**.- El administrador único designado, acepta el cargo que se le confiere y no cauciona su manejo por así aceptarse por los socios, EL ADMINISTRADOR UNICO, acepta que su encomienda la podrá realizar ante terceros, hasta en tanto obtenga la calidad migratoria ideal.- -

- - - **D.**- La asamblea acuerda por unanimidad designar **GERENTE GENERAL** a la LICENCIADA BRENDA ELIZABETH CARRANZA ANTONIO quien

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tendrá facultades para representar legalmente a la Sociedad como apoderado con atribuciones para **PLEITOS Y COBRANZAS, ACTOS DE ADMINISTRACIÓN, REPRESENTACIÓN LABORAL Y PARA LLEVAR A CABO TODO TIPO DE OPERACIONES BANCARIAS, APERTURAR Y OPERAR CUENTAS DE CHEQUES, AHORROS Y DE CUALESQUIER MODALIDAD. PODRÁ SUSCRIBIR, TRAMITAR Y REALIZAR CUALESQUIER ACTO A NOMBRE DE LA SOCIEDAD**, Para el ejercicio de las facultades que se le otorgan tiene todas las que están contenidas de manera enunciativa en el artículo décimo novena de estos Estatutos, mismas que se dan por reproducidas en el presente apartado, el Gerente General durará en su encargo hasta que se revoque su nombramiento, aceptando la designada su nombramiento en el acto, liberándosele de caucionar su manejo, firma el acta constitutiva en manifestación de consentimiento y aceptación del cargo de Gerente General. - - - - - - - - - - - -

- - - E.- Los accionistas reunidos acuerdan en este acto que el administrador tendrán todas las facultades del consejo de administración a que se refiere la cláusula XIX (Décima Novena) de los Estatutos sociales y podrá delegar esas facultades por medio de mandato mercantil, o mandato común, o nombramiento, sin perder su ejercicio. -

- - - F).- La asamblea reunida designa por unanimidad de votos como **COMISARIO** a el Señor Ingeniero Federico Alberto Lopez Santoyo a quien se le hará saber su nombramiento por parte de la administración y se le libera de caucionar.- - - - - - - - - - -

- - - - **SEGUNDA**.- El ADMINISTRADOR ÚNICO se da por recibido del importe de las acciones pagadas en efectivo.- - - - - - - - - - -

- - - G).- En este acto la asamblea se da por recibida de las aportaciones que se han hecho al capital de la Sociedad.- - - - -

- - - H).- POR UNANIMIDAD SE ACUERDA Que la Sociedad se regirá en su funcionamiento por los Estatutos que se encuentran aquí asentados en el capítulo respectivo y en lo no previsto específicamente en ellos, por las disposiciones de la Ley General de Sociedades Mercantiles.- -

- - - - - - - - - - **C E R T I F I C A C I O N E S** - - - - - - - - - -

- - YO EL CORREDOR PUBLICO NUMERO TRES, PLAZA SONORA, CERTIFICO Y HAGO CONSTAR LO SIGUIENTE: - - - - - - - - - - - - - - - - - -

- - - **PERMISO DE LA SECRETARIA DE RELACIONES EXTERIORES**.- - - -

- - - I.- Que los comparecientes me exhiben oficio membretado y sellado que contiene Permiso de la Secretaría de Relaciones Exteriores para constituir la presente Sociedad mercantil cuyos

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datos son los siguientes: Número 26000111 (dos, seis, cero, cero, cero, uno, uno, uno) Expediente Número 200626000105 (dos, cero, cero, seis, dos, seis, cero, cero, cero, uno, cero, cinco) FOLIO 6Y0R1P62 (seis, letra ye, cero, erre, uno, pe, seis, dos) de fecha once de enero de dos mil seis, suscrito por la Subdelegada, LICENCIADA ALEJANDRA YANES NAVARRO, cuyo original debidamente firmado tuve a la vista y se agrega al archivo que de esta Póliza se integrará en esta Correduría y copia certificada del mismo se agregará en el primer original que se expida de la presente PÓLIZA.- -

- - - - -CON RELACIÓN AL PAGO DEL IMPUESTO SOBRE LA RENTA- - - - -

- - - II.- Bajo protesta de decir verdad y advertidos de las penas en que incurren quienes declaran con falsedad, los comparecientes manifestaron que se encuentran al corriente en el pago del mismo sin habérmelo acreditado.- - - - - - - - - - - - - - -

- - - - - -CEDULA DE REGISTRO FEDERAL DE CONTRIBUYENTES- - -

- - - El suscrito corredor publico en cumplimiento al artículo 27 (veintisiete) del Código Fiscal de la Federación, exigí a los comparecientes la presentación de la Cedula de Identificación Fiscal y su clave del Registro Federal de Contribuyentes, sin que los comparecientes la exhiban ni me proporcionen su clave, lo cual dejo asentado en esta póliza y presento a la oficina de la Secretaria de Hacienda en esta localidad un aviso en el que doy cuenta de mi exigencia y de la no presentación de la documental requerida.- -

- - - - - - - -Personalidad de Landdrill International Inc.- - - -

a)- - Traducción al Español de Certificación de Acta Constitutiva de Landdrill International Inc. Expedida por Trevor A. (sic) Carmichael Abogado del Recinto Oficial de la cancillería de Bridgetown, Barbados en la que se Certifica que los anexos son copia Fiel del Acta Constitutiva fechada el día 23 (veintitrés) de Diciembre de 20 (veinte)04 (dos mil cuatro) y Certifica que el Acta Constitutiva es valida y subsiste y no se ha modificado al 20 (veinte) (veinte) de Enero de 2006 (dos mil seis) (dos mil seis) , dicha Certificación esta a su vez Certificada por Joan Anita Cumberbatch quien es Notario Público de la Isla de Barbados y Certifica que en 20 (veinte) de Enero de 2006 (dos mil seis) el señor Trevor A. Carmichael formalizo la Certificación antes descrita suscribiéndose dicha Certificación el 20 (veinte) de Enero 2006 (dos mil seis), dicho Documento

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viene Apostillado con la Apostilla de la Convención de la Haya de 5(cinco) de octubre de 1961 (mil novecientos sesenta y uno), en la cual Hughland St. Clair Allman, actuando como Jefe de Protocolo del Ministerio de Asuntos Exteriores de Barbados Certifica que el Documento descrito fue firmado por Joan Anita Cumbertbatch actuando en capacidad del registro y como Notario Público de Barbados, dicho Apostillamiento tiene fecha de 27 de Enero de 20 (veinte)06 (dos mil seis) y le corresponde el numero 442/2006 (cuatrocientos cuarenta y dos diagonal dos mil seis). El Instrumento en Ingles consta de 7 (siete) hojas y en la hoja de Certificaciones va al reverso el Apostillamiento con una firma ilegible y un Sello en original en azul, en la Certificación Notarial lleva dos Estampillas postales y un Sello tipo calcamonía color dorado, el Documento en Español consta de ocho hojas dado que el Apostillamiento no estampado al reverso sino que viene traducido en hoja aparte, de dicho Documento se desprende que el nombre a Compañía es Landdrill International Inc con domicilio Oficial en Cancillería High Street en Bridgetown Barbados y que el director de la Compañía Ronald J. Goguen y que la Compañía esta calificada como Compañía Internacional. - - - -

b)- - Traducción al Español de Certificación de copia Fiel y Exacta del Estatuto numero uno de la Compañía Landdrill International Inc. con fecha 23 (veintitrés)de Diciembre de 2004 (dos mil cuatro), expedida por Trevor A. Carmichael Abogado del Recinto Oficial de la cancillería de Bridgetown, Barbados en que Certifica que los Estatutos son válidos y subsisten y no se han modificado a fecha 20 (veinte) de Enero de 2006 (dos mil seis), dicha Certificación está a su vez Certificada por Joan Anita Cumbertbatch quien es Notario Público de la Isla de Barbados y Certifica que en 20 (veinte) de Enero de 2006 (dos mil seis) el señor Trevor A. Carmichael formalizo la Certificación antes descrita suscribiéndose dicha Certificación el 20 (veinte) de Enero de 2006 (dos mil seis), dicho Documento viene Apostillado con la Apostilla de la Convención de la Haya de 5(cinco) de octubre de 1961 (mil novecientos sesenta y uno), en la cual Hughland St. Clair Allman, actuando como Jefe de Protocolo del Ministerio de Asuntos Exteriores de Barbados Certifica que el Documento descrito fue firmado por Joan Anita Cumbertbatch actuando en capacidad del registro y como Notario Público de Barbados, dicho Apostillamiento tiene fecha de 27 de

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Enero de 20 (veinte)06 (dos mil seis) y le corresponde el numero 440/2006 (cuatrocientos cuarenta diagonal dos mil seis). El Instrumento en Ingles consta de 22 (veintidos) hojas y en la hoja de Certificaciones va al reverso el Apostillamiento con una firma ilegible y un Sello en original en azul, en la Certificación Notarial lleva dos Estampillas postales y un Sello tipo calcomanía color dorado, el Documento en Español consta de 21 hojas dado que el Apostillamiento no se encuentra estampado al reverso sino que viene traducido en hoja aparte, de dicho Documento se desprende el Estatuto de Landdrill International Inc., la mención de que los directores deberán administrar los Negocios y los Asuntos de la Compañía. - - - - - - - - - - -

c)- - Traducción al Español de Certificación de Resoluciones organizaciones de la Compañía Landdrill International Inc., expedida por Trevor A.Carmichael Abogado del Recinto Oficial de la cancillería de Brigdetown, Barbados en que se Certifica que los Anexos son copia Fiel y Exacta de las Resoluciones Organizacionales del 23 de Diciembre de 20 (veinte)04 y Certifica que la resolución es valida y subsiste y no se ha modificado al 20 (veinte) de Enero de 20 (veinte)06 (dos mil seis), dicha Certificación esta a su vez Certificada por Joan Anita Cumbertbatch quien es Notario Público de la Isla de Barbados y Certifica que en 20 (veinte) de Enero de 2006 (dos mil seis) el señor Trevor A. Carmichael formalizo la Certificación antes descrita suscribiéndose dicha Certificación el 20 (veinte) de Enercte 2006 (dos mil seis), dicho Documento viene Apostillado con la Apostilla de la Convención de la Haya de 5(cinco) de octubre de 1961 (mil novecientos sesenta y uno), en la cual Hughland St. Clair Allman, actuando como Jefe de Protocolo del Ministerio de Asuntos Exteriores de Barbados Certifica que le Documento descrito fue firmado por Joan Anita Cumbertbatch actuando en capacidad del registro y como Notario Público de Barbados, dicho Apostillamiento tiene fecha de 27 de Enero de 2006 (dos mil seis) y le corresponde el numero 443/2006 (cuatrocientos cuarenta y tres diagonal dos mil seis). El Instrumento en Ingles consta de 4 (cuatro) hojas y en la hoja de Certificaciones va al reverso el Apostillamiento con una firma ilegible y un Sello en original en azul, en la Certificación Notarial lleva dos Estampillas postales y un Sello tipo calcomanía color dorado, el Documento en Español consta de

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5(cinco) hojas dado que el Apostillamiento no esta estampada al reverso sino que viene traducido en hoja aparte, de dicho Documento se desprende que los funcionarios de la Compañía son Ronald J. Goguen presidente y Denisse Collete secretaria, que el domicilio legal de la Compañía es la cancillería High Street Bridgetown, Barbados. -

d)- - Traducción al Español de Certificación de renovación de la licencia de empresa Internacional de Negocios concedida hasta el 31 de Diciembre de 20 (veinte)06 (dos mil seis) y expedida por Trevor A. Carmichael Abogado del Recinto Oficial de la cancillería de Brigdetown, Barbados en que se Certifica que el anexo es copia Fiel y Exacta de la renovación de licencia de empresa Internacional y Certifica que la licencia es valida y subsiste y no se ha modificado al 20 (veinte) de Enero de 20 (veinte)06 (dos mil seis), dicha Certificación esta a su vez Certificada por Joan Anita Cumbertbatch quien es Notario Público de la Isla de Barbados y Certifica que en 20 (veinte) de Enero de 20 (veinte)06 (dos mil seis) el señor Trevor A. Carmichael formalizo la Certificación antes descrita suscribiéndose dicha Certificación el 20 (veinte) de Enero de 2006 (dos mil seis), dicho Documento viene Apostillado con la Apostilla de la Convención de la Haya de 5(cinco) de octubre de 1961 (mil novecientos sesenta y uno), en la cual Hughland St. Clair Allman, actuando como Jefe de Protocolo del Ministerio de Asuntos Exteriores de Barbados Certifica que el Documento descrito fue firmado por Joan Anita Cumbertbatch actuando en capacidad del registro y como Notario Público de Barbados, dicho Apostillamiento tiene fecha de 26 de Enero de 20 (veinte)06 (dos mil seis) y le corresponde el numero 438/2006 (dos mil seis). El Instrumento en Ingles consta de 2 (dos)hojas y en la hoja de Certificaciones va al reverso el Apostillamiento con una firma ilegible y un Sello en original en azul, en la Certificación Notarial lleva dos Estampillas postales y un Sello tipo calcomanía color dorado, el Documento en Español consta de 3 (tres) hojas dado que el Apostillamiento no esta estampada al reverso sino que viene traducido en hoja aparte, de dicho Documento se desprende que la Secretaria de Industria y Negocios Internacionales Certifica que Landdrill International Inc., tiene concedida la renovación de su licencia hasta el 31 (treinta y uno) de Enero de 2006 (dos mil seis) y por lo tanto esta

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autorizada para conducir Negocios Internacionales de las Leyes de Barbados.- -

- - - - - - - - - - - - G E N R R A L E S - - - - - - - - - - - - - -

El señor Ronald Joseph Goguen, manifestó ser de nacionalidad Canadiense, nacido en Moncton Canada donde nació el día siete de septiembre de mil novecientos cuarenta y cinco, con domicilio en 1776 (uno, siete, siete , siete ,seis) El Mwood drive Moncton Canada , New Brumswick Canada, quien se identifica con pasaporte numero JH395101 (Letras Jota, hache, tres, nueve, cinco, uno, cero ,uno) expedido por el Gobierno de Canadá, el cual lleva la foto del compareciente, y tiene fecha de vencimiento el día nueve de julio de dos mil nueve),manifestándome el compareciente que su Estado Civil es Casado, de Ocupación Inversionista , y quen me manifiesta bajo protesta de decir verdad, que los documentos con lo que acredita su carácter de Presidente de la Sociedad Landdrill International Inc, estan Vigentes, y fueron apostillados legalmente, y que la representación que ostenta no le ha sido limitada, revocada o suspendida, y que puede celebrar este acto , como en este momento lo hace a nombre propio y de la empresa Landdrill International Inc. Y quien me presenta su forma migratoria para turista transmigrante, visitante persona de negocios o visitante consejero, de internación aérea de ingreso al país expedida por el Instituto Nacional de Migración, vigente por treinta días a partir de el veintiuno de marzo de dos mil seis, y con folio 0180989847 (cero, uno, ocho, cero, nueve, ocho, nueve, ocho, cuatro, siete) expedido a su favor. - - - - - - - - - - - - - - -

La señora Brenda Elizebeth Carranza Antonio, quien comparece como traductora y para aceptar el cargo de Gerente, me manifiesta ser mexicana por nacimiento, hijas de padres mexicanos, originaria del Distrito Federal, donde nació el día veinte de Diciembre de mil novecientos sesenta y nueve, de ocupación profesionista y de estado civil casada, y con domicilio en calle Leandro P. (sic) Gaxiola, numero trescientos setenta y uno en la Colonia Sonomex Norte de Hermosillo Sonora , y quien se identifica exhibiéndome el original de credencial para votar expedida a su favor por el Instituto Federal Electoral , con credencial que corresponde a los rasgos de quien me la exhibe, y que resulta ser la credencial con folio 044728071 (cero, cuatro, cuatro, siete, dos, ocho, cero, siete, uno)con año de Registro mil novecientos noventa y

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uno, quien me manifiesta que sus generales son los escritos, y que comparece en su carácter de traductor y para aceptar el cargo de Gerente de esta empresa, - - - - - - - - - - - - -

- - - - - - - -El señor Ingeniero Federico Alberto Lopez Santoyo, me manifiesta que es mexicano pro nacimiento, hijo de padres Mexicanos, originario de Poza Rica Veracruz, done nació el dia siete de Abril de mil novecientos cincuenta y cuatro, de estado civil casado, y de ocupación Ingeniero Geofísico, quien comparece para aceptar el cargo de Comisario. - - - - - - - - - - - - - - - -

III.- los compareciente de nombre Brenda Elizabeth Carranza Antonio, me manifiesta que en su carácter de traductor interprete en este acto, que protesta desempeñarse con lealtad el desempeño el cargo de traductor interprete y ser fiel en la interpretación y traducción que hace al compareciente Ronald Joseph Goguen , quien no habla el Idioma Español a quien tradujo lo actuado al Idioma Ingles y de igual modo manifiesta que hizo la fiel traducción de los documentos que en Idioma Ingles y Español se acompañan a la presente Póliza, y que los reconoce como traducido pro ella misma y ser fiel y exacta traducción de su original, y que ha explicado lo que el suscrito Corredor Publico ha expresado al Compareciente que no habla el Idioma Español, y que este Compareciente se ha mostrado conforme con el texto de esta póliza y conforme con la misma, y enterado de las consecuencias legales y de su valor y fuerza legal - - - - - - - - - - - - - - - - - -

- **IV.-** Que me he asegurado de la identidad de los comparecientes en la forma y términos ya descritos.- - - - - - -

- - - **V.-** De que éstos no presentan signos evidentes de incapacidad natural ni tengo noticias de que estén sujetos a interdicción, que el compareciente que habla el idioma Ingles, ha sido asistido por un traductor interprete designada por el mismo y quien ha protestado su desempeño como traductor y me ha manifestado su conocimiento y capacidad para realziar esta traducción .- -

- - - **VI.-** De que lo relacionado e inserto concuerda fielmente con los originales que tuve a la vista. Los cuales coteje y devolví a los comparecientes, agregando una copia a mi archivo -

- Se transcribe de manera descriptiva y como elemento enunciativo de las facultades asignadas a los órganos de representación directa de la sociedad, el contenido del articulo 2554 (dos mil quinientos cincuenta y cuatro) del Código Civil Federal.- - - - -

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- - - - - "En todos lo poderes generales para pleitos y cobranzas bastará que se diga que se otorga con todas las facultades generales y las especiales que requieran cláusula especial conforme a la Ley, para que se entiendan conferidos sin limitación alguna.- -

- - - En los Poderes Generales para administrar bienes, bastará expresar que se dan con ese carácter para que el Apoderado tenga toda clase de facultades administrativas. En los poderes generales, para ejercer actos de dominio, bastará que se den con ese carácter para que el Apoderado tenga todas las facultades de dueño, tanto en lo relativo a los bienes, como para hacer toda clase de gestiones, a fin de defenderlos. Cuando se quisieran limitar, en los tres casos antes mencionados, las facultades de los apoderados, se consignarán las limitaciones, o los poderes serán especiales. Los Notarios insertarán este artículo en los testimonios de los poderes que otorguen."- - - - - - - - - - - - -

- - - Leída y explicada que fue esta póliza a los otorgantes, advertidos de su valor y fuerza legal, de la obligación de inscribirla en el Registro Publico de Comercio, en el Registro Nacional de Inversiones Extranjeras de la Secretaría de Economía y en el Registro Federal de Contribuyentes, así como dar los avisos en los términos de la Ley de Población y en lo procedente obtener las autorizaciones que dispongan las leyes, estuvieron conformes con su contenido, la ratificaron y firmaron ante mi, en Hermosillo, Sonora, el veintiuno de marzo de dos mil seis .. Doy fe.- Firmado, **RONALD JOSEPH GOGUEN**, firmado, **LANDDRILL INTERNATIONAL INC, RONALD JOSEPH GOGUEN**, firmado, Brenda Elizabeth Carranza Antonio, firmado, Federico Alberto Lopez Santoyo, EL CORREDOR PUBLICO NUMERO TRES, PLAZA SONORA, sello y firma de correduría, LICENCIADO CARLOS ORDUÑO FRAGOZA. Doy fe.- -

- - - En Hermosillo, Sonora, a los veintiún días del mes de marzo del año dos mil seis, yo Corredor Publico Numero Tres, Plaza Sonora, por no existir inconveniente legal autorizo la presente póliza; Doy fe.- EL CORREDOR PUBLICO NUMERO TRES, PLAZA SONORA, sello y firma de correduría, LICENCIADO CARLOS ORDUÑO FRAGOZA, Doy fe.- -

- - - En Hermosillo, Sonora a los veintiún días del mes de marzo del año dos mil seis, se expide este primer original, debidamente corregido y cotejado con su matriz existente en el archivo de esta correduría; va en quince fojas útiles, mas una foja de anexo, consistente en permiso de la Secretaria de Relaciones Exteriores;

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Tels. 212-43-34, 212-07-82 y 213-08-77

se expide para uso de la sociedad mercantil **LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.**; Doy fe.- - - - - - - - - - - -

EL CORREDOR PUBLICO NUMERO TRES, PLAZA SONORA

LICENCIADO CARLOS ORDUÑO FRAGOZA

COTEJADO

REGISTRO PUBLICO DE LA PROPIEDAD Y DEL COMERCIO
DE HERMOSILLO, SONORA

BOLETA DE INSCRIPCION

EL ACTO DESCRITO EN EL PRESENTE DOCUMENTO QUEDO INSCRITO EN EL:

FOLIO MERCANTIL ELECTRONICO No. 34941 * 7

Control Interno	Fecha de Prelación
2	* 11 / ABRIL / 2006

Denominación

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.

Notario: LIC. CARLOS ORDUÑO FRAGOZA   Docto/Esc No.:3759

Afectaciones al:

Folio	ID	Acto	Descripción	Fecha Registro	Registro
34941	7	M4	*Constitución de sociedad* Caracteres de Autenticidad de Inscripción: cc57d885791240f2f0746e87aedch45eJJca5IIY	12-04-2006	1

Derechos de Inscripción

Fecha 11 ABRIL 2006

Importe $156.20

Boleta de Pago No.: 2611592

REGISTRADOR TITULAR DE LA OFICINA JURISDICCIONAL DE HERMOSILLO, SONORA.

CALIFICADOR RESPONSABLE DEL SIGER

Adriana A. C.

LIC. ADRIANA ARREDONDO C

LIC. ROSA AMALIA AHUMADA MALDONADO

SECRETARÍA DE RELACIONES EXTERIORES

DIRECCIÓN GENERAL DE ASUNTOS JURÍDICOS

DIRECCIÓN DE PERMISOS ARTÍCULO 27 CONSTITUCIONAL
SUBDIRECCIÓN DE SOCIEDADES

PERMISO	26000111
EXPEDIENTE	200626000106
FOLIO	6YCR1P62

En atención a la solicitud presentada por el (la) C. ALBERTO LOPEZ SANTOYO esta Secretaría concede el permiso para constituir una SA DE CV bajo la denominación:

LANDDRILL INTERNATIONAL MÉXICO SA DE CV

Este permiso, quedará condicionado a que en los estatutos de la sociedad que se constituya, se inserte la cláusula de exclusión de extranjeros o el convenio previsto en la fracción I del Artículo 27 Constitucional, de conformidad con lo que establecen los artículos 15 de la Ley de Inversión Extranjera y 14 del Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras.

El interesado, deberá dar aviso del uso de este permiso a la Secretaría de Relaciones Exteriores dentro de los seis meses siguientes a la expedición del mismo, de conformidad con lo que establece el artículo 18 del Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras.

Este permiso quedará sin efectos si dentro de los noventa días hábiles siguientes a la fecha de otorgamiento del mismo, los interesados no acuden a otorgar ante fedatario público el instrumento correspondiente a la constitución de que se trata, de conformidad con lo que establece el artículo 17 del Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras; así mismo se otorga sin perjuicio de lo dispuesto por el artículo 91 de la Ley de la Propiedad Industrial.

Lo anterior se comunica con fundamento en los artículos: 27, fracción I de la Constitución Política de los Estados Unidos Mexicanos; 28, fracción V de la Ley Orgánica de la Administración Pública Federal; 15 de la Ley de Inversión Extranjera y 13, 14 y 18 del Reglamento de la Ley de Inversión Extranjera y del Registro Nacional de Inversiones Extranjeras.

HERMOSILLO, SON., a 11 de Enero de 2006

EL DELEGADO

LIC. CARLOS AMAYA RIVERA

SRIA. DE RELACIONES EXTERIORES
DELEGACION EN
HERMOSILLO, SON.

- - - - - EL SUSCRITO LICENCIADO CARLOS [illegible] FRAGOZA, CORREDOR PUBLICO NUMERO [illegible] EN EJERCICIO DE ESTA PLAZA [illegible]
presente documento [illegible] fojas [illegible]
útiles, es copia fiel [illegible]
minutario [illegible]
Treinta [illegible]
todo lo [illegible] Hermosillo [illegible]
veintiuno [illegible] marzo [illegible]

LICENCIADO [illegible]
CORREDOR PUBLICO [illegible] PLAZA SONORA

CERTIFIED COPY OF DIRECTORS' RESOLUTIONS

LANDDRILL INTERNATIONAL INC.

I, BRIAN MAULE, an officer of the above-named company, certify, having made due inquiry, that attached hereto is a true and exact copy of resolutions of the directors of such company duly passed or adopted in writing as of July 29, 2011, and that such resolutions have not been varied and remains in full force and effect, and I understand that SPROTT RESOURCE LENDING PARTNERSHIP will be relying on this certification in deciding whether to advance funds or to otherwise extend or continue credit.

Date: July 29, 2011 Signature: ______________________

LANDDRILL INTERNATIONAL INC.

Minutes of a meeting of the board of directors of the above named company (the "**Borrower**") duly convened and held at Moncton NB
on July 29 2011 at 10 am/pm.

Present: Ronald J. Gowan Sr (Chairman)
David Watkins (via email)
Ron Gowan Jr (via email)
Francis Manson (via email)
Rick Armson (via email)
Edward Stringer (via email)
James Lindlaws (via email)

1. Introduction

1.1 There being a quorum present and the meeting having been duly convened, the meeting was declared open.

1.2 **IT WAS RESOLVED** that Ronald J. Gowan Sr, having consented to act, be and is hereby appointed as the Chairman of the meeting.

2. Purpose of meeting

2.1 It was noted that the purpose of the meeting was to consider and, if thought fit, approve the borrowing of the Loan and the granting of the Security (as each defined below).

2.2 The Chairman noted:

2.2.1 Landdrill International Ltd. (the "**Subsidiary**") is a wholly-owned subsidiary of the Borrower.

2.2.2 The Borrower wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower, as borrower and the Lender, as lender, and certain subsidiaries of the Borrower, as guarantors.

2.2.3 In connection with the Loan, the Lender requires the following loan security documents to be executed and delivered by the Borrower and the Subsidiary:

(i) a promissory note in favour of the Lender;

(ii) a General Security Agreement under which the Borrower shall grant a first ranking security interest in favour of the Lender over all of the present and after-acquired personal property;

(iii) a Share Pledge Agreement;

(iv) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Borrower by the Lender pursuant to the Credit Agreement from time to time;

copies of which have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

2.2.4 Copies of the Term Sheet and the Security have been presented or made available to the directors of the Borrower.

3. Resolutions

3.1 After due and careful consideration each of the directors being of the opinion that the grant of the Security is in the best interests of the Borrower **IT WAS RESOLVED** that:

3.1.1 in the unanimous opinion of the directors, the borrowing of the Loan, executing the Credit Agreement and entering into the Security would be most likely to promote the success of the Borrower for the benefit of its members as a whole;

3.1.2 the Borrower borrow the Loan and enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

3.1.3 the Borrower be and is hereby authorized to grant, execute and deliver the Credit Agreement and the Security to the Lender;

3.1.4 the Subsidiary be and is hereby authorized to grant, execute and delivery the security, certificates, agreements, undertakings and other documents deemed necessary and required from it by the Lender pursuant to the Credit Agreement, from time to time;

3.1.6 any one officer or director of the Borrower ~~is hereby~~ authorized to execute and deliver the Credit Agreement and the Security and all other documents, instruments and security necessary to give effect thereto in the name of and on behalf of the Borrower, under the Borrower's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto; and

3.1.7 any officer or director of the Borrower is hereby authorized in the name and on behalf of the Borrower to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

4. Closure

4.1 The Company's Secretary was instructed to make all such filings and all such entries in the books of the Borrower as are required to reflect or give effect to the business transacted at the meeting.

4.2 There being no further business, the meeting was declared closed.

Chairman

CERTIFIED COPY OF DIRECTORS' RESOLUTIONS

LANDDRILL INTERNATIONAL LTD.

I, BRIAN MAUDE, an officer of the above-named company, certify, having made due inquiry, that attached hereto is a true and exact copy of resolutions of the directors of such company duly passed or adopted in writing as of July 29, 2011, and that such resolutions have not been varied and remains in full force and effect, and I understand that SPROTT RESOURCE LENDING PARTNERSHIP will be relying on this certification in deciding whether to advance funds or to otherwise extend or continue credit.

Date: July 29, 2011

Signature: ______________________

RESOLUTIONS OF THE SOLE DIRECTOR
OF
LANDDRILL INTERNATIONAL LTD.
(the "Company")

WHEREAS:

A. Landdrill International Inc., a British Columbia company, (the "**Borrower**") wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower and the Lender.

B. To secure repayment of the Loan and the Borrower's obligations under the Credit Agreement, the Lender requires the Company to sign the following documents in favour of the Lender:

(1) a guarantee made by the Company in favour of the Lender of all present and future indebtedness of the Borrower to the Lender;

(2) a General Security Agreement under which the Company shall grant a security interest in favour of the Lender over all of the Company's present and after-acquired personal property;

(3) a share pledge agreement from the Company for the shares in its wholly-owned subsidiary, Landdrill International Inc. (Barbados) (the "**Subsidiary**"); and

(4) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Company by the Lender pursuant to the Credit Agreement from time to time;

copies of which, along with the Term Sheet, have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

BE IT RESOLVED THAT:

1. in the unanimous opinion of the directors, the Company entering into the Security would be most likely to promote the success of the Company for the benefit of its members as a whole;

2. it is in the Company's best interests to give financial assistance to or for the benefit of the Borrower in connection with the Loan, as provided in these resolutions;

3. the Company give the financial assistance, enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

4. the Company be and is hereby authorized to grant, execute and deliver the Security to the Lender;

5. the Subsidiary be and is hereby authorized to grant, execute and delivery the security, certificates, agreements, undertakings and other documents deemed necessary and required by the Lender pursuant to the Credit Agreement, from time to time;

6. any officer or director of the Company is hereby authorized to execute and deliver the Credit Agreement and the Security and all other documents, instruments and security necessary to give effect thereto in the name of and on behalf of the Company, under the Company's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto; and

7. any officer or director of the Company is hereby authorized in the name and on behalf of the Company to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

The undersigned consents to an passes the foregoing as a resolution of the sole director of LANDDRILL INTERNATIONAL LTD. as of July 29, 2011.

Ronald J. Goguen

RONALD J. GOGUEN SR.

CERTIFIED COPY OF DIRECTORS' RESOLUTIONS

LANDDRILL INTERNATIONAL INC. (BARBADOS)

I, Brian Mavis, an officer of the above-named company, certify, having made due inquiry, that attached hereto is a true and exact copy of resolutions of the directors of such company duly passed or adopted in writing as of July 29, 2011, and that such resolutions have not been varied and remains in full force and effect, and I understand that SPROTT RESOURCE LENDING PARTNERSHIP will be relying on this certification in deciding whether to advance funds or to otherwise extend or continue credit.

Date: July 29, 2011 Signature: ____________________

RESOLUTIONS OF THE SOLE DIRECTOR
OF
LANDDRILL INTERNATIONAL INC. (BARBADOS)
(the "Company")

WHEREAS:

A. Landdrill International Inc., a British Columbia company, (the "**Borrower**") wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower and the Lender.

B. To secure repayment of the Loan and the Borrower's obligations under the Credit Agreement, the Lender requires the Company to sign the following documents in favour of the Lender:

(1) a Guarantee in favour of the Lender;

(2) a share pledge agreement from the Company for the shares in its wholly-owned subsidiary, Landdrill International Mexico S.A. de C.V. (the "**Subsidiary**"); and

(3) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Company by the Lender pursuant to the Credit Agreement from time to time;

copies of which, along with the Term Sheet, have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

BE IT RESOLVED THAT:

1. in the unanimous opinion of the directors, the Company entering into the Security would be most likely to promote the success of the Company for the benefit of its members as a whole;

2. it is in the Company's best interests to give financial assistance to or for the benefit of the Borrower in connection with the Loan, as provided in these resolutions;

3. the Company give the financial assistance, enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

4. the Company be and is hereby authorized to grant, execute and deliver the Security to the Lender;

5. the Subsidiary be and is hereby authorized to grant, execute and delivery the security, certificates, agreements, undertakings and other documents deemed necessary and required by the Lender pursuant to the Credit Agreement, from time to time;

6. any officer or director of the Company is hereby authorized to execute and deliver the Credit Agreement and the Security and all other documents, instruments and security necessary to give effect thereto in the name of and on behalf of the Company, under the Company's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto; and

7. any officer or director of the Company is hereby authorized in the name and on behalf of the Company to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

The undersigned consents to an passes the foregoing as a resolution of the sole director of LANDDRILL INTERNATIONAL INC. (BARBADOS) as of July 21, 2011.

Ronald J. Goguen

RONALD J. GOGUEN SR.

CERTIFIED COPY OF DIRECTORS' RESOLUTIONS

LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.

I, Ronald J. Gagnon, an officer of the above-named company, certify, having made due inquiry, that attached hereto is a true and exact copy of resolutions of the directors of such company duly passed or adopted in writing as of July 29, 2011, and that such resolutions have not been varied and remains in full force and effect, and I understand that SPROTT RESOURCE LENDING PARTNERSHIP will be relying on this certification in deciding whether to advance funds or to otherwise extend or continue credit.

Date: July 29, 2011 Signature: [signature]

DM_VAN/288165-00001/8089609.3

RESOLUTIONS OF THE SOLE DIRECTOR
OF
LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.
(the "Company")

WHEREAS:

A. Landdrill International Inc., a British Columbia company, (the "**Borrower**") wishes to borrow from Sprott Resource Lending Partnership (the "**Lender**") a loan in the principal amount of up to Cdn$4,000,000 (the "**Loan**") on the terms and conditions set out in a term sheet dated June 10, 2011 (the "**Term Sheet**") and a credit agreement (the "**Credit Agreement**") to be entered into between the Borrower and the Lender.

B. To secure repayment of the Loan and the Borrower's obligations under the Credit Agreement, the Lender requires the Company to sign the following documents in favour of the Lender:

(1) a General Security Agreement under which the Company shall grant a security interest in favour of the Lender over all of the Company's present and after-acquired personal property;

(2) a non-possessory pledge agreement

(3) a Guarantee in favour of the Lender; and

(4) such other security, certificates, agreements, undertakings and other documents deemed necessary by the Lender, and required from the Company by the Lender pursuant to the Credit Agreement from time to time;

copies of which, along with the Term Sheet, have been presented or made available to the directors of the Company (and collectively with the Credit Agreement, hereinafter referred to as the "**Security**").

BE IT RESOLVED THAT:

1. in the unanimous opinion of the directors, the Company entering into the Security would be most likely to promote the success of the Company for the benefit of its members as a whole;

2. it is in the Company's best interests to give financial assistance to or for the benefit of the Borrower in connection with the Loan, as provided in these resolutions;

3. the Company give the financial assistance, enter into the Security, and observe and perform its obligations under the Security, the terms and conditions of which are approved;

4. the Company be and is hereby authorized to grant, execute and deliver the Security to the Lender;

5. any officer or director of the Company is hereby authorized to execute and deliver the Credit Agreement and the Security and all other documents, instruments and security necessary to give effect thereto in the name of and on behalf of the Company, under the Company's corporate seal or otherwise, with such amendments or variations as such officer or director may approve, his approval to be conclusively proved by his signature thereto; and

6. any officer or director of the Company is hereby authorized in the name and on behalf of the Company to execute and deliver all such further deeds and documents and do all such acts and things as he may consider to be necessary or desirable to give effect to these resolutions.

The undersigned consents to an passes the foregoing as a resolution of the sole director of LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. as of July 29, 2011.

RONALD J. GOGUEN SR.

DIRECTION TO PAY

Date: August 5, 2011

SPROTT RESOURCE LENDING PARTNERSHIP,
by its Managing Partner, SPROTT LENDING CONSULTING LP,
by its General Partner, SPROTT LENDING CONSULTING GP, INC.

- and -

FASKEN MARTINEAU DuMOULIN LLP
Barristers & Solicitors
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3

Attention: Andrew Jackson / Nicholas Roos

Dear Sirs/Mesdames:

Re: $4,000,000 Loan Facility established for Landdrill International Inc. by Sprott Resource Lending Partnership

We refer to the Credit Agreement made as of the 29th day of July, 2011, made between Sprott Resource Lending Partnership, as lender, and Landdrill International Inc., as borrower (the "**Credit Agreement**"). Terms used herein will have the meanings ascribed to them in the Credit Agreement.

This letter is the Lender's irrevocable authority and direction to advance to its solicitors, Messrs. Fasken Martineau DuMoulin LLP, in trust, the proceeds under the above-captioned loan facility established in our favour, and for Messrs. Fasken Martineau DuMoulin LLP to:

1. deduct therefrom the sum of C$65,540 as a holdback to pay their legal account (including an estimate of disbursements and taxes), and to pay monies from such holdback, with any excess holdback to be refunded to us and any shortfall to be paid by us directly to Fasken Martineau DuMoulin LLP;

2. deduct therefrom the sum of US$23,187.07, as a holdback to pay Sanchez-Mejorada Velasco Y Ribe, the Lender's legal counsel in Mexico;

3. deduct therefrom the sum of US$6,000.00, as a holdback to pay Chancery Chambers, the legal counsel in Barbados to both the Borrower and the Lender;

4. deduct therefrom the sum of US$266,654.54, representing the full amount required to satisfy in full the amount owing to Northstar Trade Finance Inc., pursuant to their payout statement dated July 18, 2011 (a copy of which is attached hereto), and to discharge all liens, encumbrances and charges from the assets of Landdrill Mexico located in Mexico;

5. deduct therefrom the sum of $275,000, as a holdback in connection with certain "in transit" drills described as two Usinage Marcotte Inc. 1500-U drilling rigs with serial numbers STM1500-3 and STM1500-4; and

6. forward the net proceeds, if any, of such loan advance (the "**Funds**") to the undersigned, to the attention of Mr. Brian Maude (or as otherwise directed by the undersigned), to utilize the Funds to release the Acquisition Debt pursuant to the terms of the Credit Agreement.

Transmission of a copy of this Direction to Pay by means of telecommunication (by way of a fax or attached as an electronic image (PDF, TIF., etc.) to electronic email) shall be as effective as delivery of a manually signed counterpart hereof.

Yours truly,

LANDDRILL INTERNATIONAL INC.

Per: ______________________
Authorized Signatory
BRIAN MAUDE

NORTHSTAR
TRADE FINANCE INC.

PAYMENT DUE ADVICE Loan #2 **EARLY PREPAYMENT**

To:	Landdrill International Mexico S.A. de C.V.	**Currency:**	USD
Attn:	Camilla Cormier / Martin Ramirez	**Due Date:**	25-Aug-11
Fax #:	506 867-0440	**Frequency:**	Quarterly
From:	Cristina Gray / Juan Gonzalez	**Exporter:**	LEM Manufacturing Inc

Prepayment due at:	**25-Aug-11**				
Principal Balance					**261,265.95**
Interest Period	Days	Rate*	Principal Balance	Principal Repayment	
Balance Brought forward			290,295.50	(29,029.55)	
Interest Due this Period:					
May 26/11 - Aug 25/11	92	3.30198%	261,265.95		2,204.67
Prepayment Fee	90	3.30198%	261,265.95		2,156.74
Accrued Short Payments					0.00
Accrued Late Interest					27.18
Legal & Admin Fee					1,000.00
TOTAL DUE					**266,654.54**

Installments not paid at due date are subject to overdue interest as per the loan agreement.
* 3m LIBOR 0.30198% + 3.00% = 3.30198%

Please remit funds in full, without any deduction of bank charges, to :

National Bank of Canada
180 - 4040 No. 3 Road
Richmond, BC, V6X 2C2
Canada
Account # 03951-020-65
Beneficiary: Northstar Trade Finance Inc.

Manager, Loan Administration **Date :** 18-Jul-11

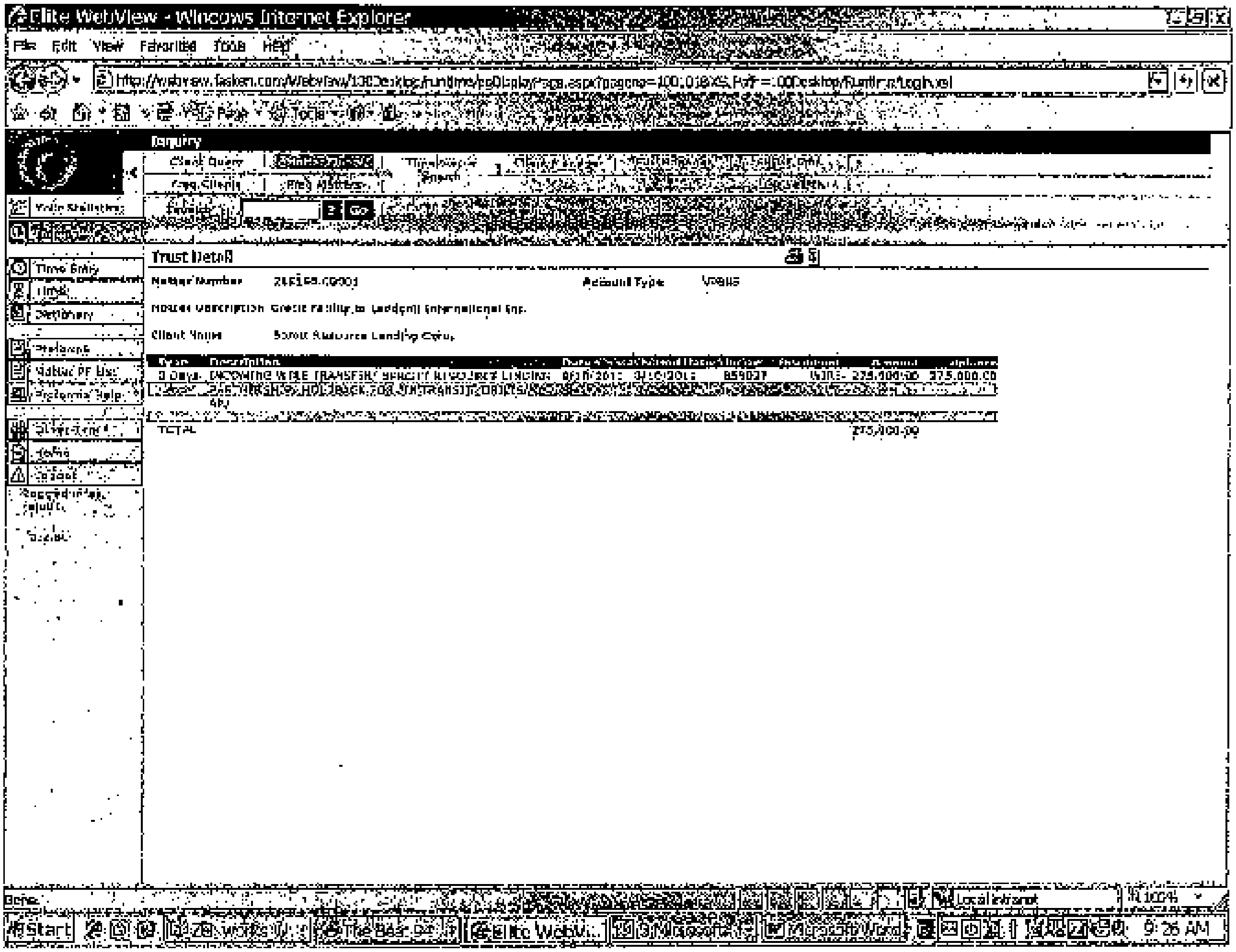
1 University Ave, Suite 501 Toronto, ON M5J 2P1 Canada
Tel: (416) 601-6221 Fax (416) 601-6233

Lewis_Brent

From: Raju_Hila
Sent: Wednesday September 21, 2011 9:20 AM
To: Lewis_Brent
Subject: Sprott / Landdrill - trust summary

There are 2 trust accounts on this file:

The screen below shows the $276,000 in 1 account:



Here is the other account:

Elite WebView - Windows Internet Explorer

http://webview.fasken.com/webview/100Desktop/runtime/pgDisplayPage.aspx?pageno=1001018&XSLPath=100Desktop/runtime/Login.xsl

Inquiry

Trust Detail

Matter Number 288155.00001 Account Type Group

Matter Description Credit Facility to Landdill International, Inc.

Client Name Sprott Resource Lending Corp.

Type	Description	Date	Cleared Date	Index	Document	Amount	Balance
[illegible]	[illegible]						
OTAF	INCOMING WIRE TRANSFER/ SPROTT RESOURCE LENDING PARTNERSHIP [illegible] INC/ AP3	8/5/2011	8/5/2011	598841	WIRE	268,654.54	268,654.54
[illegible]	[illegible] PARTNERSHIP/ CHANCERY CHAMBERS LEGAL FEES ([illegible]	[illegible]	[illegible]	[illegible]	WIRE	[illegible]	[illegible]
3 Days	INCOMING WIRE TRANSFER/ SPROTT RESOURCE LENDING [illegible] COLLEGE FEES [illegible]	8/5/2011	8/5/2011	598842	WIRE	22,187.07	290,841.61
DISBURS	DIRECT DEPOSIT/ ACCT NAME: NORTHSTAR TRADE [illegible] 130-4040 NO. 3 ROAD, RICHMOND, BC/ ACCT NO. [illegible] INTERNACIONAL MEXICO S.A. DE C.V. AP3 [illegible]	8/5/2011	8/5/2011	538451	31463	(266,054.54)	25,187.07
DISBURS	OUTGOING WIRE TRANSFER TO SANCHEZ-MEDRANO, [illegible] WEST HOUSTON ST., SAN ANTONIO, TEXAS 78205, [illegible] 01-0273135 REIMBURSEMENT OF INVOICE NOS. 21392 AND [illegible]	8/15/2011	8/15/2011	538858	WIRE	(17,912.00)	11,865.37
[illegible]	[illegible]						
[illegible]	[illegible]						

Rita Raja
Legal Administrative Assistant to Andrew Jackson & KC Miu
Fasken Martineau DuMoulin LLP
Barristers & Solicitors
Patent & Trade-mark Agents

Tel: 604 631 3203
Fax: 604 631 3232
www.fasken.com

2900 - 550 Burrard St
Vancouver BC V6C 0A3
Canada

LANDDRILL
INTERNATIONAL
180 McNaughton Avenue
Moncton, NB
Canada E1H 3L9

Office: (506) 388-8100
Fax: (506) 388-8990

Brian Edward Maude, B.A., LL.B.
Corporate Counsel /
Corporate Secretary
T: 506 388 8100, x231
bmaude@landdrill.com

July 29, 2011

SPROTT RESOURCE LENDING PARTNERSHIP
Suite 2750, 200 Bay Street
Royal Bank Plaza, South Tower
Toronto, ON M5J 2J2
Attention: Chief Financial Officer

- and -

FASKEN MARTINEAU DuMOULIN LLP
Suite 2900
550 Burrard Street
Vancouver, B.C. V6C 0A3
Attention: Andrew P. Jackson
Dear Sirs/Mesdames:

Re: LANDDRILL INTERNATIONAL INC. and LANDDRILL INTERNATIONAL LTD. – Opinion and Report

We have acted as counsel for **LANDDRILL INTERNATIONAL INC.** (the "**Borrower**") and **LANDDRILL INTERNATIONAL LTD.** ("**Landdrill NB**" and together with the Borrower, collectively, the "**Loan Parties**") in connection with the transaction contemplated in a credit agreement dated 29th of July, 2011 (the "**Credit Agreement**") between Sprott Resource Lending Partnership (the "**Lender**") and the Borrower, Landdrill NB, Landdrill International Inc., a Barbados company ("**Landdrill Barbados**") and Landdrill International Mexico, S.A. de C.V.

Terms used with initial capital letters in this opinion, if not defined herein but defined in the Credit Agreement will have those defined meanings.

We have reviewed the following documents, each of which is dated on or about the same date hereof (collectively, the "**Documents**"):

(a) the Credit Agreement;

(b) a security agreement made by the Borrower in favour of the Lender, creating a first fixed charge on the Borrower's Business Assets and all property and assets relating thereto or arising therefrom (the "**Borrower GSA**");

(c) a pledge and assignment by the Borrower in favour of the Lender of all of the Capital Stock of Landdrill NB (the "**Pledged Shares**"), as security for all present and future Indebtedness of the Borrower to the Lender (the "**Share Pledge Agreement**");

(d) a guarantee made by Landdrill NB in favour of the Lender of all present and future Indebtedness of the Borrower to the Lender;

(e) a security agreement made by Landdrill NB in favour of the Lender, creating a third fixed charge on the Business Assets of Landdrill NB and all property and assets relating thereto or arising therefrom (the "**Landdrill NB GSA**"); and

(f) a pledge and assignment by Landdrill NB in favour of the Lender of all of the Capital Stock of Landdrill Barbados, as security for all present and future Indebtedness of Landdrill NB to the Lender.

We have considered such questions of law, reviewed such documents (including signed consent directors' resolutions) and conducted such searches and investigations as we have deemed necessary for the purposes hereof.

Insofar as this opinion relates to factual matters not within our knowledge, we have relied upon the officer's certificate(s) being delivered to you herewith.

In giving this opinion, we have assumed that all original documents are authentic, all copies and facsimiles conform to the originals, and all signatures are genuine.

Based on the foregoing, and subject to the qualifications set out below, we submit the following opinion:

1. The Borrower has been duly incorporated, amalgamated or continued, as the case may be, as a company under the laws of the Province of British Columbia and, as of the date(s) of execution and delivery of the Documents to which it is a party:

   (a) validly existed and was in good standing with the Office of the British Columbia Registrar of Companies with respect to the filing of annual reports; and

   (b) had the corporate power and capacity to execute and deliver the Documents to which it is a party, to purchase/own the property charged by the Documents to which it is a party and to (to the extent applicable) borrow the monies, incur the liabilities, give the financial assistance and grant the security contemplated thereby, and to make, observe and perform the covenants of the Borrower set out therein.

2. Landdrill NB has been duly incorporated, amalgamated or continued, as the case may be, as a company under the laws of the Province of New Brunswick and, as of the date(s) of execution and delivery of the Documents to which it is a party:

(a) validly existed and was in good standing with the Office of the New Brunswick Registrar of Companies with respect to the filing of annual reports; and

(b) had the corporate power and capacity to execute and deliver the Documents to which it is a party, to purchase/own the property charged by the Documents to which it is a party and to (to the extent applicable) borrow the monies, incur the liabilities, give the financial assistance and grant the security contemplated thereby, and to make, observe and perform the covenants of Landdrill NB set out therein.

3. Each of the Documents to which the Borrower is a party has been validly authorized (or ratified), executed and delivered by the Borrower, and the purchase/ownership of the property charged by the Documents to which the Borrower is a party and the borrowing, financial assistance and security contemplated by the Documents to which the Borrower is a party have been validly authorized.

4. Each of the Documents to which Landdrill NB is a party has been validly authorized (or ratified), executed and delivered by Landdrill NB, and the purchase/ownership of the property charged by the Documents to which Landdrill NB is a party and the borrowing, financial assistance and security contemplated by the Documents to which Landdrill NB is a party have been validly authorized.

5. Neither the execution and delivery of the Documents or any of them, to which the Borrower is a party, nor the performance of the covenants and agreements set out therein, will result in any violation or contravention of the constating documents of the Borrower.

6. Neither the execution and delivery of the Documents or any of them, to which Landdrill NB is a party, nor the performance of the covenants and agreements set out therein, will result in any violation or contravention of the constating documents of Landdrill NB.

7. The Share Pledge Agreement constitutes legal, valid and binding obligations of the Borrower, enforceable against it in accordance with its terms.

8. The authorized capital of Landdrill NB consists of 100 Common shares of which 100 Common shares have been duly issued and are outstanding as fully paid and non-assessable shares.

The following are recorded in the central securities register contained in the minute book of Landdrill NB:

Name of Shareholder	Share Certificate No.	No. of Shares
LANDDRILL INTERNATIONAL INC.	2	100

9. All necessary corporate action has been taken by Landdrill NB and its shareholders to authorize the transfer of all of the Borrower's shares in the capital of Landdrill NB (the "**Pledged Shares**") pledged under the Share Pledge Agreement to the Lender or its nominee contemplated by the Share Pledge Agreement, including the registration, on the central securities register of Landdrill NB, of the transfer of the Pledged Shares to the Lender or its nominee and any subsequent transfer of the Pledged Shares by the Lender or its nominee in connection with any disposition of the Pledged Shares by the Lender or its nominee. The board of directors of Landdrill NB has passed a resolution approving the transfer of the Pledged Shares to the Lender or its nominee and also approving any transfer of the Pledged Shares by the Lender or its nominee. There is some doubt about the directors' power to irrevocably bind themselves to the approval of any such transfer of the Pledged Shares by the Lender or its nominee.

10. The Share Pledge Agreement creates a valid security interest in favour of the Lender in the Pledged Shares in which the Borrower now has rights and is sufficient to create a valid security in favour of the Lender in the Pledged Shares in which the Borrower hereafter acquires rights when those rights are acquired by the Borrower, in each case to secure the payment and performance of all present and future indebtedness of the Borrower to the Lender.

11. Registration has been made in all public offices provided for under the laws of the Province of New Brunswick where such registration is necessary or desirable to preserve, protect or perfect the security interest created by the Borrower in the Pledged Shares in favour of the Lender.

12. The Landdrill NB GSA constitutes legal, valid and binding obligations of Landdrill NB, enforceable against it in accordance with its terms.

13. The Landdrill NB GSA creates a valid security interest in favour of the Lender in the Business Assets of Landdrill NB in which Landdrill NB now has rights and is sufficient to create a valid security in favour of the Lender in the Business Assets of Landdrill NB in which Landdrill NB hereafter acquires rights when those rights are acquired by Landdrill NB, in each case to secure the payment and performance of all present and future indebtedness of Landdrill NB to the Lender.

14. I am informed by solicitors for the Lender, and I concur, that registration has been made in all public offices provided for under the laws of the Province of New Brunswick where such registration is necessary or desirable to preserve, protect or perfect the security interest created by the Landdrill NB GSA in the Business Assets of Landdrill NB in favour of the Lender.

15. To the extent the laws of New Brunswick are applied to determine the validity of the security interest created under the Borrower GSA, the Borrower GSA creates a valid security interest in favour of the Lender in the Business Assets of the Borrower in which the Borrower now has rights and is sufficient to create a valid security in favour of the Lender in the Business Assets of Borrower in which the Borrower hereafter acquires rights when those rights are acquired by the Borrower, in each case to secure the payment and performance of all present and future indebtedness of the Borrower to the Lender.

16. I am informed by solicitors for the Lender, and I concur, that registration has been made in all public offices provided for under the laws of the Province of New Brunswick where such registration is necessary or desirable to preserve, protect or perfect the security interest created by the Borrower GSA in the Business Assets of the Borrower in favour of the Lender.

This opinion is limited to the matters expressly stated, relates exclusively to the documents referred to, and is for the exclusive use and benefit of the addressees and their successors and assigns. Accordingly, it cannot be relied upon by other parties or in other transactions.

Of course, should you have any questions or concerns, please feel free to contact me at bmaude@landdrill.com or via telephone at 506 388 8100, ext. 231.

Kind regards,

Brian Edward Maude

Chancery Chambers

ATTORNEYS-AT-LAW

CHANCERY HOUSE, HIGH STREET
BRIDGETOWN, BARBADOS
WEST INDIES

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LAUREN C. McINTOSH, B.A. (Econ.), LL.B. (Hons.)
ANGELA R. ROBINSON, B.Sc. (Hons), LL.B. (Hons.), ACIS
TAMMY O. THORNHILL, B.A. (Hons.), LL.B. (Hons.)
BRYAN A.R. VOLNEY, Solicitor and Attorney-at-Law

August 5, 2011

Matter Number: 5110267

Sprott Resource Lending Partnership
Suite 2750, 200 Bay Street
Royal Bank Plaza
South Tower
Toronto, Ontario
Canada M5J 2J2

Attention: Chief Financial Officer

Fasken Martineau DuMoulin LLP
Suite 2900
550 Burrard Street
Vancouver, B.C.
Canada V6C 0A3

Attention: Andrew P. Jackson

Ladies and Gentlemen:

Re: Landdrill International Inc.

We have acted as special Barbados counsel to **Landdrill International Inc.** ("Landdrill Barbados"), a wholly owned subsidiary of Landdrill International Ltd. ("Landdrill NB") in connection with (a) the guarantee transaction related to that certain credit agreement dated as of July 29, 2011 (the "Credit Agreement") between Sprott Resource Lending Partnership (the "Lender") and Landdrill International Inc., a British Columbia company (the "Borrower"), Landdrill NM, Landdrill Barbados and Landdrill International Mexico, S.A. de C.V. ("Landdrill Mexico"), and (b) the share pledge and assignment transaction by Landdrill NB as security for its obligations under the Credit Agreement.

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the following executed documents:

(i) the Credit Agreement;

(ii) the pledge and assignment (the "Landdrill NB Share Pledge Agreement"), dated July 29, 2011, executed by Landdrill NB in favour of the Lender, and pursuant to which *inter alia* Landdrill NB pledges in favour of the Lender all of the Capital Stock of Landdrill Barbados, as security for all present and future Indebtedness of Landdrill NB to the Lender;

(iii) the guarantee (the "Landdrill Barbados Guarantee"), dated as of July 29, 2011, executed by Landdrill Barbados in favour of the Lender, and pursuant to which *inter alia* Landdrill Barbados guarantees all present and future Indebtedness of the Borrower to the Lender;

(iv) the pledge and assignment (the "Landdrill Barbados Share Pledge Agreement"), dated as of July 29, 2011, executed by Landdrill Barbados in favour of the Lender, and pursuant to which *inter alia* Landdrill Barbados pledges in favour of the Lender all of the Capital Stock of Landdrill Mexico, as security for all present and future Indebtedness of Landdrill Barbados to the Lender under the Landdrill Barbados Guarantee; and

(v) an officer's certificate (the "Landdrill Barbados Officer's Certificate"), issued on behalf of Landdrill Barbados by a duly authorised officer of Landdrill Barbados as to *inter alia* the incumbency of certain officers and directors, and annexing thereto (a) the certificate and articles of incorporation of Landdrill Barbados (the "Landdrill Barbados Corporate Instruments"), (b) the by-laws of Landdrill Barbados (the "Landdrill Barbados By-Laws"), (c) the international business company licence and annual renewal for the year 2011 issued to Landdrill Barbados (the "Landdrill Barbados Licence"), (d) the share register of Landdrill Barbados (the " Landdrill Barbados Share Register"), and (e) the resolutions adopted by the Board of Directors of Landdrill Barbados, authorising Landdrill Barbados to execute and deliver the documents to which Landdrill Barbados is a party, and approving the transactions contemplated by and described in the documents to which Landdrill Barbados is a party.

The Credit Agreement, the Landdrill Barbados Guarantee and the Landdrill Barbados Share Pledge Agreement are collectively referred to herein as (the "Landdrill Barbados Documents"). Capitalised terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

We have also considered such questions of law and have examined such statutes and regulations, records, certificates and other documents and have made such other investigations, inquiries, searches or examinations as we have considered necessary for the purpose of our opinions expressed herein.

In our examination of the foregoing documents, we have assumed the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals, and the conformity to original documents of all documents submitted to us as notarial, true, certified, conformed, photostatic or telecopied copies thereof; and the completeness and accuracy of all facts set forth in official public records and certificates and other documents issued by public officials.

We have also assumed, as a basis for the opinions hereafter expressed:

(i) that the Landdrill NB Share Pledge Agreement and the Landdrill Barbados Documents (to the extent applicable), have been executed and delivered by all of the parties thereto (including Landdrill Barbados) in accordance with the laws of the Province of British Columbia (the "Foreign Applicable Jurisdiction"), pursuant to which such document is stated to be governed, interpreted, construed and enforced;

(ii) that under the laws of the Foreign Applicable Jurisdiction, the Landdrill NB Share Pledge Agreement and the Landdrill Barbados Documents (to the extent applicable), are in form and content, legal, valid and binding in accordance with its terms, and that under the laws of the Foreign Applicable Jurisdiction, the Landdrill Barbados Documents constitute a legal, valid, binding and enforceable obligation of the parties thereto;

(iii) that Landdrill NB does not have a place of business in Barbados, and does not carry on an undertaking in Barbados, such as would require such Landdrill NB to be registered as an external company within the meaning of the *Companies Act*;

(iv) that Landdrill NB is a direct wholly-owned subsidiary of the Borrower;

(v) that under the laws of the Foreign Applicable Jurisdiction, and under the laws of the domicile of Landdrill NB, the Landdrill NB Share Pledge Agreement creates a good and valid perfected security interest in the shares of Landdrill Barbados;

(vi) that the Landdrill Barbados Share Pledge Agreement is effective under the the *lex situs* of the collateral charged thereby (to the extent that the collateral is situated in a jurisdiction other than Barbados), to create in favour of the Lender, a perfected valid security interest in such collateral;

(vii) that each of the parties to the Landdrill Barbados Documents (other than Landdrill Barbados) has the necessary power and capacity to execute and deliver the Landdrill Barbados Documents and to perform all its obligations thereunder; and

(viii) the due authorisation by all necessary corporate action and the due execution and delivery of the Landdrill Barbados Documents by each of the parties thereto (other than Landdrill Barbados).

In rendering the opinions set forth herein, we have relied (without independent check or verification) as to certain matters of fact solely upon the Landdrill Barbados Officer's Certificate.

We are qualified to practise law only in Barbados. We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Barbados. This opinion is limited to and is given on the basis of the current law and practice in Barbados. We undertake no responsibility to update or supplement this letter after the date hereof.

Based upon the foregoing and subject to the limitations, qualifications and assumptions set forth herein, it is our opinion that:

1. Landdrill Barbados (a) is a body corporate duly organised, validly existing and in good standing under the laws of Barbados, and (b) has all requisite corporate power and authority necessary to carry on its business and to perform its obligations under the Landdrill Barbados Documents. Landdrill Barbados is validly licenced as an international business company for the year ending December 31, 2011.

2. The execution, delivery and performance by Landdrill Barbados of the Landdrill Barbados Documents has been duly authorised by all necessary corporate action on the part of Landdrill Barbados.

3. The Landdrill Barbados Documents have been duly executed and delivered by Landdrill Barbados, and under the laws of Barbados, the Landdrill Barbados Documents constitute a valid, legal, binding and enforceable obligation of Landdrill Barbados in accordance with the terms thereof.

4. The execution, delivery and performance by Landdrill Barbados of the Landdrill Barbados Documents, do not violate or conflict with:
   (a) any provision of the Landdrill Barbados Corporate Instruments, the Landdrill Barbados By-Laws or the Landdrill Barbados Licence; or
   (b) any law, rule or regulation in Barbados, applicable to Landdrill Barbados.

5. Landdrill Barbados is authorised to issue an unlimited number of shares of one class designated common shares. There are One Hundred (100) common shares issued and outstanding in the capital of Landdrill Barbados. All of the issued and outstanding shares of Landdrill Barbados have been issued to Landdrill NB evidenced by share certificate number one.

6. The guarantee by Landdrill Barbados of the obligations of the Borrower as contemplated in the Landdrill Barbados Documents constitutes permitted financial assistance by Landdrill Barbados in accordance with sections 54(c) of the *Companies Act*.

7. Under the laws of Barbados, the charge created by Landdrill NB in the Landdrill NB Share Pledge Agreement in the shares of the shares of Landdrill Barbados (the "Pledged Shares"), creates a good and valid perfected security interest in the shares of the shares of Landdrill Barbados, in favour of the Lender, and is sufficient to create a valid security in favour of the Lender in the Pledged Shares in which Landdrill NB hereafter acquires rights (when those rights are acquired by Landdrill NB), in each case to secure the payment and performance of all present and future Indebtedness of

Landdrill NB to the Lender. We note however that the Registrar of Corporate Affairs maintains a register of charges created by an external company over the shares of a Barbados Company, notwithstanding that such security interest is created under and valid under the laws of the Foreign Applicable Jurisdiction, and it may be possible to file or record the Landdrill NB Share Pledge Agreement with the Registrar of Corporate Affairs.

8. Except for the approval by the directors by a resolution for the transfer of the shares on the realisation of the security interest over the shares of Landdrill Barbados, no further corporate authorisation, consent, authority or permission is required to be obtained in respect of the creation of the security interest pursuant to the the Landdrill NB Share Pledge Agreement or for the transfer of the shares on the realisation of the security interest over the shares of Landdrill Barbados.

9. In respect of the security interest over the shares of Landdrill Barbados created by Landdrill NB in the Landdrill NB Share Pledge Agreement, on the realisation of the security interest over the shares of Landdrill Barbados, the transfer of legal and beneficial title to the shares of Landdrill Barbados requires that the executed and completed instrument(s) of transfer (in the appropriate form), be presented to the Registrar of Companies within thirty (30) days of the date of such transfer, for the purpose of adjudicating such transfer to stamp duty and property transfer tax in Barbados.

10. Except for the stamp duty of Ten Barbados Dollars (BDS$10.00) payable as stamp duty on the instrument of transfer of the shares of Landdrill Barbados, no further stamp duty, transfer taxes or registration fees are payable in Barbados in respect of any transfer of the shares of Landdrill Barbados to a person who is not resident in Barbados, (or if so resident is entitled to special tax benefits under the laws of Barbados).

11. Except for the filing of two counterpart originals of the Landdrill Barbados Share Pledge Agreement (together with a statement of charge, in duplicate), with the Registrar of Corporate Affairs in accordance with the *Companies Act* within twenty-eight (28) days of the execution thereof, no notice to or filing or registration with, any governmental authority or regulatory body in Barbados is required for the due execution, delivery and performance of the Landdrill NB Share Pledge Agreement and the Landdrill Barbados Documents to ensure the validity and enforceability thereof under Barbados law. The registration of each of the Landdrill Barbados Share Pledge Agreement with the Registrar of Companies in Barbados within twenty-eight (28) days of the creation of the security interests thereunder is necessary to ensure the validity of the security interests created thereby under the laws of Barbados, and the registration thereof ensures that the security interests over the collateral charged under the Landdrill Barbados Share Pledge Agreement is not void under Barbados law by reason of the failure to file the Landdrill Barbados Share Pledge Agreement.

12. Except for the stamp duty of Ten Barbados Dollars (BDS$10.00) payable in respect of

each of the Landdrill Barbados Documents to ensure its enforceability and admissibility in evidence, no further stamp duty, registration fees or documentary taxes or duties are payable in Barbados in respect of the Landdrill Barbados Documents.

13. Under the laws of Barbados, the choice in the Landdrill Barbados Documents of the laws of the Province of British Columbia and laws of Canada applicable therein, as the law governing the Landdrill Barbados Documents, is valid and enforceable and the laws of the Province of British Columbia and laws of Canada applicable therein would be recognised as valid and would be applied to the Landdrill Barbados Documents in any action brought before the courts of Barbados, provided that such choice of law was *bona fide* (in the sense that it was not made with a view to avoiding the consequences of the laws of any other jurisdiction), and provided that such choice of law is not contrary to public policy, as that term is applied by the courts of Barbados.

14. Any final *in personam* judgement for recovery of a definite sum of money (other than a judgement for taxes, a fine or other penalty) under the Landdrill Barbados Documents which is rendered against Landdrill Barbados by a foreign court having personal jurisdiction over the parties to the action and having jurisdiction over the subject matter of the action (other than the courts of England or other court recognised under the *Foreign and Commonwealth Judgements (Reciprocal Enforcement) Act* of the laws of Barbados), and which is valid, conclusive and enforceable in such jurisdiction, will not automatically be enforceable in Barbados. Proceedings to enforce such a judgement must be initiated by way of common law action before a court of competent jurisdiction in Barbados. A Barbados court will normally order summary judgement on the basis that there is no defence to the claim for payment without an investigation of the merits of the original action unless the court of Barbados to which such judgement is presented determines that (a) the judgement was not rendered under a system of due process of law, (b) the foreign court did not have personal jurisdiction over Landdrill Barbados, (c) the foreign court did not have jurisdiction over the subject matter, (d) Landdrill Barbados did not receive appropriate notice of the proceedings in sufficient time to enable it to defend, (e) the judgement was obtained by fraud, (f) the obligations upon which the judgement was obtained would have been subject to defence under the laws of Barbados, (g) the cause of action on which the judgement is based is repugnant to the public policy of Barbados, (h) the proceedings in the foreign court were contrary to an agreement between the parties under which the dispute in question was to be settled otherwise than by proceedings in that court, (i) the foreign court was a seriously inconvenient forum for the trial of the action, or (j) the judgement conflicts with another final and conclusive judgement.

15. It is not necessary that the Lender be qualified or entitled to conduct business in Barbados in order to enable it to enforce its rights against Landdrill Barbados in a Barbados court under the Landdrill Barbados Documents, except that in respect of any such action before a court in Barbados, the Lender, as a foreign plaintiff, may be required to pay security for costs into court.

16. Neither Landdrill Barbados nor its assets are entitled to immunity on the grounds of

sovereignty or otherwise from any legal action or proceeding (which includes, without limitation, suit, attachment prior to judgement, execution or other enforcement).

The foregoing opinions are subject to the following qualifications and limitations:

(a) The term "enforceable" as used in this opinion means that the obligations of a party under a specified document are of a type which the Barbados courts enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular:
   (i) enforcement may be limited by any winding-up, administration, bankruptcy, insolvency, reorganisation, moratorium or similar laws affecting creditors' rights generally;
   (ii) a Barbados court will not necessarily grant any remedy the availability of which is subject to equitable considerations or which is otherwise in the discretion of the court. In particular, orders for specific performance and injunctions are, in general, discretionary remedies under Barbados law and specific performance is not available where damages are considered by the court to be an adequate alternative remedy;
   (iii) claims may become barred by prescription, limitation or lapse of time, or may be or become subject to defences of set-off or counterclaim;
   (iv) where obligations are to be performed in a jurisdiction outside Barbados, these may not be enforceable in Barbados to the extent that performance would be illegal under the laws of that jurisdiction;
   (v) enforcement may be restricted by the principles relating to the frustration of contracts by events happening after their execution; and
   (vi) enforcement may be limited to the extent that performance would be illegal or contrary to public policy under the laws of Barbados or any other applicable jurisdiction and a Barbados court may take into account the law of the place of performance in relation to the manner of performance and to the steps to be taken in the event of defective performance.

(b) No opinion is expressed as to the enforceability of any provision in the Landdrill Barbados Documents:
   (i) which purports to waive all defences which might be available to, or constitute a discharge of the liability of Landdrill Barbados;
   (ii) to the extent that it purports to exculpate any party from liability in respect of acts or omissions which may be illegal, fraudulent or involve its wilful misconduct;
   (iii) which asserts that any certificate or determination by or of the Lender shall be conclusive, because a court may permit evidence to be introduced for the purpose of showing such certificate or determination to be incorrect;
   (iv) which provides for the severability of illegal or unenforceable provisions;
   (v) which states that amendments or waivers of or with respect to any document that are not in writing will not be effective; or

(vi) which purports to charge a rate or rates of interest after the occurrence of an event of default or other default under any document which exceeds the rate or rates applicable prior thereto, as additional interest imposed by the Landdrill Barbados Documents might be held to constitute a penalty and the provisions of that clause imposing additional interest would thus be held to be void.

(c) Barbados courts are prepared to render judgement for a monetary amount in foreign currencies but the judgement may be converted into Barbados currency for enforcement purposes. Foreign currency amounts claimed in a Barbados liquidation must be converted into Barbados currency at the rate prevailing at the commencement of the liquidation.

This opinion is intended solely for the benefit of the persons to whom it is addressed (and each of their respective successors and assigns), in connection with the transactions as contemplated by the Landdrill Barbados Documents. This opinion is not to be transmitted to any other person, nor is it to be relied upon by any of the persons to whom it is addressed or by any other person for any other purpose, or quoted or referred to in any public document or filed with any governmental agency or other person without prior written consent.

Yours very truly,
Chancery Chambers

per:

Lauren C. McIntosh

BC OnLine: PPRS SEARCH RESULT 2011/08/05
Lterm: XPSP0050 For: PM57536 FASKEN MARTINEAU DUMOULIN LLP 14:46:30

Index: BUSINESS DEBTOR
Search Criteria: LANDDRILL INTERNATIONAL INC

**************** P P S A   S E C U R I T Y   A G R E E M E N T ***************

Reg. Date: MAR 29, 2011   Reg. Length: 10 YEARS
Reg. Time: 09:18:24   Expiry Date: MAR 29, 2021
Base Reg. #: 067946G   Control #: D0484194

Block#

S0001 Secured Party: GE CANADA EQUIPMENT FINANCING G.P.
1100 - 1250 RENE-LEVESQUE W.
MONTREAL QC H3B 4W8

S0002 Secured Party: GE CANADA LEASING SERVICES COMPANY
1100 - 1250 RENE-LEVESQUE W.
MONTREAL QC H3B 4W8

S0003 Secured Party: GENERAL ELECTRIC CANADA EQUIPMENT
FINANCE G.P.
1100 - 1250 RENE-LEVESQUE W.
MONTREAL QC H3B 4W8

S0004 Secured Party: GE CANADA ASSET FINANCING HOLDING
COMPANY
1100 - 1250 RENE-LEVESQUE W.
MONTREAL QC H3B 4W8

S0005 Secured Party: GE TECHNOLOGY FINANCE
1100 - 1250 RENE-LEVESQUE W.
MONTREAL QC H3B 4W8

S0006 Secured Party: GE VFS CANADA LIMITED PARTNERSHIP
1100 - 1250 RENE-LEVESQUE W.
MONTREAL QC H3B 4W8

S0007 Secured Party: GE CAPITAL CANADA EQUIPMENT FINANCING
& LEASING COMPANY
1100 - 1250 RENE-LEVESQUE W.
MONTREAL QC H3B 4W8

=D0001 Base Debtor: LANDDRILL INTERNATIONAL INC.
(Business) 700-625 HOWE ST
VANCOUVER BC V6C 2T6

General Collateral:
A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND
AFTER-ACQUIRED PERSONAL PROPERTY.

Registering
Party: SECUREFACT TRANSACTION SERVICES, INC.
350 BAY STREET, SUITE 300
TORONTO ON M5H 2S6

Continued on Page 2

Search Criteria: LANDDRILL INTERNATIONAL INC Page: 2

*************** P P S A   S E C U R I T Y   A G R E E M E N T ***************

Reg. Date: JUL 28, 2011 Reg. Length: 5 YEARS
Reg. Time: 14:52:29 Expiry Date: JUL 28, 2016
Base Reg. #: 273674G Control #: D0693767

Block#

S0001 Secured Party: SPROTT RESOURCE LENDING PARTNERSHIP
550 BURRARD ST, SUITE 1028
VANCOUVER BC V6C 2B5

S0002 Secured Party: SPROTT LENDING CONSULTING LP
550 BURRARD ST, SUITE 1028
VANCOUVER BC V6C 2B5

S0003 Secured Party: SPROTT LENDING CONSULTING GP, INC
550 BURRARD ST, SUITE 1028
VANCOUVER BC V6C 2B5

=D0001 Base Debtor: LANDDRILL INTERNATIONAL INC
(Business) 625 HOWE STREET, SUITE 700
VANCOUVER BC V6C 2TC

D0002 Bus. Debtor: LANDDRILL INTERNATIONAL LTD
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9

General Collateral:
WITH RESPECT TO EACH DEBTOR:
ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, INCLUDING WITHOUT LIMITATION FIXTURES, AND AN UNCRYSTALLIZED FLOATING CHARGE ON LAND (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

Registering
Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BURRARD STREET
VANCOUVER BC V6C 0A3

*************** P P S A   S E C U R I T Y   A G R E E M E N T ***************

Reg. Date: AUG 05, 2011 Reg. Length: 5 YEARS
Reg. Time: 14:45:54 Expiry Date: AUG 05, 2016
Base Reg. #: 286636G Control #: D0707749

Block#

S0001 Secured Party: SPROTT RESOURCE LENDING PARTNERSHIP
550 BURRARD STREET, SUITE 1028
VANCOUVER BC V6C 2B5

S0002 Secured Party: SPROTT LENDING CONSULTING LP
550 BURRARD STREET, SUITE 1028
VANCOUVER BC V6C 2B5

S0003 Secured Party: SPROTT LENDING CONSULTING GP, INC
550 BURRARD STREET, SUITE 1028

Continued on Page 3

Search Criteria: LANDDRILL INTERNATIONAL INC Page: 3

=D0001 Base Debtor: LANDDRILL INTERNATIONAL INC
(Business) 625 HOWE STREET, SUITE 700
VANCOUVER BC V6C 2T6

General Collateral:
ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED SHARES IN THE CAPITAL OF LANDDRILL INTERNATIONAL LTD., INCLUDING WITHOUT LIMITATION, ONE HUNDRED (100) CLASS "A" COMMON SHARES REPRESENTED BY SHARE CERTIFICATE NO. 3, AND ALL NEWLY ISSUED AND FUTURE SHARES (COLLECTIVELY, THE "SHARES"), TOGETHER WITH ALL CERTIFICATES OR OTHER INSTRUMENTS EVIDENCING THE SHARES, TOGETHER WITH ALL RENEWALS AND REPLACEMENTS THEREOF, SUBSTITUTIONS THEREFOR AND ACCRETIONS THERETO AND ANY FURTHER OR ADDITIONAL SHARES AND CERTIFICATES AND OTHER INSTRUMENTS HELD BY OR FOR THE BENEFIT OF THE DEBTOR (THE WHOLE HEREINAFTER CALLED THE "PLEDGED SECURITIES");
ALL OF THE DEBTOR'S RIGHT, TITLE, CLAIM AND INTEREST IN AND TO THE MONEYS (COMPRISING CAPITAL OR INTEREST) DUE AND PAYABLE OR TO BECOME DUE AND PAYABLE TO THE DEBTOR UNDER THE TERMS OF ANY OF THE PLEDGED SECURITIES AND ALL INCOME AND PROCEEDS (INCLUDING PROCEEDS OF SALE, REDEMPTION OR REPURCHASE OF ANY OF THE PLEDGED SECURITIES) THEREFROM AND UNDER ANY FURTHER PLEDGED SECURITIES EVIDENCING RE-INVESTMENT OF THE WHOLE OR ANY PART OF ANY MONEYS PAID UNDER ANY OF THE PLEDGED SECURITIES WHETHER BY SALE THEREOF OR OTHERWISE;
AND ALL PROCEEDS THAT ARE GOODS, INTANGIBLES, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS OR MONEY.
TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF BRITISH COLUMBIA OR THE REGULATIONS MADE THEREUNDER HAVE HAVE THOSE DEFINED MEANINGS.

Registering
Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BURRARD STREET
VANCOUVER BC V6C 0A3

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Some, but not all, tax liens and other Crown claims are registered at the Personal Property Registry (PPR) and if registered, will be displayed on this search result. HOWEVER, it is possible that a particular chattel is subject to a Crown claim that is not registered at the PPR. Please consult the Miscellaneous Registrations Act, 1992 for more details. If you are concerned that a particular chattel may be subject to a Crown claim not registered at the PPR, please consult the agency administering the type of Crown claim.

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> END OF SEARCH <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

Registration Number (New): 20436341
Registration Date/Time (Atlantic): 2011-06-08 13:58
Expiry Date: 2016-06-08
File Number:

Registrant Name and Address

Registrant User ID: S175609
Dye & Durham Company Inc.
Shaw, Michael J.
ÉTAGE/FLOOR Main
734 Broughton ST
Victoria BC V8W 1E1
Canada

All registration date/time values are stated in Atlantic Time.

Registration Details for Registration Number: 20436341

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	20436341	2011-06-08 13:58	2016-06-08	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
SPROTT RESOURCE LENDING PARTNERSHIP
550 BURRARD STREET,
SUITE 1028
VANCOUVER BC V6C 2B5
Canada

Type: Enterprise
SPROTT LENDING CONSULTING LP
550 BURRARD STREET
SUITE 1028
VANCOUVER BC V6C 2B5

Canada

Type: Enterprise
SPROTT LENDING CONSULTING GP, INC.
550 BURRARD STREET,
SUITE 1028
VANCOUVER BC V6C 2B5
Canada

General Collateral

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED SHARES IN THE CAPITAL OF LANDDRILL INTERNATIONAL INC. (BARBADOS), INCLUDING WITHOUT LIMITATION, ONE HUNDRED (100) COMMON SHARES REPRESENTED BY SHARE CERTIFICATE NO. 1 AND ALL NEWLY ISSUED AND FUTURE SHARES (COLLECTIVELY, THE "SHARES"), TOGETHER WITH ALL CERTIFICATES OR OTHER INSTRUMENTS EVIDENCING THE SHARES, TOGETHER WITH ALL RENEWALS AND REPLACEMENTS THEREOF, SUBSTITUTIONS THEREFOR AND ACCRETIONS THERETO AND ANY FURTHER OR ADDITIONAL SHARES AND CERTIFICATES AND OTHER INSTRUMENTS HELD BY OR FOR THE BENEFIT OF THE DEBTOR (THE WHOLE HEREINAFTER CALLED THE "PLEDGED SECURITIES");

ALL OF THE DEBTOR'S RIGHT, TITLE, CLAIM AND INTEREST IN AND TO THE MONEYS (COMPRISING CAPITAL OR INTEREST) DUE AND PAYABLE OR TO BECOME DUE AND PAYABLE TO THE DEBTOR UNDER THE TERMS OF ANY OF THE PLEDGED SECURITIES AND ALL INCOME AND PROCEEDS (INCLUDING PROCEEDS OF SALE, REDEMPTION OR REPURCHASE OF ANY OF THE PLEDGED SECURITIES) THEREFROM AND UNDER ANY FURTHER PLEDGED SECURITIES EVIDENCING RE-INVESTMENT OF THE WHOLE OR ANY PART OF ANY MONEYS PAID UNDER ANY OF THE PLEDGED SECURITIES WHETHER BY SALE THEREOF OR OTHERWISE;

AND ALL PROCEEDS THAT ARE GOODS, INTANGIBLES, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS OR MONEY.

TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF NEW BRUNSWICK OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS.

**** End of Report ****

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched:	New Brunswick
Type of Search:	Debtors (Enterprise)
Search Criteria:	LANDDRILL INTERNATIONAL LTD.
Date and Time of Search:	2011-08-08 14:01 (Atlantic)
Transaction Number:	7544361
Searched By:	S175609

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	15004039	LANDDRILL INTERNATIONAL LTD.	Moncton
*	*	15755275	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	16489367	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	16512139	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	16512196	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	16693905	LANDDRILL INTERNATIONAL LTD.	Moncton
*	*	18772814	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	18772855	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19305705	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19305713	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19305739	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19308923	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19308949	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19373547	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19738582	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19738608	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19738624	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19746726	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	19848175	LANDDRILL INTERNATIONAL LTD.	NOTRE-DAME-DU-NORD
*	*	19905918	Landdrill International Ltd.	Moncton

Exact	Included	Original Registration Number	Enterprise Name	Place
*	*	20317632	Landdrill International Ltd.	Moncton
*	*	20401642	LANDDRILL INTERNATIONAL LTD.	MONCTON
*	*	20413965	LANDDRILL INTERNATIONAL LTD.	Moncton
*	*	20436341	LANDDRILL INTERNATIONAL LTD.	MONCTON
	*	14917686	Landdrill International Inc	Moncton
	*	19746726	LANDDRILL INTERNATIONAL INC	MONCTON
	*	15329816	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	16693947	LANDDRILL INTERNATIONAL INC.	Moncton
	*	18369942	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19051747	Landdrill International Inc.	Moncton
	*	19305705	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19305713	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19305739	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19308923	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19308949	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19373547	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19716109	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19738582	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19738608	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19738624	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19746726	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19848175	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	19957281	LANDDRILL INTERNATIONAL INC.	MONCTON
	*	20413965	LANDDRILL INTERNATIONAL INC.	Moncton
	*	20401642	LANDDRILL INTERNATIONAL INC.,	VANCOUVER
	*	14917686	Landdrill International Ltd	Moncton
	*	15110711	LANDDRILL INTERNATIONAL LTD	MONCTON
	*	18973644	LANDDRILL INTERNATIONAL LTD	MONCTON

Exact	Included	Original Registration Number	Enterprise Name	Place
	*	18973644	LANDDRILL INTERNATIONAL LTD	NOTRE-DAME-DU
	*	18973669	LANDDRILL INTERNATIONAL LTD	MONCTON
	*	18973669	LANDDRILL INTERNATIONAL LTD	NOTRE-DAME-DU
	*	19383272	LANDDRILL INTERNATIONAL LTD	MONCTON
	*	19383272	LANDDRILL INTERNATIONAL LTD	NOTRE-DAME-DU
	*	19293836	LANDDRILL INTERNATIONAL LTD	MONCTON
	*	19293836	LANDDRILL INTERNATIONAL LTD	NOTRE-DAME-DU
	*	19905397	LANDDRILL INTERNATIONAL LTD	MONCTON
	*	19905397	LANDDRILL INTERNATIONAL LTD	NOTRE DAME DU NORD
	*	19359468	LANDDRILL INTERNATIONAL LTD	MONCTON
	*	19359468	LANDDRILL INTERNATIONAL LTD	MONCTON

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

An '*' in the 'Included' column indicates that the registration's details are included within the Search Result Report.

24 registration(s) contained information that exactly matched the search criteria you specified.

35 registration(s) contained information that closely matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 15004039

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	15004039	2007-06-18 17:50	2012-06-18	902603-CI5

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 McNaughton Avenue
Moncton NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Canadian Imperial Bank of Commerce
595 Bay Street, 5th floor
Toronto ON M5G 2C2
Canada

General Collateral

All of the Debtor's present and after acquired personal property as defined in Personal Property Security Act.

Registration Details for Registration Number: 15755275

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	15755275	2008-01-17 12:40	2012-01-17	150010782274

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
CORMIER, CAMILLA
160 MCNAUGHTON AVE.
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
GE CANADA EQUIPMENT FINANCING G.P.
KELLY, JANET R.
ADM. MGR.
BUREAU/SUITE 204
239 AV BROWNLOW

DARTMOUTH NS B3B 2J2
Canada
Phone #: 902-468-8266
Fax #: 902-468-8270

General Collateral

(1) 1994 CATERPILLAR DOZER MODEL E6 S#3YG05905
(1) 2007 USINAGE MARCOTTE HTM-2500 DRILL S#LEM 03 C/W
(4) PUMPS; (2) PUMP SHACKS

THE GOODS DESCRIBED HEREIN, WHEREEVER SITUATED, AND ALL PRESENT AND AFTER-ACQUIRED INTELLECTUAL PROPERTY, INTANGIBLES, ATTACHMENTS, ACCESSORIES AND ACCESSIONS THERETO AND SPARE PARTS, REPLACEMENTS, SUBSTITUTIONS, EXCHANGES AND TRADE-INS THEREFOR, AND ALL RIGHTS, RECEIVABLES AND CHATTEL PAPER DERIVED FROM OR EVIDENCING THE LEASE OR RENTAL THEREOF BY THE DEBTOR TO THIRD PARTIES, AND ALL PROCEEDS RELATING THERETO.
PROCEEDS: ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY WHICH IS DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH OR DISPOSITION OF THE ABOVE-DESCRIBED COLLATERAL, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL INSURANCE AND OTHER PAYMENTS PAYABLE AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE THERETO AND ALL CHATTEL PAPER, DOCUMENTS OF TITLE, GOODS, INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES .

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
3YG05905	Motor Vehicle	1994 CATERPILLAR DOZER MODEL D6	15750275	

Registration Details for Registration Number: 16489387

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	16489387	2008-07-22 14:05	2012-07-22	150011049878

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160, MCNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
GE CANADA EQUIPMENT FINANCING G.P.
GARRIGUES, KARINE
ADMINISTRATOR CONTRACTS AND SECURITIES
239, BROWNLOW AVENUE, SUITE 204
DARTMOUTH NS B3B 2B2
Canada
Phone #: 514-394-2932
Fax #: 514-397-1506

General Collateral

(1) New HTM-2500 drill manufactured by Usinage Marcotte Inc., year 2008, serial number LEM 006 (serial number engine 46888646, serial number drill head UM-014-037, serial number of Cylinder feed UM-182-A, serial number of rod handler M8032-FLDI-004, serial number of pump driver 200804005). The goods described herein, wherever situated, and all present and after-acquired intellectual property, intangibles, attachments, accessories and accessions thereto and spare parts, replacements, substitutions, exchanges and trade-ins therefor, and all rights, receivables and chattel paper derived from or evidencing the lease or rental thereof by the debtor to third parties, and all proceeds relating thereto. Proceeds: all of the debtor's present and after acquired personal property which is derived directly or indirectly from any dealing with or disposition of the above-described collateral, including, without limiting the generality of the foregoing, all insurance and other payments payable as indemnity or compensation for loss or damage thereto and all chattel paper, documents of title, goods, instruments, intangibles, money and securities.

Registration Details for Registration Number: 16512139

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	16512139	2008-07-28 12:57	2013-07-28	NB105129-1
Renewal	19911254	2011-03-31 14:58	2023-07-28	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE.
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
GE CANADA EQUIPMENT FINANCING G.P.
1, PLACE VILLE-MARIE, SUITE 1401

MONTREAL PQ H3B 2B2
Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE COLLATERAL WILL INCLUDE ALL RIGHT, TITLE AND INTEREST THAT THE DEBTOR NOW HAS OR MAY HEREAFTER HAVE, BE POSSESSED OF, BE ENTITLED TO, OR ACQUIRE, BY WAY OF AMALGAMATION OR OTHERWISE, NOW OR HEREAFTER OR MAY HEREAFTER HAVE IN ALL PROPERTY OF THE FOLLOWING KINDS: RECEIVABLES, INVENTORY, EQUIPMENT, CHATTEL PAPER, DOCUMENTS OF TITLE, SECURITIES AND INSTRUMENTS, INTANGIBLES, MONEY, BOOKS AND RECORDS, SUBSTITUTIONS AND PROCEEDS, AS DEFINED IN THE GENERAL SECURITY AND MOVABLE HYPOTHEC AGREEMENT BETWEEN LANDDRILL INTERNATIONAL LTD. AND GE CANADA EQUIPMENT FINANCING G.P., DATED JULY 28, 2008. PROCEEDS: ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY WHICH IS DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH OR DISPOSITION OF THE ABOVE-DESCRIBED COLLATERAL, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL INSURANCE AND OTHER PAYMENTS PAYABLE AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE AND ALL CHATTEL PAPER, DOCUMENTS OF TITLE, GOODS, INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES.

Registration Details for Registration Number: 16512196

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	16512196	2008-07-28 13:10	2013-07-28	NB105129-1
Amendment	16514192	2008-07-28 15:04	2013-07-28	NB105129-1
Amendment	16514267	2008-07-28 15:13	2013-07-28	NB105129-1

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE.
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
GE CANADA EQUIPMENT FINANCING G.P.

1, PLACE VILLE-MARIE, SUITE 1401
MONTREAL PQ H3B 2B2
Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN THE SPECIFIC EQUIPMENT DESCRIBED HEREIN AND ATTACHED AS SCHEDULE 'A' (PLEASE SEE ADDITIONAL INFORMATION SECTION), WHEREVER SITUATED, INCLUDING ALL PRESENT AND AFTER-ACQUIRED INTELLECTUAL PROPERTY, INTANGIBLES, ATTACHMENTS, ACCESSORIES AND ACCESSIONS THERETO AND SPARE PARTS, REPLACEMENTS, SUBSTITUTIONS, EXCHANGES AND TRADE-INS THEREFOR, AND ALL RIGHTS, RECEIVABLES AND CHATTEL PAPER DERIVED FROM OR EVIDENCING THE LEASE OR RENTAL THEREOF BY THE DEBTOR TO THIRD PARTIES, AND ALL PROCEEDS RELATING THERETO, PURSUANT TO THE EQUIPMENT LOAN AND SECURITY AGREEMENT NO. 150011053772, BETWEEN LANDDRILL INTERNATIONLAL LTD. AND GE CANADA EQUIPMENT FINANCING G.P., DATED JULY 28, 2008. PROCEEDS: ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY WHICH IS DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH OR DISPOSITION OF THE ABOVE-DESCRIBED COLLATERAL, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL INSURANCE AND OTHER PAYMENTS PAYABLE AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE AND ALL CHATTEL PAPER, DOCUMENTS OF TITLE, GOODS, INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES.

Added by registration number 16514192

THE FOREGOING GENERAL COLLATERAL DESCRIPTION IS HEREBY DELETED AND REPLACED WITH THE FOLLOWING:

A SECURITY INTEREST IS TAKEN IN THE SPECIFIC EQUIPMENT DESCRIBED HEREIN AND ATTACHED AS SCHEDULE 'A', WHEREVER SITUATED, INCLUDING ALL PRESENT AND AFTER-ACQUIRED INTELLECTUAL PROPERTY, INTANGIBLES, ATTACHMENTS, ACCESSORIES AND ACCESSIONS THERETO AND SPARE PARTS, REPLACEMENTS, SUBSTITUTIONS, EXCHANGES AND TRADE-INS THEREFOR, AND ALL RIGHTS, RECEIVABLES AND CHATTEL PAPER DERIVED FROM OR EVIDENCING THE LEASE OR RENTAL THEREOF BY THE DEBTOR TO THIRD PARTIES, AND ALL PROCEEDS RELATING THERETO, PURSUANT TO THE EQUIPMENT LOAN AND SECURITY AGREEMENT NO. 150011053772, BETWEEN LANDDRILL INTERNATIONAL LTD. AND GE CANADA EQUIPMENT FINANCING G.P., DATED JULY 28, 2008. PROCEEDS: ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY WHICH IS DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH OR DISPOSITION OF THE ABOVE-DESCRIBED COLLATERAL, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL INSURANCE AND OTHER PAYMENTS PAYABLE AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE AND ALL CHATTEL PAPER, DOCUMENTS OF TITLE, GOODS, INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES.

Added by registration number 16514267

THE FOREGOING GENERAL COLLATERAL DESCRIPTION IS HEREBY DELETED AND REPLACED WITH THE FOLLOWING:

A SECURITY INTEREST IS TAKEN IN THE SPECIFIC EQUIPMENT DESCRIBED HEREIN AND ATTACHED AS SCHEDULE 'A' (PLEASE SEE ADDITIONAL INFORMATION SECTION), WHEREVER SITUATED, INCLUDING ALL PRESENT AND AFTER-ACQUIRED INTELLECTUAL PROPERTY, INTANGIBLES, ATTACHMENTS, ACCESSORIES AND ACCESSIONS THERETO AND SPARE PARTS, REPLACEMENTS, SUBSTITUTIONS, EXCHANGES AND TRADE-INS THEREFOR, AND ALL RIGHTS, RECEIVABLES AND CHATTEL PAPER DERIVED FROM OR EVIDENCING THE LEASE OR RENTAL THEREOF BY THE DEBTOR TO THIRD PARTIES, AND ALL PROCEEDS RELATING THERETO, PURSUANT TO THE EQUIPMENT LOAN AND SECURITY AGREEMENT NO. 150011053772, BETWEEN LANDDRILL INTERNATIONAL LTD. AND GE CANADA EQUIPMENT FINANCING G.P., DATED JULY 28, 2008. PROCEEDS: ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED

PERSONAL PROPERTY WHICH IS DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH OR DISPOSITION OF THE ABOVE-DESCRIBED COLLATERAL, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ALL INSURANCE AND OTHER PAYMENTS PAYABLE AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE AND ALL CHATTEL PAPER, DOCUMENTS OF TITLE, GOODS, INSTRUMENTS, INTANGIBLES, MONEY AND SECURITIES.

Additional Information

SCHEDULE 'A'

1. MARCOTTE MODEL 2500 - SERIAL NUMBER RG66466A347227
   - -10' STOKE DRILL
   - -JOHN DEERE DIESEL MODEL #6466 SERIAL NUMBER RG66466A347227
   - -H SIZE DRIVE UNIT
   - -H SIZE CHUCK AND ROD HOLDER
   - -HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
   - -HYD OPERATED ROD HANDLER - MUD TANK
2. MARCOTTE MODEL 2500 - SERIAL NUMBER: RG6081A173601
   - -10' STOKE DRILL
   - -JOHN DEERE DIESEL MODEL #6466 SERIAL NUMBER RG6081A173601
   - -H SIZE DRIVE UNIT
   - -H SIZE CHUCK AND ROD HOLDER
   - -HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
   - -HYD OPERATED ROD HANDLER - MUD TANK
3. MARCOTTE MODEL 2500- SERIAL NUMBER; 46752892
   - -10' STOKE DRILL
   - -CUMMINGS DIESEL ENGINES MODEL 5.9- SERIAL NUMBER 46752892
   - -H SIZE DRIVE UNIT
   - -H SIZE CHUCK AND ROD HOLDER
   - -HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
   - -HYD OPERATED ROD HANDLER - MUD TANK
4. BOYLE DRILL MODEL 2500 - SERIAL NUMBER: SL912
5. MARCOTTE MODEL 2500 - SERIAL NUMBER: 46681282
   - -10' STOKE DRILL
   - -CUMMINGS DIESEL ENGINES MODEL 8.3- SERIAL NUMBER 46681282
   - -H SIZE DRIVE UNIT
   - -H SIZE CHUCK AND ROD HOLDER
   - -HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
   - -HYD OPERATED ROD HANDLER - MUD TANK
6. MARCOTTE MODEL 2500- SERIAL NUMBER: 46807865
   - -10' STOKE DRILL
   - -CUMMINGS DIESEL ENGINES MODEL 5.9 - SERIAL NUMBER 46807865
   - -H SIZE DRIVE UNIT
   - -H SIZE CHUCK AND ROD HOLDER
   - -HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
   - -HYD OPERATED ROD HANDLER - MUD TANK
7. MARCOTTE MODEL 2500- SERIAL NUMBER: 46288466
   - -10' STOKE DRILL
   - -CUMMINGS DIESEL ENGINES MODEL 5.9 - SERIAL NUMBER 46288466
   - -H SIZE DRIVE UNIT
   - -H SIZE CHUCK AND ROD HOLDER
   - -HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
   - -HYD OPERATED ROD HANDLER - MUD TANK
8. VERSADRILL QSB185 - SERIAL NUMBER: 46793501
   - -10' STOKE DRILL
   - -CUMMINGS DIESEL ENGINES MODEL 5.9 -SERIAL NUMBER - 46793501

-H SIZE DRIVE UNIT
-H SIZE CHUCK AND ROD HOLDER
-HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
-HYD OPERATED ROD HANDLER - MUD TANK

9. VERSADRILL QSB185 - SERIAL NUMBER: 46800560
-10' STOKE DRILL
-CUMMINGS DIESEL ENGINES MODEL 5.9 - SERIAL NUMBER - 46800560
-H SIZE DRIVE UNIT
-H SIZE CHUCK AND ROD HOLDER
-HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
-HYD OPERATED ROD HANDLER - MUD TANK

10. VERSADRILL QSB185 - SERIAL NUMBER: 46793507
-10' STOKE DRILL
-CUMMINGS DIESEL ENGINES MODEL 5.9 - SERIAL NUMBER - 46793507
-H SIZE DRIVE UNIT
-H SIZE CHUCK AND ROD HOLDER
-HYD DRIVEN TRIPLEX FLUSH PUMP MODEL KP 40 ELE TYPE
-HYD OPERATED ROD HANDLER - MUD TANK

Registration Details for Registration Number: 16693905

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	16693905	2008-09-11 14:30	2013-09-11	5082691

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MacNaughton Avenue
Moncton NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
CANADIAN IMPERIAL BANK OF COMMERCE
761 Main Street
Moncton NB E1C 1E5
Canada

General Collateral

A security interest is taken in all present and after acquired personal property of the debtor.

Registration Details for Registration Number: 18772814

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	18772814	2010-05-14 15:06	2014-05-14	1140599-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
General Motors Acceptance Corporation of Canada, Limited
P.O. Box 5600, Station D
ETOBICOKE ON M9A 0C'
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCPKPEA7AZ166032	Motor Vehicle	2010 CHEVROLET SILVERADO	18772814	

Registration Details for Registration Number: 18772855

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	18772855	2010-05-14 15:06	2014-05-14	1140601-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
General Motors Acceptance Corporation of Canada, Limited
P.O. Box 5600, Station D
ETOBICOKE ON M9A 0C1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCPKREA6AZ116539	Motor Vehicle	2010 CHEVROLET SILVERADO	18772659	

Registration Details for Registration Number: 19305705

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19305705	2010-09-27 19:18	2014-09-27	1171702-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCPKPEA5AZ271409	Motor Vehicle	2010 CHEVROLET SILVERADO	19305705	

Registration Details for Registration Number: 19305713

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19305713	2010-09-27 19:16	2014-09-27	1171703-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral
AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCPKPEA3AZ276656	Motor Vehicle	2010 CHEVROLET SILVERADO	19305713	

Registration Details for Registration Number: 19305739

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19305739	2010-09-27 19:19	2014-09-27	1171704-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral
AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKREAXBZ139249	Motor Vehicle	2011 CHEVROLET SILVERADO	19305739	

Registration Details for Registration Number: 19308923

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19308923	2010-09-28 14:47	2014-09-28	1171933-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKREA1BZ139429	Motor Vehicle	2011 CHEVROLET SILVERADO	19308923	

Registration Details for Registration Number: 19308949

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19308949	2010-09-28 14:48	2014-09-28	1171934-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
3GCRKREAXAG222324	Motor Vehicle	2010 CHEVROLET SILVERADO	19308949	

Registration Details for Registration Number: 19373547

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19373547	2010-10-15 14:54	2014-10-15	1175622-GM1
Amendment	19396290	2010-10-22 11:23	2014-10-15	1176944-GM1

As listed in the Registration History section above this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 19396290

~~Type: Enterprise~~
~~LANDDRILL INTERNATIONAL LTD~~
~~160 MACNAUGHTON AVENUE~~
~~MONCTON NB E1H 3L9~~
~~Canada~~

The Debtor below was deleted by registration number 19396290

~~Type: Enterprise~~
~~LANDDRILL INTERNATIONAL INC~~
~~160 MACNAUGHTON AVENUE~~
~~MONCTON NB E1H 3L9~~
~~Canada~~

The Debtor below was added by registration number 19396290

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

The Debtor below was added by registration number 19396290

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MCNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
3GCRKREA3AG285536	Motor Vehicle	2010 CHEVROLET SILVERADO	19373547	

Registration Details for Registration Number: 19738582

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19738582	2011-02-07 15:53	2015-02-07	1195817-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKREA7BZ112199	Motor Vehicle	2011 CHEVROLET TRUCK LT 1500	19738582	

Registration Details for Registration Number: 19738608

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19738608	2011-02-07 15:53	2015-02-07	1195818-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKREA4BZ113861	Motor Vehicle	2011 CHEVROLET TRUCK LT 1500	19738608	

Registration Details for Registration Number: 19738624

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19738624	2011-02-07 15:53	2015-02-07	1195819-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKREA1BZ129884	Motor Vehicle	2011 CHEVROLET TRUCK LT 1500	19738624	

Registration Details for Registration Number: 19746726

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19746726	2011-02-09 16:01	2015-02-09	1196178-GM1
Amendment	19753573	2011-02-11 15:06	2016-02-09	1196659

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVENUE

MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

The Debtor below was added by registration number 19753573
Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
ALLY CREDIT CANADA LIMITED
3333 COTE VERTU BL, SUITE 900
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKREA2BZ120923	Motor Vehicle	2011 CHEVROLET LT 1500	19748726	

Registration Details for Registration Number: 19848175

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19848175	2011-03-15 14:44	2015-03-15	1201784-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVENUE

MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
75 RUE ONTARIO
NOTRE-DAME-DU-NORD PQ J0Z 3B0
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
P.O. Box 5000, Station D
Etobicoke ON M9A 5E3
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKTE35BZ200568	Motor Vehicle	2011 CHEVROLET SILVERADO 1500	19848176	

Registration Details for Registration Number: 19905918

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19905918	2011-03-30 16:33	2021-03-30	150011609070
Amendment	19906437	2011-03-30 17:42	2021-03-30	150011609070
Amendment	20113403	2011-05-19 13:12	2021-03-30	150011609070

As listed in the Registration History section above this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
Landdrill International Ltd.
160, MacNaughton Avenue
Moncton NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
GE CANADA EQUIPMENT FINANCING G.P.
SUITE 204
239 BROWNLOW AV
DARTMOUTH NS B3B 2B2
Canada

General Collateral

DRILLS:

Two (2) 2011 Zinex A5 diamond drills S/N's: 2011-015 , 2011-017 c/w Isuzu 6 cylinder engines, B20 heads, synchronized footclamps, wireline spools, mud mixers, mud tanks, one (1) transfer pump for hydraulic oil with filter, two (2) P footclamp upgrades, two (2) hoisting winches for A5, two (2) feed frame skids with stand (powdercoated), two (2) engine skids (powdercoated), one (1) 435 pressure pump, and two (2) sloops, pump shacks, and tanks

One (1) 2011 Zinex A5 diamond drill S/N: 2011-018 c/w Isuzu 6 cylinder engine, B20 head, synchronized footclamp, wireline spool, mud mixer, mud tank, transfer pump for hydraulic oil with filter, P footclamp upgrade, hoisting winch for A5, 435 pressure pump, and sloop, pump shack, and tank

One (1) 2011 Duralite 1000N heli-portable drill rig S/N: DL201102 c/w P drill head assembly c/w N size jaws, P rod clamp c/w N size jaws, Pratissoli pressure pump c/w water tank, fiberglass floors c/w two (2) sets of foundation beams, 100' rod winch cable, and 12' x 16' Duralite 1000N fiberglass flyshack

One (1) 2011 Usinage Marcotte HTM-2500 drill w/ P.Q. head, c/w engine QSB6.7PU260-0 S/N: 732 056 92 , drill head S/N: FLDI-088 , head chuck S/N: 560009 JOB12022 , cylinder feed S/N: FLDI-088 , rod clamp S/N: UM , rod handler S/N: M11078-FLDI-088

SNOWMOBILES:

FRONT END LOADER:
One (1) 1986 Komatsu WA450A wheel loader S/N 10669

The goods described herein, wherever situated, and all present and after-acquired intellectual property, intangibles, attachments, accessories and accessions thereto and spare parts, replacements, substitutions, exchanges and trade-ins therefor, and all rights, receivables and chattel paper derived from or evidencing the lease or rental thereof by the Debtor to third parties, and all proceeds relating thereto. Proceeds: all of the Debtor's present and after-acquired personal property which is derived directly or indirectly from any dealing with or disposition of the above-described collateral, including, without limiting the generality of the foregoing, all insurance and other payments payable as indemnity or compensation for loss or damage thereto and all chattel paper, documents of title, goods, instruments, intangibles, money and securities.

Added by registration number 20113403

One (1) 2011 UsinageMarcotte HTM-2500 drill W/PQ HEAD, c/w engine, drill head S/N: FLDI-089-01, cw head chuck, cylinder feed, rod clamp, rod handler

One (1) fabrication work - sloop / pump shack / tank / custom work, support equipment for surface

One (1) fabrication work - sloop / pump shack / tank / custom work, support equipment for surface

DOZERS:
(1) 1987 Caterpillar Dozer D6D, S/N: 06X01656

(1) 1981 Caterpillar Dozer D6D, S/N: 20X2253
(1) 1986 Caterpillar Dozer D6D, S/N: 04X10562
(1) 1984 Caterpillar Dozer D6D LGP S/N: 06X01130

EXCAVATOR:
(1) 1998 John Deere Hydraulic Excavator, model JD270, S/N: 70157

LOADER
(1) 1991 Komatsu WA 500 Loader, S/N: A20687, BMP Forks, S/N: 15386

29.5R25 DISMOUNT, CRING, 29.5 R25 TI STL3 CS (2") E3/L3

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
~~2BPSGKBA4BV000704~~	~~Motor Vehicle~~	~~2011 Bombardier Tundra Sport 550 ski-doo~~	~~19905918~~	19906437
2BPSGKBA4BV000704	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGKBAXBV000710	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGKBA4BV000823	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGKBA1BV000839	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGKBA6BV000848	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGKBA8BV000385	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGKBA5BV000419	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGKBA6BV000839	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19905918	
2BPSGA7897V001043	Motor Vehicle	Bombardier Skandic Tundra 300F ski-doo	19905918	
2BPSKABA4BV000114	Motor Vehicle	2011BombardierExpeditionSport550Fski-doo	19905918	
2BPSKABA4BV000162	Motor Vehicle	2011BombardierExpeditionSport550Fski-doo	19905918	
1GDL7H1C5YJ517053	Motor Vehicle	2000 GMC 7500 water truck	19905918	
2BPSGKBA2BV000538	Motor Vehicle	2011 Bombardier Tundra Sport 550 ski-doo	19906437	
06X01655	Motor Vehicle	1987 Caterpillar Dozer D6D	20113403	
20X2253	Motor Vehicle	1981 Caterpillar Dozer D6D	20113403	
04X10562	Motor Vehicle	1986 Caterpillar Dozer D6D	20113403	
06X01130	Motor Vehicle	1984 Caterpillar Dozer D6D-LGP	20113403	
70157	Motor Vehicle	1998 JD Hydraulic Excavator, model JD270	20113403	
15386	Motor Vehicle	1991 Komatsu WA 500 Loader	20113403	
10669	Motor Vehicle	1986 Komatsu WA450A Wheel Loader	20113403	
15386	Motor Vehicle	BMP Forks	20113403	

Registration Details for Registration Number: 20317632

Province or Territory: New Brunswick

Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	20317632	2011-07-08 16:22	2015-07-08 868801101	

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
Landdrill International Ltd.
160 MacNaughton Ave.
Moncton NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
GE Canada Equipment Financing G.P.
239 Brownlow Ave., Suite 204
Dartmouth NB B3B 2B2
Canada

General Collateral

(2) A5 Diamond drill, 2011, S/N: 2011-035 and 2011-039, c/w Isuzu engine, B20 head, synchronised footclamp, wireline spool, mud tank, mud mixer, one (1) transfer pump for hydraulic oil with filter, two (2) upgrade to P footclamp, two (2) upgrade to P head, two (2) A5-ROTZ120 hoisting winch for A5, one (1) feed frame skid with stand (power-coated), one (1) engine skid (power-coated), two (2) 18100477 P rod jaws (P head), two (2) 18100480 P head chuck bushing - P rod, two (2) 18100178 jaw set P rod (PQ clamp), two (2) 18100185 PQ upper/lower bushing P clamp, two (2) hydraulic motor, drive gears, chain and skids for mounting 435 pressure pump.

The goods described herein, wherever situated, and all present and after-acquired intellectual property, intangibles, attachments, accessories and accessions thereto and spare parts, replacements, substitutions, exchanges and trade-ins therefor, and all rights, receivables and chattel paper derived from or evidencing the lease or rental thereof by the debtor to third parties, and all proceeds relating thereto. Proceeds: all of the debtor's present and after acquired personal property which is derived directly or indirectly from any dealing with or disposition of the above-described collateral, including, without limiting the generality of the foregoing, all insurance and other payments payable as indemnity or compensation for loss or damage thereto and all chattel paper, documents of title, goods, instruments, intangibles, money and securities.

Additional Information

Pursuant to Conditional Sale Agreement #868801101

Registration Details for Registration Number: 20401642

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	20401642	2011-07-28 19:24	2016-07-28	288165

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL INC.,
625 HOWE STREET, SUITE 700
VANCOUVER BC V6C 2TC
Canada

Secured Parties

Type: Enterprise
SPROTT RESOURCE LENDING PARTNERSHIP
550 BURRARD STREET, SUITE 1028
VANCOUVER BC V6C 2B5
Canada

Type: Enterprise
SPROTT LENDING CONSULTING LP
550 BURRARD STREET, SUITE 1028
VANCOUVER BC V6C 2B5
Canada

Type: Enterprise
SPROTT LENDING CONSULTING GP, INC.
550 BURRARD STREET, SUITE 1028
VANCOUVER BC V6C 2B5
Canada

General Collateral

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY, INCLUDING WITHOUT LIMITATION FIXTURES, AND AN UNCRYSTALLIZED FLOATING CHARGE ON LAND (AND TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF NEW BRUNSWICK OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS).

Registration Details for Registration Number: 20413985

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	20413985	2011-08-02 16:00	2016-08-02	L17658
Amendment	20417416	2011-08-03 12:01	2016-08-02	L17658

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 20417416

~~Type: Enterprise~~
~~LANDDRILL INTERNATIONAL INC.~~
~~OWNER~~
~~160 MACNAUGHTON AVE.~~
~~Moncton NB E1H 3L9~~
~~Canada~~

The Debtor below was added by registration number 20417416

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
OWNER
160 MACNAUGHTON AVE.
Moncton NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
A.F. MACPHEE HOLDINGS LIMITED
HARTIGAN, DON
LEASE MANAGER
580 PORTLAND ST
DARTMOUTH NS B2W2M3
Canada
Phone #: 902-407-4200
Fax #: 902-434-5732

General Collateral

L17658 AS FROM FACTORY

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
3GNFKEE39BG271832	Motor Vehicle	2011 CHEVROLET AVALANCHE LS	20413985	

Registration Details for Registration Number: 20436341

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	20436341	2011-08-08 13:58	2016-08-08	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD.
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
SPROTT RESOURCE LENDING PARTNERSHIP
550 BURRARD STREET,
SUITE 1028
VANCOUVER BC V6C 2B5
Canada

Type: Enterprise
SPROTT LENDING CONSULTING LP
550 BURRARD STREET
SUITE 1028
VANCOUVER BC V6C 2B5
Canada

Type: Enterprise
SPROTT LENDING CONSULTING GP, INC.
550 BURRARD STREET,
SUITE 1028
VANCOUVER BC V6C 2B5
Canada

General Collateral

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED SHARES IN THE CAPITAL OF

LANDDRILL INTERNATIONAL INC. (BARBADOS), INCLUDING WITHOUT LIMITATION, ONE HUNDRED (100) COMMON SHARES REPRESENTED BY SHARE CERTIFICATE NO. 1 AND ALL NEWLY ISSUED AND FUTURE SHARES (COLLECTIVELY, THE "SHARES"), TOGETHER WITH ALL CERTIFICATES OR OTHER INSTRUMENTS EVIDENCING THE SHARES, TOGETHER WITH ALL RENEWALS AND REPLACEMENTS THEREOF, SUBSTITUTIONS THEREFOR AND ACCRETIONS THERETO AND ANY FURTHER OR ADDITIONAL SHARES AND CERTIFICATES AND OTHER INSTRUMENTS HELD BY OR FOR THE BENEFIT OF THE DEBTOR (THE WHOLE HEREINAFTER CALLED THE "PLEDGED SECURITIES");

ALL OF THE DEBTOR'S RIGHT, TITLE, CLAIM AND INTEREST IN AND TO THE MONEYS (COMPRISING CAPITAL OR INTEREST) DUE AND PAYABLE OR TO BECOME DUE AND PAYABLE TO THE DEBTOR UNDER THE TERMS OF ANY OF THE PLEDGED SECURITIES AND ALL INCOME AND PROCEEDS (INCLUDING PROCEEDS OF SALE, REDEMPTION OR REPURCHASE OF ANY OF THE PLEDGED SECURITIES) THEREFROM AND UNDER ANY FURTHER PLEDGED SECURITIES EVIDENCING RE-INVESTMENT OF THE WHOLE OR ANY PART OF ANY MONEYS PAID UNDER ANY OF THE PLEDGED SECURITIES WHETHER BY SALE THEREOF OR OTHERWISE;

AND ALL PROCEEDS THAT ARE GOODS, INTANGIBLES, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, CHATTEL PAPER, INSTRUMENTS OR MONEY.

TERMS USED HEREIN THAT ARE DEFINED IN THE PERSONAL PROPERTY SECURITY ACT OF NEW BRUNSWICK OR THE REGULATIONS MADE THEREUNDER HAVE THOSE DEFINED MEANINGS.

Registration Details for Registration Number: 14917686

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	14917686	2007-05-29 20:57	2014-05-29	896890-DL1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
Landdrill International Ltd
15 Concessional Crescent
Moncton NB E1H 3L2
Canada

Type: Enterprise
Landdrill International Inc
15 Concessional Crescent
Moncton NB E1H 3L2
Canada

Secured Parties

Type: Enterprise
De Lage Landen Financial Services Canada Inc.
100 -1235 North Service Road W
Oakville ON L6M 2W2
Canada

General Collateral

ALL GOODS SUPPLIED BY THE SECURED PARTY TO THE DEBTOR, TOGETHER WITH ALL ATTACHMENTS, ACCESORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS TO THE FOREGOING. PROCEEDS: GOODS, CHATTEL PAPER, SECURITIES, MONEY, CROPS, LICENCES AND INTANGIBLES. 2007 Hyundai Forklift HBF25-7 Serial Number FH0210749.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
FH0210749	Motor Vehicle	2007 Hyundai HBF25-7	'4917683	

Registration Details for Registration Number: 15329816

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	15329816	2007-09-10 14:21	2011-09-10	495'

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
GOGUEN, RONALD
160 MACNAUGHTON AVE.
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
LOUNSBURY LEASING LTD.
ROUNDELL, ROBERT ALAN
ACCOUNTANT
2155 WEST MAIN STREET
MONCTON NB E1C 8G3
Canada

Phone #: 506-857-4300
Fax #: 506-857-4306

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
3GTEK14X67G200724	Motor Vehicle	2007 GMC SIERRA TRUCK, 4X4	15329816	

Registration Details for Registration Number: 16693947

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	16693947	2008-09-11 14:40	2013-09-11	5082691
Amendment	16694036	2008-09-11 14:57	2013-09-11	5082691

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 16694036

~~Type: Individual~~
~~LANDDRILL INTERNATIONAL INC.~~
~~160 MacNaughton Avenue~~
~~Moncton NB E1H 3L9~~
~~Canada~~

The Debtor below was added by registration number 16694036

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MacNaughton Avenue
Moncton NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
CANADIAN IMPERIAL BANK OF COMMERCE
761 Main Street
Moncton NB E1C 1E5
Canada

General Collateral

A security interest is taken in all present and after acquired personal property of the debtor.

Registration Details for Registration Number: 18369942

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	18369942	2010-01-27 16:34	2012-01-27	SM002383.6

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
PRIMARY CORP.
130 KING STREET WEST
SUITE 2110
TORONTO ON M5X 1B1
Canada

General Collateral

A SECURITY INTEREST IS TAKEN IN ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Registration Details for Registration Number: 19051747

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19051747	2010-07-22 11:27	2020-07-22	GSA
Amendment	19080787	2010-07-29 12:13	2020-07-22	GSA
Amendment	19116409	2010-08-09 09:48	2020-07-22	GSA

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
Landdrill International Inc.
160, MacNaughton Avenue
Moncton NL E1H 3L9
Canada

Secured Parties

The Secured Party below was deleted by registration number 19080787
~~Type: Enterprise~~
~~GE Canada Equipment Financing G.P.~~
~~1250, boul. Rene-Levesque West~~
~~Montreal PQ H3B 4W8~~
~~Canada~~

The Secured Party below was added by registration number 19080787
Type: Enterprise
GE Canada Equipment Financing G.P.
239, Brownlow Avenue, suite 204
Dartmouth NS B3B 2B2
Canada

The Secured Party below was added by registration number 19080787
Type: Enterprise
GE Canada Leasing Services Company
239, Brownlow Avenue, suite 204
Dartmouth NS B3B 2B2
Canada

The Secured Party below was added by registration number 19080787
Type: Enterprise
General Electric Canada Equipment Finance G.P.
239, Brownlow Avenue, suite 204
DARTMOUTH NS B3B 2B2
Canada

The Secured Party below was added by registration number 19080787
Type: Enterprise
GE Canada Asset Financing Holding Company
239, Brownlow Avenue, suite 204
DARTMOUTH NS B3B 2B2
Canada

The Secured Party below was added by registration number 19080787
Type: Enterprise
GE Technology Finance

239, Brownlow Avenue, suite 204
DARTMOUTH NS B3B 2B2
Canada

The Secured Party below was added by registration number 19080787
Type: Enterprise
GE VFS Canada Limited Partnership
239, Brownlow Avenue, suite 204
DARTMOUTH NS B3B 2B2
Canada

The Secured Party below was added by registration number 19080787
The Secured Party below was deleted by registration number 19116409
~~Type: Enterprise~~
~~GE Capital Canada Equipment Financing & Leasing Services~~
~~239, Brownlow Avenue, suite 204~~
~~DARTMOUTH NS B3B 2B2~~
~~Canada~~

The Secured Party below was added by registration number 19116409
Type: Enterprise
GE Capital Canada Equipment Financing & Leasing Company
239, Brownlow Avenue, suite 204
DARTMOUTH NS B3B 2B2
Canada

General Collateral

A security interest is taken in all of the Debtor's present and after-acquired personal property.

Registration Details for Registration Number: 19716109

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19716109	2011-01-31 14:25	2015-01-31	1194605-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCNCPEX8BZ174991	Motor Vehicle	2011 CHEVROLET LT 1500	19716109	

Registration Details for Registration Number: 19957281

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19957281	2011-04-12 16:15	2016-04-12	2536596

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL INC.
160 MACNAUGHTON AVE
MONCTON NB E1G3L9
Canada

Secured Parties

Type: Enterprise
NATIONAL LEASING GROUP INC
1525 BUFFALO PLACE
WINNIPEG MB R3T 1L9
Canada
Phone #: 204-954-9000
Fax #: 866-814-4752

General Collateral

ALL PHOTOCOPIERS OF EVERY NATURE OR KIND DESCRIBED IN LEASE NUMBER 2536596 BETWEEN EXECUTIVE OFFICE SYSTEMS LTD., AS ORIGINAL LESSOR AND THE DEBTOR, AS LESSEE, WHICH LEASE WAS ASSIGNED BY THE ORIGINAL LESSOR TO THE SECURED PARTY, AS AMENDED FROM TIME TO TIME, TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES AND

SUBSTITUTIONS.

Registration Details for Registration Number: 15110711

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	15110711	2007-07-13 15:45	2012-07-13	L15566

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
GOGUEN, RONALD JOSEPH
160 MCNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
MACPHEE PONTIAC BUICK GMC CADILLAC LTD
636 PORTLAND STREET
DARTMOUTH NS B2Y 3Z5
CANADA
Phone #: 902-434-4100
Fax #: 902-434-6792

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
JTHGL46F175013909	Motor Vehicle	2007 LEXUS LS 460L EXEC SEDAN - SILVER	15110711	

Additional Information

L15566
MACPHEE LEASE
AS FROM FACTORY

Registration Details for Registration Number: 18973644

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	18973644	2010-07-02 16:37	2015-07-02	1152419-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
160 MCNAUGHTON
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
75 ONTARIO ST
NOTRE-DAME-DU PQ J0Z 3B0
Canada

Secured Parties

Type: Enterprise
General Motors Acceptance Corporation of Canada, Limited
P.O. Box 5000, Station D
ETOBICOKE ON M9A 5E3
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCPKREA4AZ223489	Motor Vehicle	2010 CHEVROLET SILVERADO	18973644	

Registration Details for Registration Number: 18973669

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	18973669	2010-07-02 16:37	2015-07-02	1152420-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
160 MACNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
75 ONTARIO
NOTRE-DAME-DU PQ J0Z 3B0
Canada

Secured Parties

Type: Enterprise
General Motors Acceptance Corporation of Canada, Limited
P.O. Box 5000, Station D
ETOBICOKE ON M9A 5E3
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCPKPEA2AZ201138	Motor Vehicle	2010 CHEVROLET SILVERADO	16973669	

Registration Details for Registration Number: 19383272

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19383272	2010-10-19 14:45	2014-10-19	1176245-GM1

This registration has not been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
160 MCNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
75 RUE ONTARIO
NOTRE-DAME-DU PQ J0Z 3B0
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
P.O. Box 5000, Station D
Etobicoke ON M9A 5E3
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GA2G1DG2A1120789	Motor Vehicle	2010 CHEVROLET EXPRESS VAN	19383272	

Registration Details for Registration Number: 19293836

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19293836	2010-09-23 14:50	2014-09-23	1171146-GM1
Amendment	19402205	2010-10-25 14:11	2014-09-23	1177338-GM1

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 19402205

~~Type: Enterprise~~
~~LANDRILL INTERNATIONAL LTD~~
~~150 MCNAUGHTON AVE~~
~~MONCTON NB E1H 3L9~~
~~Canada~~

The Debtor below was deleted by registration number 19402205

~~Type: Enterprise~~
~~LANDRILL INTERNATIONAL LTD~~
~~75 RUE ONTARIO~~
~~NOTRE-DAME-DU PQ J0Z 3B0~~
~~Canada~~

The Debtor below was added by registration number 19402205
Type: Enterprise
LANDDRILL INTERNATIONAL LTD
160 MCNAUGHTON AVE
MONCTON NB E1H 3L9
Canada

The Debtor below was added by registration number 19402205
Type: Enterprise
LANDDRILL INTERNATIONAL LTD
75 RUE ONTARIO
NOTRE-DAME-DU PQ J0Z 3B0
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
P.O. Box 5000, Station D
Etobicoke ON M9A 5E3
Canada

General Collateral

AND ALL PROCEEDS THEREFROM

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GA2G1DG2A1120761	Motor Vehicle	2010 CHEVROLET EXPRESS VAN	19293836	

Registration Details for Registration Number: 19905397

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19905397	2011-03-30 15:56	2015-03-30	1204986-GM1

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Type: Enterprise
LANDDRILL INTERNATIONAL LTD
75 RUE ONTARIO
NOTRE DAME DU NORD PQ J0Z 3B0
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
P.O. Box 5000, Station D
Etobicoke ON M9A 5E3
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GC4KZC89BF180385	Motor Vehicle	2011 CHEVROLET SILVERADO 3500	19906397	

Registration Details for Registration Number: 19359488

Province or Territory: New Brunswick
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	19359488	2010-10-12 16:09	2014-10-12	1174881-GM1
Amendment	19992809	2011-04-20 17:23	2014-10-12	1209579

As listed in the Registration History section above, this registration has been the subject of an Amendment or Global Change to add or delete information. The following registration details provide the registration number for the Amendment that added or deleted information. If no "added by" or "deleted by" registration number is provided, the information was added by the original registration and has not been deleted.

Debtors

The Debtor below was deleted by registration number 19992809

~~Type: Enterprise~~
~~LANDRILL INTERNATIONAL LTD~~

~~160 MACNAUGHTON AVENUE~~
~~MONCTON NB E1H 3L9~~
~~Canada~~

The Debtor below was deleted by registration number 19992809
~~Type: Enterprise~~
~~LANDRILL INTERNATIONAL INC~~
~~160 MACNAUGHTON AVENUE~~
~~MONCTON NB E1H 3L9~~
~~Canada~~

The Debtor below was added by registration number 19992809
Type: Enterprise
LANDDRILL INTERNATIONAL LTD
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

The Debtor below was added by registration number 19992809
Type: Enterprise
LANDDRILL INTERNATIONAL LTD
160 MACNAUGHTON AVENUE
MONCTON NB E1H 3L9
Canada

Secured Parties

Type: Enterprise
Ally Credit Canada Limited
900-333 Cote Vertu Boulevard
Montreal PQ H4R 2N1
Canada

General Collateral

AND ALL PROCEEDS THEREFROM.

Serial Numbered Collateral

Serial Number	Collateral Type	Description	Added By	Deleted By
1GCRKREAXBZ129082	Motor Vehicle	2011 CHEVROLET TRUCK LT 1500	19959438	

END OF REPORT

Consulado General de México
Vancouver, B.C. Canadá

NOTARIAL CERTIFICATE

CANADA	IN THE MATTER OF A
PROVINCE OF	TERMINATION AGREEMENT
BRITISH COLUMBIA	EXECUTED BY
	NORTHSTAR TRADE FINANCE INC.

I, COLIN M. EMSLIE, a Notary Public in and for the Province of British Columbia, by Royal Authority duly appointed, residing in the City of Vancouver, Province of British Columbia, do hereby certify that:

1. I was personally present and saw the attached TERMINATION AGREEMENT duly signed and executed by each of Steve Bow, the Executive V.P. Operations of Northstar Trade Finance Inc. and Stanley Ng, Controller of Northstar Trade Finance Inc.

2. The Instrument was executed by each of Steve Bow and Stanley Ng at Vancouver, British Columbia, Canada.

3. I know both Steve Bow and Stanley Ng and that they are of the full age of 19 years.

In testimony whereof I have subscribed my name and affixed my seal of office at Vancouver, British Columbia, this 7th day of September, 2011.

(S E A L)

A Notary Public in and for the Province of British Columbia

Colin M. Emslie
FRASER MILNER CASGRAIN LLP
20th Floor – 250 Howe Street
Vancouver, BC V6C 3R8
tel: (604) 687-4460
fax: (604) 683-5214

3186 **No. 1023873**

DERECHOS
$36.00

SERVICIO EXTERIOR MEXICANO

EL SUSCRITO: JUAN JOSE SALGADO SAAVEDRA, CONSUL DE MEXICO EN LA CIUDAD DE VANCOUVER, COLUMBIA BRITANICA, CANADA CERTIFICA QUE LA FIRMA DE COLIN M. EMSLIE, NOTARIO PUBLICO EN Y PARA LA PROVINCIA DE COLUMBIA BRITANICA, CANADA PUESTO(A) EN EL(LA) DOCUMENTO ADJUNTO(A) COINCIDE CON EL(LA) QUE SE TIENE REGISTRADO(A) EN ESTA OFICINA

LUGAR	FECHA		
	DIA	MES	AÑO
VANCOUVER, COLUMBIA BRITANICA, CANADA		9	2011

NOTA: ESTA LEGALIZACION NO PREJUZGA...

CONVENIO DE TERMINACIÓN (EN LO SUCESIVO EL "CONVENIO DE TERMINACIÓN") DE CONTRATO DE PRENDA SOBRE ACTIVOS QUE CELEBRAN POR UNA PARTE LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V. REPRESENTADA EN ESTE ACTO POR JOHN GARTH BURLING, Y POR LA OTRA NORTHSTAR TRADE FINANCE INC. POR SU PROPIO DERECHO, REPRESENTADA EN ESTE ACTO POR STEVE BOW AND STANLEY NG, DE CONFORMIDAD CON LAS SIGUIENTES DECLARACIONES Y CLÁUSULAS:

TERMINATION AGREEMENT (HEREIN AFTER REFERRED AS "TERMINATION AGREEMENT") OF AN ASSET PLEDGE AGREEMENT ENTERED INTO BY AND BETWEEN LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. REPRESENTED BY JOHN GARTH BURLING, AND NORTHSTAR TRADE FINANCE, INC. REPRESENTED BY STEVE BOW AND STANLEY NG, IN ACCORDANCE WITH THE FOLLOWING RECITALS AND CLAUSES:

DECLARACIONES

Las partes a través de sus representantes manifiestan que:

1.- El 26 de mayo de 2008 Northstar Trade Finance Inc. (en lo sucesivo "NORTHSTAR") y el 1 de julio de 2008, Landdrill International Mexico, S.A. de C.V. (en lo sucesivo "LIM") celebraron un contrato de crédito refaccionario que las partes denominaron *Fixed Asset Purchase Loan* (en los sucesivo el "Contrato de Crédito"), por virtud del cual Northstar proveyó a LIM fondos para adquirir los taladros que se especifican en el Anexo A del presente convenio (en lo sucesivo los "Taladros").

2.- En virtud del Contrato del Crédito, NORTHSTAR y LIM celebraron el 26 de mayo de 2008 y el 1 de julio de 2008 respectivamente, un contrato de Garantía (el "Contrato de Garantía"), y LIM el 1 de julio de 2008 suscribió un pagaré favor de NORTHSTAR (el "Pagaré") (el Contrato de Crédito y el Contrato de Garantía en lo sucesivo, conjuntamente, los "Contratos LIM").

RECITALS

The parties through their representatives declare:

1.- Whereas, Northstar Trade Finance Inc.(hereinafter referred as "NORTHSTAR"), and Landdrill International Mexico, S.A. de C.V. (herein after referred as "LIM"), entered into a Fixed Asset Purchase Loan agreement (herein after referred as "Loan Agreement") as of May 26, 2008 and July 1, 2008, respectively, whereby NORTHSTAR provided to LIM funds in order to acquire drills that are specified in the Annex A of this agreement (herein after referred as "Drills").

2.- Whereas, under the Loan agreement, NORTHSTAR and LIM entered into a guarantee agreement (the "Guarantee Agreement"), as of May 26, 2008 and July 1, 2008, respectively, and LIM signed a promissory note in favor of NORTHSTAR (the "Promissory Note"). (the Loan Agreement and the Guarantee Agreement, jointly, "LIM Agreements").

3.- En virtud de que LIM ha pagado en su totalidad las cantidades adeudadas por el Contrato de Crédito, las partes desean celebrar el presente Convenio de Terminación a efecto de dar por terminado los Contratos LIM y liberar la prenda sobre los Taladros.

3.- Considering that LIM has entirely paid the amount due pursuant to the Loan Agreement, the parties wish to enter into this Termination Agreement, in order to cancel the "LIM Agreements" and release the pledge granted over the Drills.

4.- Las partes se reconocen mutuamente la personalidad y facultades con las que comparecen para la celebración del presente Convenio de Terminación.

4.- The parties recognize each other's legal status and right to enter into this Termination Agreement.

CLÁUSULAS

CLAUSES

PRIMERA.- TERMINACIÓN.
En este acto las partes tienen por pagado el Pagaré y dan por terminado los Contratos LIM sin responsabilidad para ninguna de las partes, otorgándose recíprocamente el finiquito más amplio que en derecho proceda en relación con los Contratos LIM y el Pagaré.

FIRST.- TERMINATION.
In this agreement, the parties acknowledge that the Promissory Note has been duly paid, hence the parties terminate the LIM Agreements without any further liabilities between them, granting reciprocally the broadest settlement required by law in accordance with the LIM Agreements and Promissory Note.

SEGUNDA.- LIBERACIÓN DE LA PRENDA SOBRE ACTIVO.
NORTHSTAR libera la prenda en primer lugar y grado de prelación sobre los Taladros, otorgada en el Contrato de Garantía.

SECOND.- RELEASE OF THE ASSET PLEDGE.
NORTHSTAR releases the first priority pledge granted over the Drills specified in the Guarantee Agreement.

TERCERA.- GASTOS.

Todos los costos y gastos relacionados con la elaboración, negociación, legalización y registro de este Convenio de Terminación serán a cargo exclusivo de LIM.

THIRD.- EXPENSES.
The total costs and expenses associated with the preparation, negotiation, legalization and registration of this Termination Agreement shall be covered exclusively by LIM.

CUARTA.- LEY APLICABLE Y JURISDICCIÓN.

Este Convenio de Terminación será regulado de acuerdo con las leyes de los Estados Unidos Mexicanos. Para su interpretación, cumplimiento y ejecución, las partes se someten a la jurisdicción de los tribunales competentes de México,

FOURTH.- GOVERNING LAW AND JURISDICTION.
This Termination Agreement shall be construed and enforced according to the laws of the United Mexican States. For its interpretation, compliance and execution, the parties accept the jurisdiction of the courts of Mexico, Federal District, United Mexican States

Distrito Federal, Estados Unidos Mexicanos y renuncian a cualquier otra jurisdicción a la cual puedan tener derecho por razón de sus domicilios presentes o futuros o por cualquier otra razón.

and waive any other jurisdiction they may be entitled due to current or future addresses or for any other reason.

QUINTA.- ENCABEZADOS.
Las partes convienen que los encabezados y títulos que se contienen en este Convenio de Terminación son exclusivamente por conveniencia y no afectaran la interpretación y entendimiento de ninguna de las clausulas de este Convenio de Terminación.

FIFTH.- HEADINGS.
The headings and titles in this Termination Agreement are included for convenience only and shall neither affect the construction or interpretation of any provision of this Termination Agreement.

SEXTA.- IDIOMA.

El presente contrato se firma en español e inglés y deberá prevalecer la versión en inglés en caso de discrepancia entre ambas versiones.

El presente contrato se firma en cuatro ejemplares el 7 de septiembre de 2011.

SIXTH.- LANGUAGE.
This agreement is signed in Spanish and English and the English version will prevail in case of discrepancy between both versions.

The present agreement is signed in four execution copies on September 7, 2011.

LANDDRILL INTERNATIONAL MEXICO, S.A. DE C.V.

Por:________________

John Garth Burling

NORTH TRADE FINANCE INC.

By:________________

Steve Bow

By:________________

Stanley Ng

ANEXO A / ANNEX A

Descripción de los Taladros / Drills Description

1. Taladro HTM 2500 con número de serie #LEM 04 con accesorios;
2. Taladro HTM 2500 con número de serie #LEM 05 con accesorios;
3. Taladro de transmisión de 6 cilindros marca John Deere con largueros, transmisiones Allison, torres y armazones, número de serie #LY44-1;
4. Taladro de transmisión de 6 cilindros marca John Deere con largueros, transmisiones Allison, torres y armazones, con número de serie #LY44-2;
5. Taladro de transmisión de 6 Cilindros Marca John Deere con largueros, transmisiones Allison, torres y armazones, número de serie #LY44-3.

Date: 2011-08-25
Time: 15.13.21
Locn: REG
CDwr: CSH1

Government of Barbados Department of Corporate Affairs/Intellectual Property

FI0039
SPHILLIPS
11
11-08-25
551108

RECEIPT FOR PAYMENT

Receipt #: 438327

Received From .... Chancery Chambers
Chancery House
High Street, Bridgetown
BARBADOS

Transaction Amount ... $55.00 BDS
Fifty Five

RE: A STOCK PLEDGE AGREEMENT DDATED 29TH JULY, 2011 BY AND B BETWEEN LANDDRILL INTERNATIONAL INC (THE PLEDGOR) AND SPROTT PARTNERSHIP (THE PLEDGEE)

CREDIT AGREMENT BETWEEN SPROTT RESOURCES LENDING PARTNERS AND LANDDRILL INTERNATIONAL INC, LANDRILL INTERNATIONAL LTD AND LANDDRILL INTERNATIONAL INC

1	Statement of Charge	25.00
AB 3	Stamp Duty @ 10.00	30.00
	Paid by Cheque: RBC #012322	55.00

Payment Received By: ______________________
For Registrar

CORPORATE AFFAIRS AND INTELLECTUAL PROPERTY OFFICE ST. MICHAEL BARBADOS

SPROTT RESOURCE LENDING PARTNERSHIP
RE: LANDDRILL INTERNATIONAL INC.

$4,000,000 bridge loan to Landdrill International Inc.

CLOSING BOOK INDEX

July 29, 2011

LEGEND

PARTIES

Sprott Resource Lending Partnership	"Lender"
Landdrill International Inc.	"Borrower"
Landdrill International Ltd.	"Sub #1"
Landdrill International Inc. (Barbados)	"Sub #2"
Landdrill International Mexico S.A. de C.V.	"Guarantor"

Tab No.	
A.	**PRE-CLOSING DOCUMENTS**
1.	Term Sheet dated June 10, 2011
B.	**CLOSING DOCUMENTS**
2.	Credit Agreement
3.	General Security Agreement made by the Borrower in favour of the Lender
4.	General Security Agreement made by Sub # 1 in favour of the Lender
5.	General Security Agreement made by the Guarantor in favour of the Lender
6.	Share Pledge Agreement by the Borrower of its shares in Sub #1 in favour of the Lender
7.	Share Certificate No. 3 for the shares of Sub #1
8.	Irrevocable Stock Power (of Attorney) granted by the Borrower over the shares of Sub #1
9.	Share Pledge Agreement by Sub #1 of its shares in Sub #2 in favour of the Lender
10.	Share Certificate No. 1 for the shares of Sub #2
11.	Irrevocable Stock Power (of Attorney) granted by Sub #1 over the shares of Sub #2
12.	Stock Pledge Agreement by Sub #2 of its shares in the Guarantor
13.	Stock Pledge Agreement by Ronald J. Goguen of his one share in the Guarantor
14.	Non-Possessory Pledge Agreement by Sub #2 of its shares in the Guarantor
15.	Certified share register of the Guarantor
16.	Share titles 1-A and 2-A of the Guarantor
17.	Guarantee granted by Sub #1 in favour of the Lender
18.	Guarantee granted by Sub #2 in favour of the Lender
19.	Credit Guaranty Agreement granted by the Guarantor in favour of the Lender
20.	Officer's Certificate of the Borrower

Tab No.	
21.	Officer's Certificate of Sub #1
22.	Officer's Certificate of Sub #2
23.	Officer's Certificate of the Guarantor
24.	Certified copy of Directors' Resolution of the Borrower
25.	Certified copy of Directors' Resolution of Sub #1
26.	Certified copy of Directors' Resolution of Sub #2
27.	Certified copy of Directors' Resolution of the Guarantor
28.	Direction to Pay
29.	Opinion of the Borrower and Sub #1
30.	Opinion of Sub #2
C.	**POST-CLOSING DOCUMENTS**
31.	BC PPR ALPAAP and Share Pledge – Search Result Print evidencing registration of Financing Statements under Base Registration Nos. 273674G and 286636G respectively
32.	NB PPR ALPAAP and Share Pledge – Verification Statement and Post Registration Search
33.	Notarial Certificate with Termination Agreement attached
34.	Receipt for Payment evidencing registration of Stock Pledge Agreement and Credit Agreement by Sub#2