

Cause 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 -

**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)**

**NOTICE OF APPLICATION
(FORM 16D)**

TO: Norrep Credit Opportunities Fund, LP
c/o Jeff Lee
MacPherson Leslie & Tyerman LLP
1500, 410 – 22nd Street East
Saskatoon, Saskatchewan S7K 5T6

AND TO:

GE CANADA EQUIPMENT
FINANCING, G.P.
c/o Alissa K. Mitchell

COUR DU BANC DE LA REINE DU
NOUVEAU BRUNSWICK

DIVISION DE PREMIERE INSTANCE

CIRCONSCRIPTION JUDICIAIRE DE

**AVIS DE REQUETE
(FORMULE 16D)**

DESTINATAIRE:

Miller Thompson
One London Place
255 Queens Avenue,
Suite 2010
London, Ontario N6A 5R8

AND TO:

SPROTT RESOURCE LENDING
PARTNERSHIP
Mary Buttery
Davis LLP
Suite 2800, Park Place
666 Burrard St.
Vancouver, B.C. V6C 2Z7

**LEGAL PROCEEDINGS HAVE BEEN
COMMENCED BY FILING THIS
NOTICE OF APPLICATION.**

The Applicants will make an application before the Court at the Moncton Court House, 145 Assomption Blvd., Moncton, New Brunswick, on the 31st day of August 2012 at 8:30 a.m. for an Order as set out hereunder.

If you wish to oppose this application, you must appear at the hearing of the application at the place, date and time stated, either in person or by a New Brunswick lawyer acting on your behalf.

If you intend to appear on the hearing of the application and wish to present to the Court at that time affidavit or other documentary evidence to support your position, you must serve a copy of such evidence on the applicant or its lawyer and, with proof of such service, file it in this Court Office prior to the hearing of the application. **AN ORDER WHICH MAY AFFECT YOU MAY BE MADE IN YOUR ABSENCE.**

You are advised that:

- (a) you are entitled to issue documents and present evidence in the proceeding

**PAR LE DEPOT DU PRESENT AVIS DE
REQUETE, UNE POURSUITE
JUDICIAIRE A ETE ENGAGEE.**

Le requérant présentera une requête à la Cour à _____, le _____ 19 à _____ h en vue d'obtenir l'ordonnance décrite ci dessous.

Si vous désirez contester cette requête, vous devrez comparaître à l'audition de la requête aux lieu, date et heure indiqués, soit en personne ou par l'intermédiaire d'un avocat du Nouveau Brunswick chargé de vous représenter.

Si vous prévoyez comparaître à l'audition de la requête et désirez présenter à la Cour un affidavit ou une autre preuve littérale en votre faveur, vous devrez signifier copie de cette preuve au requérant ou à son avocat et la déposer, avec une preuve de sa signification, au greffe de cette Cour avant l'audition de la requête.

Si vous ne comparez pas à l'audition de la requête, **UNE ORDONNANCE POUVANT VOUS CONCERNER POURRA ETRE RENDUE EN VOTRE ABSENCE.**

Sachez que:

- (a) vous avez le droit dans la présente instance, d'émettre des documents et de

in English or French or both;

(b) the applicant intends to proceed in the English language; and

(c) if you require the services of an interpreter at the hearing you must advise the clerk at least 7 days before the hearing.

présenter votre preuve en français, en anglais ou dans les deux langues;

(b)le requérant a l'intention d'utiliser la langue ; et

(c)si vous avez besoin des services d'un interprète à l'audience, vous devez en aviser le greffier au moins 7 jours avant l'audience.

THIS NOTICE is signed and sealed for the Court of Queen's Bench by Ms. Anne Richard, Clerk of the Court at Moncton, New Brunswick, on the _____ day of August 2012.

CET AVIS est signé et scellé au nom de la Cour du Banc de la Reine par _____, greffier de la Cour à _____, ce 20 .

.....
Clerk of the Court of Queen's Bench
of New Brunswick

.....
G R E F F I E R

APPLICATION

1. On the hearing of this application, the Applicants, Landdrill International Inc. ("**Landdrill B.C.**"), Landdrill International Ltd. ("**Landdrill N.B.**"), Landdrill Atlantic Ltd., Landdrill Contract Mining Ltd., Landdrill International Mexico S.A. de C.V. ("**Landdrill Mexico**"), Landdrill International LLC ("**Landdrill Mongolia**") and Landdrill International Inc. ("**Landdrill Barbados**") (collectively, the "**Applicants**"), intend to apply for an Order in substantially the form of that which will be presented to the Court at the hearing of the within application which will include, *inter alia*, the following:

- (a) an Order abridging the time for, or dispensing with, service of the Notice of Application;
- (b) an Order dispensing with the need to file a Record on Application;
- (c) an Order declaring that the Applicants are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") applies;
- (d) an Order appointing Ernst & Young Inc. ("**E&Y**") as an officer of this Court to monitor the assets, business and affairs of the Applicants (in such capacity, the "**Monitor**");
- (e) an Order staying all proceedings taken or that might be taken in respect of the Applicants;
- (f) an Order authorizing and empowering the Applicants to obtain and borrow under a debtor-in-possession loan facility (the "**DIP Facility**") between the Applicants and Norrep Credit Opportunities Fund LP, by its agent, Crown Capital Partners Inc. (the "**DIP Lender**");
- (g) an Order declaring that certain charges shall constitute a charge on the current and future assets, undertakings and properties of the Applicants of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"), including:
 - (i) a charge in favour of the Monitor, the Monitor's counsel and the Applicants' counsel to secure fees and disbursements incurred in connection with this proceeding (the "**Administration Charge**");
 - (ii) a charge in favour of the critical suppliers of the Applicants (the "**Critical Suppliers**") to secure payment to the Critical Suppliers in an amount equal to the value of the goods and/or services supplied by Critical Suppliers and received by the Applicants (after the date of the Initial Order) as security for payment, less all amounts paid to the Critical Suppliers in respect of such goods and/or services (the "**Critical Suppliers' Charge**");

- (iii) a charge in favour of the DIP Lender to secure the DIP Facility (the “**DIP Lender’s Charge**”); and
 - (iv) a charge in favour of the directors and officers of the Applicants to secure director and officer indemnities (the “**Directors’ Charge**”);
 - (h) an Order declaring that each of the Charges shall constitute a charge on the Property and that such Charges shall rank in priority to the existing security interests in favour of the DIP Lender but behind all other security interests, trusts, liens, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, the “**Encumbrances**”) in favour of any Person that has not been served with the notice of the application for this Order;
 - (i) an Order declaring that the Applicants and the beneficiaries of the Charges shall be entitled to seek an Order providing that the Charges shall rank in priority to the Encumbrances on notice to those parties likely to be affected by such priority (it being the intention of the Applicants to seek, at the Comeback Motion, priority for the Charges ahead of all Encumbrances);
 - (j) granting such other relief as is described in the draft Initial Order which will be presented to the Court; and
 - (k) granting such further and other relief as counsel may request and as this Honourable Court may deem just.
2. The grounds to be argued upon the hearing of the application are as follows:
- (a) with the exception of Landdrill Mexico, Landdrill Mongolia and Landdrill Barbados, each of the remaining Applicants is incorporated under the laws of the Provinces of Canada;
 - (b) each of the Applicants has assets and/or carries on business in Canada;
 - (c) the total claims against the Applicants individually and collectively exceed \$5,000,000.00;
 - (d) the Applicants are all companies to which the CCAA applies;
 - (e) the Applicants employ approximately 64 administrative office and shop employees and approximately 248 field staff in aggregate, including approximately 80 Canadian employees;
 - (f) the Applicants operate an international industrial drilling business with operations in Canada, Mexico, Mongolia, Russia and Nicaragua, which business is currently facing significant liquidity issues and financial challenges as a result of a number of factors;
 - (g) the Applicants are currently insolvent as they cannot meet their liabilities as they become due;

- (h) the Applicants require immediate creditor protection and relief from debt service payment obligations so as to allow them to maintain their operations while giving them the necessary time to pursue a possible restructuring or orderly sale of their business for the benefit of all creditors, employees, suppliers, customers and other stakeholders;
- (i) the Applicants require the DIP Facility so as to allow them to continue to operate in the normal course pending their restructuring or an orderly sale of their business;
- (j) the Applicants will require the assistance of financial and legal advisors in order to complete a successful restructuring or an orderly sale of their business, and a Court-ordered charge for the fees and disbursements of such advisors will be necessary in order to induce them to continue to provide services over the course of the CCAA proceedings; and
- (k) the Applicants will require the assistance of the existing directors and officers of the Applicants in order to complete a successful restructuring or an orderly sale of their business, and a Court-ordered charge to secure director and officer indemnities will be necessary in order to induce the directors and officers to remain with the business through the CCAA proceedings.

3. Upon the hearing of the within application, the Applicants intend to rely upon the following statutory provisions and rules, namely:

- (i) the provisions of the CCAA and, particularly, sections 2, 9, 10, 11, 23 and 56 thereof;
- (ii) Rules 1.03, 2.01, 2.02, 3.01, 38 and 39 of the *Rules of Court*;
- (iii) the inherent jurisdiction of this Honourable Court; and
- (iv) such further and other provisions as counsel may advise and this Honourable Court may permit.

4. The following documentary evidence will be used at the hearing of the application:

- (a) the Affidavit of Ronald J. Goguen sworn to on the 27th day of August, 2012 and the exhibits thereto;
- (b) the Affidavit of Roger Rogers sworn to on the ____ day of August 2012 and the exhibits thereto;
- (c) the documents required to accompany this application by virtue of subsection 10(2) of the CCAA;
- (d) the Consent of E&Y to act as Monitor; and
- (e) such further and other documentary evidence as counsel may advise and this Honourable Court may permit.

DATED at Saint John, New Brunswick, this 30th day of August 2012.

STEWART McKELVEY
Solicitors for the Applicants

A handwritten signature in black ink, appearing to read 'S. Hutchison', written over a horizontal line.

Stephen J. Hutchison

Stewart McKelvey
Barristers & Solicitors
44 Chipman Hill, Suite 1000
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