Court File No. M/M/114/12

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

TRIAL DIVISION

JUDICIAL DISTRICT OF MONCTON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT 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)

AFFIDAVIT

I, CHRISTOPHER JOHNSON, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President and Chief Executive Officer of Crown Capital Partners Inc. ("**Crown**"). Crown is the manager of, and a strategic partner in, Norrep Credit Opportunities Fund, LP ("**Norrep**"), an investment fund which has advanced a loan in the amount of Eight Million ($8,000,000.00) Dollars to Landdrill International Inc. (a British Columbia corporation ("**Landdrill BC**"). As such, I have personal knowledge of the facts and matters to which I hereinafter depose, except where such matters are hereinafter stated by me to be sworn based upon information and belief. Where so stated, I have identified the source of such information and I do verily believe such facts and matters to be true.

2. I swear this Affidavit to supplement the Affidavit sworn to by me on October 22, 2012 (the "**October 22, 2012 Affidavit**"), the Affidavit sworn to by me on October 31, 2012 (the "**October 31, 2012 Affidavit**"), the Affidavit sworn by me on February

21, 2013 (the "**February 21, 2013 Affidavit**") and the Affidavit sworn by me on April 4, 2013 (the "**April 4, 2013 Affidavit**").

3. Words and phrases used by me in this Affidavit which are capitalized but which are not expressly defined herein are intended by me to have the corresponding meanings ascribed to such words and phrases in the Initial Order of the Honourable Chief Justice Smith granted in these proceedings on August 31, 2012 (the "**Initial Order**").

4. I have read the Affidavit of Michael Pisani sworn on April 12, 2013 (the "**Pisani Affidavit**") and filed in these proceedings on behalf of GE Canada Equipment Financing GP and related companies ("**GE**"). I swear this Affidavit in order to respond to certain matters addressed in the Pisani Affidavit.

The September 27, 2012 Comeback Order

5. Paragraphs 37 to 45 of the Pisani Affidavit address the circumstances leading to the Order of the Honourable Chief Justice Smith granted in these proceedings on September 27, 2012 (the "**September 27 Order**").

6. As noted in paragraph 35 of the Pisani Affidavit, the Initial Order created the Charges, but it did not result in the Charges "priming" (or subordinating) the extant security interests of the Senior Lenders. Rather, paragraph 46 of the Initial Order provided that the Charges ranked behind the extant security interests of the Senior Lenders, with the Applicants and the beneficiaries of the Charges having leave to apply to the Court for a subsequent Order providing that the Charges would "prime" (or would rank in priority to) the extant security interests of the Senior Lenders.

7. The Applicants commenced an application to Chief Justice Smith to be heard on September 27, 2012 in which the Applicants sought (among other things) an Order providing that the Charges would rank in priority to the extant security interests of the Senior Lenders. As a result, the Senior Lenders (Norrep, GE and Sprott) began the process of negotiating a mutually acceptable basis on which the Charges would be allocated against the assets of the Applicants. As a result of these negotiations, the

Senior Lenders agreed upon the allocation of the Charges against the assets of the Applicants in the manner set out in paragraph 7 of the September 27 Order.

8. The language contained in paragraph 7 of the September 27 Order addressed the allocation of the Charges against the assets of the Applicants. For a number of reasons, that language did not address (and so far as Norrep was aware, was not intended to address) the issue of how professional fees and disbursements of the Monitor, legal counsel to the Monitor and legal counsel to the Applicants (collectively, the "**Professional Fees**") that were paid by the Applicants on an ongoing basis throughout these CCAA proceedings (as opposed to those Professional Fees which remained unpaid and which accrued against the Administration Charge) would be allocated.

9. One reason that the language contained in paragraph 7 of the September 27 Order did not address how the Professional Fees would be allocated was because it was the expectation of the Applicants, the Monitor and the Senior Lenders that the Professional Fees would be funded by Norrep through the $1,500,000 credit facility to be advanced by Norrep to the Applicants under the DIP Agreement (the "**DIP Financing**").

10. At the time of the August 31, 2012 application for the Initial Order and the September 27, 2012 application for the September 27 Order, the available information as to the anticipated receipts and disbursements of the Applicants during these CCAA proceedings was the information contained in the Cash Flow Projection of the Applicants delivered on August 31, 2012 and covering the twelve week period ended November 18, 2012 (the "**Cash Flow Projections**"). The Cash Flow Projections comprised Exhibit "B" and Exhibit "C" to the Supplemental Affidavit of Ronald J. Goguen filed on behalf of the Applicants in support of the application for the Initial Order. For ease of reference, a true copy of the Cash Flow Projections is attached and marked as Exhibit "A" to this Affidavit.

11. The Cash Flow Projections were very important information upon which each of the Applicants, the Monitor and the Senior Lenders relied in making decisions regarding

these CCAA proceedings. As a result of the Cash Flow Projections, in September of 2012, each of the Applicants, the Monitor and the Senior Lenders proceeded on the basis that:

(a) the Applicants were expected to incur Professional Fees during these CCAA proceedings in an anticipated amount of approximately $1,267,169;

(b) Norrep, as DIP Lender, would advance DIP Financing to the Applicants during these CCAA proceedings in the anticipated amount of $1,482,163, in order to fund payment of the Professional Fees and in order to fund payment of an additional amount of approximately $214,994 worth of expenditures by the Applicants;

(c) the repayment of the DIP Financing to be advanced by Norrep to the Applicants to fund the payment of the Professional Fees and other expenditures by the Applicants would be secured by the DIP Lender's Charge; and

(d) pursuant to paragraphs 41 and 44 of the Initial Order and paragraphs 5, 6 and 7 of the September 27 Order, the DIP Lender's Charge would rank in priority to all of the Charges and in priority to all of the extant security interests of the Senior Lenders (including GE), such that the $1,482,163 in DIP Financing to be advanced by Norrep to the Applicants during these CCAA proceedings would be fully secured as a first priority charge on all assets of the Applicants and Norrep would be assured that the DIP Financing to be advanced by it to the Applicants during these CCAA proceeds would be repaid in full.

12. As these CCAA proceedings ultimately unfolded, the Applicants were able to collect and realize upon accounts receivable more quickly than had been anticipated in the Cash Flow Projections. For example, as described in paragraph 33 of the Second Report of the Monitor dated October 22, 2012: "Since that time, the Applicants have been able to conserve cash because fewer rigs than projected are working resulting in

lower operating expenditures, and have been able to collect receivables faster than projected".

13. As a result of the Applicants being able to collect and monetize their accounts receivable more quickly than projected in the Cash Flow Projections, the Applicants have been able to defer any need to draw on the DIP Financing which was to have been advanced to the Applicants by Norrep to fund the payment of the Professional Fees. This has resulted in an unexpected outcome whereby:

(a) the payment of the Professional Fees by the Applicants on an ongoing basis has been funded almost entirely by the Applicants realizing upon their Canadian Trade Accounts Receivable (the primary collateral which secures payment of the indebtedness owing by the Applicants to Norrep);

(b) as indicated in paragraph 46 of the Tenth Report of the Monitor dated April 3, 2013 (the "**Tenth Monitor's Report**"), the balance owing on the Administration Charge was only $44,124.79 as at March 26, 2013; and

(c) as more particularly described below in paragraph 14 hereof, the amount of Canadian Trade Accounts Receivable owing to the Applicants (the primary security of Norrep) has been reduced during the eight-month history of these CCAA proceedings by approximately 86% (from $2,915,887 on August 27, 2012 to $400,000 on April 3, 2013).

14. I have determined from my review of paragraph 20 of the Affidavit of Ronald J. Goguen sworn on August 27, 2012 and filed by the Applicants in support of the application for the Initial Order (the "**August 27, 2012 Goguen Affidavit**") and from my review of paragraph 16 of the Tenth Monitor's Report, and I verily believe it to be true, that the amount of Canadian Trade Accounts Receivable of the Applicants has declined during the course of these CCAA proceedings from $2,915,887 as at August 27, 2012 to approximately $400,000 as at April 3, 2013 (which $400,000 was comprised entirely of pre-filing Canadian Trade Accounts Receivable).

15. Furthermore, as described by me in the April 4, 2013 Affidavit, the magnitude of the Professional Fees incurred by the Applicants during these CCAA proceedings has significantly exceeded expectations. Further, and in particular, the Professional Fees incurred by the Applicants during the course of these CCAA proceedings up to April 4, 2013 totalled (in the aggregate) at least $2,404,517.70. In the result, the actual amount of Professional Fees incurred by the Applicants during these CCAA proceedings ($2,404,517.70) has exceeded the anticipated amount of Professional Fees contemplated in the Cash Flow Projections ($1,267,169) by $1,137,348.70 (an "overage" of approximately 90% greater than the anticipated amount of Professional Fees).

16. Had these CCAA proceedings unfolded as projected in the Cash Flow Projections and as anticipated by the Applicants, the Monitor and the Senior Lenders at the time of the granting of the Initial Order and the September 27 Order, then the following results would have occurred, namely:

(a) Norrep would have advanced DIP Financing in the anticipated amount of $1,482,163 to the Applicants during the course of these CCAA proceedings;

(b) the Applicants would have incurred Professional Fees in the anticipated amount of $1,267,169 and would have utilized the DIP Financing to pay such Professional Fees;

(c) the $1,482,163 in DIP Financing owed to Norrep and secured by the DIP Lender's Charge would have been allocated as follows between Norrep and GE (pursuant to paragraph 7 of the September 27 Order), namely:

i. the "Canadian DIP Charge" described in paragraphs 7(a)(iii) and 7(d) of the September 27 Order would have been calculated at $1,077,563 (being $1,482,163 less the $404,600 comprising the Mexican DIP Expenditures);

ii. the Canadian DIP Charge comprising $1,077,563 would have been allocated between Norrep and GE by being allocated against both

Landdrill Canada Property in which Norrep held first charge security (as to 68% of $1,077,563 or $732,742.84) and Landdrill Canada Property in which GE held first charge security (as to 32% of $1,077,563 or $344,820.16); and

iii. in the result, Norrep priority collateral would have been used to satisfy $732,742.84 of the Canadian DIP Charge and GE priority collateral would have been used to satisfy $344,810.16 of the Canadian DIP Charge.

17. Instead of the outcome described in the immediately preceding paragraph, the outcome of these CCAA proceedings that has developed (and that GE now seeks to achieve through its April 12, 2013 Notice of Motion) has been as follows, namely:

(a) by reason of the facts described above in paragraphs 12 and 13 hereof, the Applicants have collected and monetized their Canadian Trade Accounts Receivable more quickly than projected, and have thereby deferred any draw on the DIP Financing;

(b) the Professional Fees incurred by the Applicants during these CCAA proceedings have exceeded the anticipated amounts described in the Cash Flow Projections by approximately 90% and have totalled (in the aggregate) $2,404,517.70 – essentially all of which have been paid for by the Applicants liquidating or consuming their Canadian Trade Accounts Receivable;

(c) 86% of the Canadian Trade Accounts Receivable of the Applicants (the primary collateral securing the debt owing to Norrep) have been consumed during these CCAA proceedings, as such Canadian Trade Accounts Receivable have been reduced from $2,915,887 (as at August 27, 2012) to approximately $400,000 (as at April 3, 2013); and

(d) despite being in a situation where all or substantially all of the debt owed to GE is likely going to be recovered by it, GE takes the position that it has no liability and no responsibility whatsoever to pay any portion of the

Professional Fees and that a fair and equitable outcome of these CCAA proceedings is that Norrep's collateral bear all of these $2,404,517.70 in Professional Fees in their entirety – while GE collateral bears no portion of these Professional Fees whatsoever.

18. From its experience as a Canadian secured lender dealing with the insolvency of borrowers, Norrep understands and expects Canadian Courts supervising restructuring efforts and asset sales under the CCAA to allocate restructuring costs among stakeholders in a manner that is fair and equitable (often with the benefit of recommendations from the court-appointed Monitor). Accordingly, Norrep did not anticipate an outcome in these CCAA proceedings where the method of allocation would depend on which type of collateral the Applicants chose (for reasons of their own) to liquidate first in order to pay the Professional Fees. For example, had the Applicants decided that the first assets which they would liquidate to pay the Professional Fees were their Canadian drilling rigs (the primary collateral which secured the debt owed by the Applicants to GE), Norrep would not have seriously expected that it could rely upon that circumstance as a basis to take the position that GE priority collateral should bear all of the costs of the Professional Fees and that Norrep priority collateral should bear no portion of the costs of the Professional Fees whatsoever.

19. Other facts which may explain why the language of paragraph 7 of the September 27 Order did not expressly address the issue of how Professional Fees which were actually paid by the Applicants on an ongoing basis throughout these CCAA proceedings ("**Paid Professional Fees**") (as opposed to unpaid Professional Fees which accrued against the Administration Charge) would be allocated are as follows:

(a) the primary focus of the motion by the Applicants heard on September 27, 2012 was the need for an Order which would enable the Charges to "prime" (or rank in priority to) extant security interests of the Senior Lenders. Accordingly, the dialogue and negotiations between the Senior Landers leading up to the September 27 Order focused on a mutually agreeable manner

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in which the Charges could "prime" (or rank in priority to) the extant security interests of the Senior Lenders. To the best of my knowledge, the topic of the ultimate allocation of Paid Professional Fees did not come up in the dialogue and the negotiations between the Senior Lenders leading up to the September 27 Order; and

(b) in my experience, it is generally understood by Canadian secured lenders that a Court supervising a restructuring or asset sale under the CCAA has an inherent equitable jurisdiction to allocate the restructuring costs among the stakeholders in a fair and equitable manner. As a result, it did not occur to Norrep during the dialogue and negotiations between the Senior Lenders leading up to the September 27 Order that it was necessary or appropriate to point this out to GE.

Sale of The Canadian Assets of The Applicants

20. Paragraphs 46 to 66 of the Pisani Affidavit describe the events leading to the sale of the Canadian assets of the Applicants. These paragraphs also address the request by GE for the sale proceeds of the Canadian assets of the Applicants (the "**Canadian Sale Proceeds**") to be allocated based upon the appraised value of the GE priority collateral set out in an appraisal obtained by GE, rather than being based upon the net book value of the Canadian assets of the Applicants (as tentatively proposed by the Monitor).

21. It is the position of Norrep that an Order of this Court directing the Monitor to prepare and deliver to the Court its impartial professional recommendation to the Court as to the appropriate method of allocating the Canadian Sale Proceeds among the priority collateral of GE, the priority collateral of Norrep and the priority collateral of GMAC would be of assistance to the Court and would be beneficial to each of Norrep, GE and GMAC.

The Mongolian & Russian Assets

22. Paragraphs 67 to 76 of the Pisani Affidavit address the assets of LLC Landdrill International ("**Landdrill Russia**") and the assets of Landdrill International LLC ("**Landdrill Mongolia**"). As I understand the position of GE expressed in these paragraphs of the Pisani Affidavit, GE asserts that no party holds a perfected security interest in the assets of Landdrill Russia and Landdrill Mongolia, such that the Court should direct the Monitor to distribute proceeds realized from the sale of the assets of Landrrill Russia and Landdrill Mongolia on a *pro rata* basis to their respective unsecured creditors, namely:

(a) Norrep; and

(b) the parent company of the Applicants, a British Columbia corporation known as Landdrill International Inc. ("**Landdrill BC**").

23. Attached and marked collectively as Exhibit "B" to this Affidavit are true copies of the following documents, namely:

(a) the Credit Agreement (the "**Norrep Credit Agreement**") dated as of March 21, 2012 between Landdrill BC (as Borrower), eleven entities in the Landdrill Group of Companies (including Landdrill Mongolia and Landrill Russia) (as guarantors) (the "**Guarantors**") and Norrep (as Lender);

(b) the Guarantee and Indemnity Agreement dated as of March 21, 2012 between Landrill BC, the Guarantors and Norrep (as Lender) (the "**Guarantee and Indemnity Agreement**"); and

(c) the Officer's Certificate dated March 21, 2012 and signed by Ronald Goguen in connection with the Norrep Credit Agreement (the "**Officer's Certificate**").

24. The Norrep Credit Agreement and the Guarantee and Indemnity Agreement contained provisions whereby:

(a) Norrep (as Lender) agreed to advance a loan (the "**Norrep Loan**") in the original principal amount of $8 million to Landdrill BC (as Borrower);

(b) each of the Guarantors (including Landdrill Mongolia and Landdrill Russia) guaranteed the repayment to Norrep of the Norrep Loan; and

(c) pursuant to Article 7.1 of the Norrep Credit Agreement and in order to secure the payment or performance of their respective obligations to Norrep as Guarantors, each of the Guarantors (including Landdrill Mongolia and Landdrill Russia) thereby granted to Norrep a security interest in all of their respective undertaking and Property, whether now or hereafter owned, existing, acquired or arising, tangible or intangible, real or personal, moveable or immoveable and wherever now or hereafter located.

25. In paragraphs 15 and 16 of the Officer's Certificate, Mr. Goguen certifies that, in regard to each of the Guarantors (including Landdrill Russia and Landdrill Mongolia):

(a) there are no provisions in the articles, bylaws or documents of a similar nature of Landdrill Russia which have not been complied with which limit or restrict in any way the power, capacity or authority of Landdrill Russia to grant a security interest in all of its real or personal property now owned or hereafter acquired;

(b) there are no provisions in the articles, bylaws or documents of a similar nature of Landdrill Mongolia which have not been complied with which limit or restrict in any way the power, capacity or authority of Landdrill Mongolia to grant a security interest in all of its real or personal property now owned or hereafter acquired;

(c) the execution and delivery of the Norrep Credit Agreement by Landdrill Russia and the performance by Landdrill Russia of its obligations thereunder does not conflict with or constitute a breach or violation of the bylaws of Landdrill Russia or any applicable laws or regulations; and

(d) the execution and delivery of the Norrep Credit Agreement by Landdrill Mongolia and the performance by Landdrill Mongolia of its obligations thereunder does not conflict with or constitute a breach or violation of the bylaws of Landdrill Mongolia or any applicable laws or regulations.

26. So far as I am aware, and so far as the evidence filed in these CCAA proceedings reflects, the only security interest in the assets of Landdrill Mongolia and Landdrill Russia which was extant prior to the August 31, 2012 commencement of these CCAA proceedings was the security interest granted in favour of Norrep by Landdrill Russia and Landdrill Mongolia by means of the Norrep Credit Agreement.

27. Paragraphs 67 to 76 of the Pisani Affidavit contain statements attempting to impugn or discredit the validity and enforceability of the security interest in the assets of Landdrill Mongolia and Landdrill Russia granted in favour of Norrep by the Norrep Credit Agreement. In particular, paragraph 74 and Exhibit "35" to the Pisani Affidavit indicate that GE, by its counsel, has requested that Norrep provide copies of opinion from Russian and Mongolian counsel regarding the validity and enforceability of the security interests in the assets of Landdrill Russia and Landdrill Mongolia granted to Norrep by means of the Norrep Security Agreement.

28. I have been informed by Russian counsel to Norrep, and I believe it to be true, that the laws of the Russian Federation do not provide for any form of registry equivalent to a Personal Property Security Registry in which security interests in personal property can be registered or "perfected".

29. I have been informed by Mongolian counsel to Norrep, and I believe it to be true, that the laws of Mongolia do not provide for any form of registry equivalent to a Personal Property Security Registry in which security interests in personal property can be registered or "perfected".

30. Norrep has instructed its Russian counsel to provide an opinion regarding the validity and enforceability of the security interest in the assets of Landdrill Russia granted to Norrep by means of the Credit Agreement. Norrep intends to provide a copy of that

opinion to GE in due course (subject to suitable arrangements to maintain solicitor-client privilege).

31. Norrep has instructed its Mongolian counsel to provide an opinion regarding the validity and enforceability of the security interest in the assets of Landdrill Mongolia granted to Norrep by means of the Credit Agreement. Norrep intends to provide a copy of that opinion to GE in due course (subject to suitable arrangements to maintain solicitor-client privilege).

Indebtedness Owing To Norrep By The Applicants

32. As at April 10, 2013, the indebtedness owed by the Applicants to Norrep pursuant to the Norrep Credit Agreement amounted to $9,355,974, particulars of which were as follows, namely:

(a) Original Principal:	$8,000,000
(b) Accrued Interest (including default interest):	$1,137,494
(c) Legal Fees to April 10, 2013:	$ 218,300
(d) Total owing:	$9,355,794

Interest continues to accrue at the per diem rate of $3,978.88 from and after April 10, 2013.

33. On March 15, 2013, Norrep acquired from Sprott the indebtedness owed by the Applicants to Sprott (the "**Sprott Indebtedness**"), together with the underlying security held by Sprott to secure the repayment of the Sprott Indebtedness.

34. As at April 10, 2013, the amount of indebtedness owed by the Applicants to Norrep in regard to the Sprott Indebtedness to $2,858431.63, particulars of which were as follows, namely:

(a) Original Principal:	$2,500,000.00

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(b) Accrued Interest (at 12% compounded monthly & fees): $ 358,431.63

(c) Total owing: $2,858.431.63

Interest continues to accrue at the per diem rate of $939.76 from and after April 10, 2013.

Conclusion

35. Norrep does not dispute that GE has first priority to the proceeds of the sale of the Canadian equipment of the Applicants (subject to the security interest of GMAC in certain vehicles). Norrep anticipates that there will be no claims or potential claims against the directors and officers of the Applicants identified by the D&O Claims Solicitation Process deadline of April 15, 2013. Further, there are no amounts owing against the DIP Lender's Charge. As well, it is Norrep's understanding that there are no amounts owing against the Critical Supplier's Charge. Accordingly, Norrep would not object to an Order of this Court being granted on April 19, 2013 which would authorize the Monitor to make an interim distribution to GE of $2,000,000 from and out of the Canadian Sale Proceeds. In that manner, the interests of GE in obtaining a distribution could be balanced fairly with the need for the Monitor to prepare and deliver to the Court a Report containing the Monitor's recommendation as to:

(a) a method of allocating the Canadian Sale Proceeds among the secured claims against the Canadian Sale Proceeds which is appropriate (having regard to all of the circumstances); and

(b) a method of allocating the Professional Fees among the stakeholders of the Applicants in a manner which is fair and equitable.

36. I make this Affidavit in response to the Pisani Affidavit and in support of an application by Crown and Norrep for an Order directing the Monitor to prepare a Report to the Court containing the Monitor's recommendations to the Court as to a fair and equitable method of allocating the Restructuring Costs among the

stakeholders of the Applicants, as more particularly described in the Notice of Motion filed on behalf of Norrep on April 8, 2013.

Sworn to at the City of Regina, in the Province of Saskatchewan, this 15th day of April, 2013 before me	))))))	Christopher Johnson
A NOTARY PUBLIC in and for the Province of Saskatchewan Being a Solicitor		

JADE W. BUCHANAN
Notary Public
SASKATCHEWAN

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Landdrill
Consolidated Cash Flow Projection
12 Weeks Ended November 18, 2012
Canadian Dollars

Cash Flow Projection

	Note(s)	27-Aug-12 2-Sep-12	3-Sep-12 9-Sep-12	10-Sep-12 16-Sep-12	17-Sep-12 23-Sep-12	24-Sep-12 30-Sep-12	1-Oct-12 7-Oct-12	8-Oct-12 14-Oct-12	15-Oct-12 21-Oct-12	22-Oct-12 28-Oct-12	29-Oct-12 4-Nov-12	5-Nov-12 11-Nov-12	12-Nov-12 18-Nov-12	Total
Opening Bank Balances	4	$ 194,087	$ 512,330	$ 297,538	$ 589,968	$ 94,524	$ 74,109	$ 100,740	$ 67,053	$ 851,933	$ 317,660	$ 808,081	$ 444,086	$ 194,087
Receipts														
Collection of Third Party Accounts Receivable	5	$ 348,219	$ 1,428,833	$ 1,375,572	$ 540,046	$ 998,572	$ 561,450	$ 663,572	$ 1,919,884	$ 433,572	$ 1,919,884	$ 339,000	$ 974,160	$ 11,460,786
DIP Draw		-	-	-	40,000	-	930,000	330,000	-	-	40,000	-	120,000	1,460,000
Other receipts	6	487,085	73,543	1,454	-	3,031	-	-	-	-	-	-	-	565,113
Total Receipts		$ 843,304	$ 1,502,376	$ 1,377,027	$ 580,046	$ 1,001,604	$ 1,491,450	$ 993,572	$ 1,919,884	$ 433,572	$ 1,959,884	$ 339,000	$ 1,094,160	$ 13,436,879
Disbursements														
Payroll	7	$ (79,706)	$ (483,993)	$ (92,206)	$ (407,993)	$ (92,206)	$ (507,993)	$ (92,206)	$ (427,993)	$ (57,206)	$ (482,993)	$ (57,206)	$ (582,993)	$ (3,364,694)
Payroll Remittances	7	(129,105)	(133,360)	(300,269)	(48,765)	(294,731)	(70,400)	(310,709)	(60,765)	(302,109)	(73,422)	(118,309)	(234,565)	(2,076,999)
Fuel, Supplies and Other Operating Costs	8	(57,296)	(573,678)	(406,407)	(430,762)	(381,797)	(416,507)	(386,815)	(438,277)	(386,615)	(444,602)	(371,901)	(426,851)	(4,721,897)
Travel, Board & Lodging	9	(22,205)	(162,864)	(118,052)	(58,052)	(58,052)	(79,852)	(58,052)	(118,052)	(58,052)	(79,852)	(58,052)	(118,052)	(988,214)
Administrative Costs	10	(27,570)	(2,887)	-	(2,126)	(27,570)	(2,887)	-	(2,126)	-	(27,570)	(2,887)	(2,126)	(97,749)
Sales Taxes	11	-	-	-	-	-	(221,000)	-	-	-	(260,000)	-	-	(481,000)
Income Taxes	12	-	-	-	(7,692)	-	-	-	(7,692)	-	-	-	(7,692)	(23,077)
Office Rent	13	-	(27,426)	-	-	-	(27,426)	-	-	-	(16,272)	(11,154)	-	(82,278)
Asset Financing	14	-	(276)	-	(621)	-	(276)	-	(621)	-	(276)	-	(621)	(2,694)
Interest Payments and Fees on Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payments on Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Disbursements	15	(16,000)	(21,000)	(16,000)	(16,000)	(16,000)	(21,000)	(16,000)	(16,000)	(16,000)	(21,000)	(16,000)	(16,000)	(207,000)
Professional Fees	15	(193,178)	(151,663)	(151,663)	(78,477)	(151,663)	(67,477)	(63,477)	(63,477)	(147,663)	(63,477)	(67,477)	(67,477)	(1,267,169)
DIP Fees	16	-	(75,000)	-	-	-	-	-	-	-	-	-	-	(75,000)
Russia - Intercompany transfers	17	-	(25,000)	-	(25,000)	-	(50,000)	-	-	-	-	-	-	(100,000)
Employee Reserve	20	-	(80,000)	-	-	-	-	-	-	-	-	-	-	(80,000)
Total Disbursements		$ (525,061)	$ (1,717,168)	$ (1,084,597)	$ (1,075,490)	$ (1,022,019)	$ (1,464,819)	$ (1,027,259)	$ (1,135,006)	$ (967,845)	$ (1,469,464)	$ (702,996)	$ (1,456,179)	$ (13,547,880)
Net Cash Flow		$ 318,243	$ (214,792)	$ 292,430	$ (495,444)	$ (20,416)	$ 26,631	$ (33,686)	$ 784,880	$ (534,272)	$ 490,420	$ (363,996)	$ (362,019)	$ (112,011)
Intercompany Cash Transfers	18	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Bank Balances converted to CAD		$ 512,330	$ 297,538	$ 589,968	$ 94,524	$ 74,109	$ 100,740	$ 67,053	$ 851,933	$ 317,660	$ 808,081	$ 444,086	$ 82,074	$ 82,074
Opening Outstanding DIP Balance	19	$ -	$ -	$ -	$ -	$ (40,000)	$ (40,115)	$ (970,231)	$ (1,303,030)	$ (1,306,789)	$ (1,310,558)	$ (1,354,339)	$ (1,358,245)	$ -
Interest accrued	19	-	-	-	-	(115)	(116)	(2,799)	(3,759)	(3,770)	(3,780)	(3,907)	(3,918)	(22,163)
Draws	19	-	-	-	(40,000)	-	(930,000)	(330,000)	-	-	(40,000)	-	(120,000)	(1,460,000)
Repayments	19	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Outstanding DIP Balance		$ -	$ -	$ -	$ (40,000)	$ (40,115)	$ (970,231)	$ (1,303,030)	$ (1,306,789)	$ (1,310,558)	$ (1,354,339)	$ (1,358,245)	$ (1,482,163)	$ (1,482,163)

Notice to Reader:
The Cash Flow Projection prepared by management is based on hypothetical and probable assumptions as set out in the attached notes to the Cash Flow Projection.
The Cash Flow Projection has not been audited, reviewed or otherwise verified.
Readers are cautioned that since estimates are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the Cash Flow Projection, even if the assumptions materialize, and such variations may be material.

THIS IS EXHIBIT " A " referred to in
the Affidavit of Christopher Johnson
SWORN before me at Regina Saskatchewan
this 15th day of April, 20 13

A NOTARY PUBLIC in and for the
Province of Saskatchewan

JADE W. BUCHANAN
Notary Public
SASKATCHEWAN

NOTES TO THE LANDRILL CASH FLOW PROJECTION
12 WEEKS ENDING 18 NOVEMBER 2012
NOTES AND ASSUMPTIONS

1. The consolidated weekly cash flow projection (the "**Projection**") has been prepared by management solely for the purpose of determining the ability 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 Inc. (a Barbados corporation) (collectively "**Landdrill Canada**"), Landdrill Mexico S.A. de C.V. (a Mexican corporation) ("**Landdrill Mexico**") and Landdrill International LLC (a Mongolian corporation) ("**Landdrill Mongolia**") (collectively the "**Applicants**") to fund the business activities of the Company as set out herein.

   Included in the Projection is the opening cash balance, receipts and disbursements of Nitasi Landdrill (Quebec) Limited Partnership ("**Nitasi Quebec**") and Nitasi Landdrill Limited Partnership ("**Nitasi Labrador**") (collectively the "**Non-Applicants**") whose bank accounts are controlled by Landdrill Canada. All receipts and disbursements of the Applicants and the Non-Applicants (collectively "**Landdrill**") have been considered in the Projection.

   The Projection represents management's estimates at present. This is not a projection or forecast under section 4250 of the CICA Handbook. The actual timing and amount of the receipts and disbursements may fluctuate from the estimates shown herein and these fluctuations may be material.

   Readers are cautioned that it may not be appropriate for their purposes.

2. The Projection is presented on a weekly basis from August 27, 2012 to November 18, 2012 (the "**Period**") and represents management's estimates of the results of operations during the Period.

3. The Projection is presented in Canadian Dollars and assumes that any foreign currency transactions are made based on foreign exchange rates in effect as of August 24, 2012.

Probable Assumptions

4. The Opening Cash Balance includes Landdrill's cash on hand, net of outstanding cheques, as of August 27, 2012.

5. The Collection of Third Party Accounts Receivable includes the collection of existing accounts receivable as at the beginning of the Period, as well as the collection of revenue projected to be earned and become due during the Period. Collections are assumed to be made based on the invoice due date or Landdrill's estimate as to the timing of collections given historical collection experience. Collection of Third Party Accounts Receivable are net of a reserve of $600,000 meant to capture the timing risk associated with outstanding or disputed accounts receivable.

6. Other Receipts include the collection of sales tax refunds from the prevailing tax authority, customer deposits and other miscellaneous receipts. The timing of collections assumes that sales tax refunds are processed in a timely fashion.

7. Payroll and Payroll Remittances relate to Landdrill's salaries, wages and benefits paid to its employees. Landdrill has a number of categories of employees who are either paid on a semi-monthly, bi-weekly or weekly basis. Payroll remittances are paid in arrears and are assumed to be paid as due.

8. Fuel, Supplies and Other Operating Costs include disbursements related to the continued operation and maintenance of Landdrill's drilling rigs in each jurisdiction. The Projection assumes that Landdrill's creditors, other than critical suppliers, do not grant it credit terms subsequent to the CCAA filing, and, as such, these payments must be made on a COD basis.

9. Landdrill's Travel, Board & Lodging are disbursements made to facilitate the transportation of drillers, supervisors and foremen to and from the job sites as well as accommodations and meals for these employees.

10. Administration Costs include disbursements for Landdrill's insurance policies.

11. Sales Taxes are disbursements to the prevailing tax authorities on account of value added taxes.

12. Income Taxes are payments on account of Landdrill's income tax obligation in each of its jurisdictions.

13. Office Rent includes rent payable on Landdrill's offices in New Brunswick, Newfoundland and Labrador and Mexico.

14. Asset Financing disbursements are disbursements for Landdrill's operating leases in Canada. It is assumed that Landdrill does not make any disbursements with respect to financing leases during the Period.

15. Miscellaneous disbursements are largely related to disbursements made by Landdrill Mongolia.

16. The Debtor-in-Possession financing ("DIP") is available to be drawn upon immediately upon the initial stay being granted and not contingent on any subsequent Court hearings and resulting orders. The DIP Fees represent the amount payable to the DIP lender pursuant to its agreement with Landdrill, subject to Court approval. Interest on the DIP accrues at a rate of 15 percent per annum on outstanding amounts.

17. Russia – Intercompany transfers represent the funding by Landdrill Canada to its Russian subsidiary that is a non-applicant. The funding, subject to the approval of Landdrill's proposed DIP lender, relates to ongoing legal proceedings.

18. Intercompany cash transfers represent the funding by Landdrill Canada of cash shortfalls in Landdrill Mexico. The intercompany cash transfers between Landdrill Canada and Landdrill Mexico fully offset upon consolidation.

Hypothetical Assumptions

19. The Cash Flow Forecast assumes that the Applicants file for CCAA protection on August 27, 2012 and that as a result, they are afforded a stay of proceedings which is effective against their pre-filing payables and amounts owed to their secured creditors.

20. Professional Fees include the estimated fees and disbursements of Landdrill's legal counsel in Canada as well as the CCAA Monitor and its legal counsel in Canada. The Projection assumes that no other Court hearings will be required other than those noted below:

    a. Initial CCAA application Court hearing on 31 August 2012,

    b. Court hearing the week ending 15 September 2012 for the purpose of the addressing the priming charge provision should such charge be contested by any other creditors or suppliers,

    c. Court hearing the week ending 30 September 2012 for the purpose of seeking an Order to extend the stay pursuant to the Initial Order that may be contested, and

    d. Court hearing the week ending 28 October 2012 for the purpose of seeking an Order to extend the stay pursuant to the Initial Order that may be contested.

    Professional Fees also include the projected involvement of the Monitor in Landdrill's sales process as set out in the proposed initial order. The estimate of Professional Fees relating to the Monitor's participation in the sales process is subject to change depending how the sales process evolves, the number of potential bidders and the number and complexity of letters of intent received.

21. Landdrill has established an Employee Reserve to fund the travel costs of repatriating its ex-patriot employees and returning its employees in the field to their home location should operations cease unexpectedly during the Period.

Landdrill International Inc. (a British Columbia corporation)
Cash Flow Projection
12 Weeks Ended November 18, 2012
Canadian Dollars

	Note(s)	27-Aug-12 – 2-Sep-12	3-Sep-12 – 9-Sep-12	10-Sep-12 – 16-Sep-12	17-Sep-12 – 23-Sep-12	24-Sep-12 – 30-Sep-12	1-Oct-12 – 7-Oct-12	8-Oct-12 – 14-Oct-12	15-Oct-12 – 21-Oct-12	22-Oct-12 – 28-Oct-12	29-Oct-12 – 4-Nov-12	5-Nov-12 – 11-Nov-12	12-Nov-12 – 18-Nov-12	Total
		Cash Flow Projection												
Opening Bank Balances	4	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts														
Collection of Third Party Accounts Receivable		-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Draw		-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Disbursements														
Payroll	5	$ (55,000)	$ (20,000)	$ (67,500)	$ (20,000)	$ (67,500)	$ (20,000)	$ (67,500)	$ -	$ (32,500)	$ (55,000)	$ (32,500)	$ (55,000)	$ (482,500)
Payroll Remittances	5	(8,022)	(25,000)	(3,000)	(13,000)	(8,022)	(25,000)	-	(13,000)	(25,000)	(8,022)	(25,000)	(3,000)	(156,066)
Fuel, Supplies and Other Operating Costs		-	-	-	-	-	-	-	-	-	-	-	-	-
Travel, Board & Lodging	6	(3,000)	(106,032)	(85,000)	(25,000)	(25,000)	(25,000)	(25,000)	(85,000)	(25,000)	(25,000)	(25,000)	(85,000)	(841,032)
Administrative Costs	7	(27,570)	(2,887)	-	(2,126)	(27,570)	(2,887)	-	(2,126)	-	(27,570)	(2,887)	(2,126)	(97,749)
Sales Taxes	8	-	-	-	-	-	(10,000)	-	-	-	(10,000)	-	-	(20,000)
Income Taxes		-	-	-	-	-	-	-	-	-	-	-	-	-
Office Rent	9	-	(10,622)	-	-	-	(10,622)	-	-	-	(10,622)	-	-	(31,866)
Asset Financing	10	-	(276)	-	(621)	-	(276)	-	(621)	-	(276)	-	(621)	(2,691)
Interest Payments on Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payments on Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Disbursements		-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees		-	-	-	-	-	-	-	-	-	-	-	-	-
DIP - Administrative Fee		-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements		$ (93,592)	$ (164,817)	$ (155,500)	$ (60,747)	$ (128,092)	$ (93,785)	$ (92,500)	$ (100,747)	$ (82,500)	$ (136,490)	$ (85,387)	$ (145,747)	$ (1,341,906)
Net Cash Flow		$ (93,592)	$ (164,817)	$ (155,500)	$ (60,747)	$ (128,092)	$ (93,785)	$ (92,500)	$ (100,747)	$ (82,500)	$ (136,490)	$ (85,387)	$ (145,747)	$ (1,341,906)
Intercompany Transfer	11	93,592	164,817	155,500	60,747	128,092	93,785	92,500	100,747	82,500	136,490	85,387	145,747	1,341,906
Ending Bank Balances		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Opening Outstanding DIP Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest accrued	-	-	-	-	-	-	-	-	-	-	-	-	-
Draws	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Outstanding DIP Balance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Notes to Reader
The Cash Flow Projection prepared by management is based on hypothetical and probable assumptions as set out in the attached notes to the Cash Flow Projection.
The Cash Flow Projection has not been audited, reviewed or otherwise verified.
Readers are cautioned that since estimates are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the Cash Flow Projection, even if the assumptions materialize, and such variations may be material.

NOTES TO THE LANDRILL INTERNATIONAL INC. CASH FLOW PROJECTION
12 WEEKS ENDING 18 NOVEMBER 2012
NOTES AND ASSUMPTIONS

1. The weekly cash flow projection (the "**Projection**") has been prepared by management solely for the purpose of determining the ability of Landdrill International Inc. (a British Columbia corporation ("**Landdrill BC**") to fund its business activities as set out herein.

   The Projection represents management's estimates at present. This is not a projection or forecast under section 4250 of the CICA Handbook. The actual timing and amount of the receipts and disbursements may fluctuate from the estimates shown herein and these fluctuations may be material.

   Readers are cautioned that it may not be appropriate for their purposes.

   Landdrill BC's results are presented on a standalone basis. No allocation of DIP draws, professional fees or other common disbursements have been made in Landdrill BC's projection. A consolidated cash flow projection has been prepared by management to demonstrate the consolidated cash flow position of Landdrill.

2. The Projection is presented on a weekly basis from August 27, 2012 to November 18, 2012 (the "**Period**") and represents management's estimates of the results of operations during the Period.

3. The Projection is presented in Canadian Dollars and assumes that any foreign currency transactions are made based on foreign exchange rates in effect as of August 24, 2012.

Probable Assumptions

4. The Opening Cash Balance includes Landdrill BC's cash on hand, net of outstanding cheques, as of August 27, 2012.

5. Payroll and Payroll Remittances relate to Landdrill BC's salaries, wages and benefits paid to its employees. Payroll remittances are paid in arrears and are assumed to be paid as due.

6. Landdrill BC's Travel, Board & Lodging are disbursements made to facilitate the transportation of drillers, supervisors and foremen to and from the job sites as well as accommodations and meals for these employees. Landdrill BC makes payments for travel for employees of its related companies.

7. Administration Costs include disbursements for Landdrill BC's insurance policies and public company costs.

8. Sales Taxes are disbursements to the prevailing tax authority on account of value added taxes.

9. Office Rent includes rent payable on Landdrill BC's offices in New Brunswick.

10. Asset Financing disbursements are disbursements for Landdrill BC's operating leases in Canada. It is assumed that Landdrill BC does not make any disbursements with respect to financing leases during the Period.

11. Intercompany cash transfers represent the funding by certain Landdrill entities during the Period. These amounts offset upon consolidation.

Hypothetical Assumption

12. The Cash Flow Forecast assumes that Landdrill BC files for CCAA protection on August 27, 2012 and that as a result, it is afforded a stay of proceedings which is effective against their pre-filing payables and amounts owed to their secured creditors.

Execution Copy

CREDIT AGREEMENT

Dated as of March 21, 2012

between

LANDDRILL INTERNATIONAL INC.

As Borrower

- and -

LANDDRILL ATLANTIC LTD.,
LANDDRILL INTERNATIONAL LTD.,
LANDDRILL CONTRACT MINING LTD.,
LANDDRILL INTERNATIONAL COMPANY LIMITED,
LANDDRILL INTERNATIONAL LLC,
LANDDRILL INTERNATIONAL INC.,
LANDDRILL INTERNATIONAL COOPERATIEF U.A.,
LANDDRILL INTERNATIONAL NICARAGUA, S.A.,
LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.,
LANDDRILL INTERNATIONAL SARL,
LLC LANDDRILL INTERNATIONAL

As Guarantors

- and -

NORREP CREDIT OPPORTUNITIES FUND, LP

As Lender

JADE W. BUCHANAN
Notary Public
SASKATCHEWAN

THIS IS EXHIBIT " B " referred to in
the Affidavit of Christopher Johnson
SWORN before me at Regina, Saskatchewan
this 15th day of April
, 20 13
A NOTARY PUBLIC in and for the
Province of Saskatchewan

Execution Copy

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made with effect as of the 21st day of March, 2012, by and between **LANDDRILL INTERNATIONAL INC.**, a corporation incorporated pursuant to the laws of the Province of British Columbia (the "**Borrower**"), **LANDDRILL ATLANTIC LTD.**, a New Brunswick corporation, **LANDDRILL INTERNATIONAL LTD.**, a New Brunswick corporation, **LANDDRILL CONTRACT MINING LTD.**, a New Brunswick corporation, **LANDDRILL INTERNATIONAL COMPANY LIMITED**, a Hong Kong corporation, **LANDDRILL INTERNATIONAL LLC**, a Mongolia corporation, **LANDDRILL INTERNATIONAL INC.**, a Barbados corporation, **LANDDRILL INTERNATIONAL COOPERATIEF U.A.**, a Netherlands corporation, **LANDDRILL INTERNATIONAL NICARAGUA, S.A.**, a Nicaragua corporation, **LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.**, a Mexico corporation, **LANDDRILL INTERNATIONAL SARL**, a Mali corporation and **LLC LANDDRILL INTERNATIONAL**, a Russia corporation (collectively, the "**Guarantors**") and **NORREP CREDIT OPPORTUNITIES FUND, LP** (the "**Lender**");

RECITALS:

WHEREAS the Borrower desires that the Lender extends the Loan (as herein defined) to the Borrower, and the Lender has indicated its willingness to lend on the terms and conditions set forth herein, in order to assist the Borrower in paying out an existing operating line of credit and a working capital loan;

AND WHEREAS, the parties wish to provide for the terms and conditions upon which the Loan shall be made;

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Borrower, the parties hereto agree as follows:

AGREEMENT

ARTICLE 1- DEFINITIONS

1.1 General Definitions.

In this Agreement the following terms shall have the following meanings:

(a) "Accounts" shall mean all claims, accounts, contract rights, or other rights to payment for goods sold or services rendered, chattel paper, instruments and documents, whether now owned or hereafter created or acquired by a Person or in which a Person now has or hereafter acquires any interest.

(b) "Account Debtor" shall mean, in respect of any Account, the debtor obligated to make payment thereof.

(c) "Action Request" shall mean any request from any governmental or regulatory body or agency under any Environmental Law whereby such body or agency requests that the Person requested takes action or steps or does acts or things in respect of any Property in its charge, management or control to remediate a matter which is not or is alleged not to be in material compliance with all Environmental Laws.

(d) "Affiliate" means: (a) any Person which, directly or indirectly, controls, is controlled by or is under common control with any other Person; (b) any Person which beneficially owns or holds, directly or indirectly, ten percent (10%) or more of any class of voting stock or equity interest (including partnership interests) of any other Person; (c) any Person, ten percent (10%) or more of any class of the voting stock (or if such Person is not a corporation, ten percent (10%) or more of the equity interest, including partnership interests) of which is beneficially owned or held, directly or indirectly, by any other Person or (d) any Person related within the meaning of the *Income Tax Act* (Canada) to any such Person and includes any "Affiliate" within the meaning specified in the *Business Corporations Act* (Ontario) on the date hereof. The term control (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Person in question.

(e) "Agreement" means this credit agreement, including all exhibits and schedules hereto, as amended, restated or otherwise modified from time to time.

(f) "Audited Financial Statements" means the Consolidated balance sheet of the Borrower for the Fiscal Year ended December 31, and the related consolidated statements of income or operations, Shareholder's Equity and cash flows for such fiscal year of the Borrower, including the notes thereto.

(g) "Borrower" shall mean Landdrill International Inc., a British Columbia corporation with its head office in Moncton, New Brunswick.

(h) "Business Day" shall mean any day other than a Saturday, Sunday, or such other day as banks in Toronto, Ontario are authorized or required to be closed for business.

(i) "Capital Expenditures" shall mean, with respect to any period, the aggregate of all expenditures (whether paid in cash or accrued as liabilities and including expenditures for capitalized lease obligations) by the Borrower during such period that are required by IFRS to be included in or reflected by the property, plant or equipment or similar fixed asset accounts (or in intangible asset accounts subject to amortization) in the balance sheet of the Borrower.

(j) "Capital Lease Obligations" means, with respect to any Person for any period, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and account for as liabilities on a balance sheet of such Person under IFRS and the amount of which obligations shall be the capitalized amount thereof determined in accordance with IFRS, which for greater certainty shall include all finance leases under IFRS.

(k) "Change of Control" means, with respect to an Obligor, the acquisition by any Person or group of Persons (other than any other Obligor) who are associates (as such term is defined in the *Securities Act* (Ontario)), or who act together in concert for such purpose of (i) shares or other voting securities of such Obligor to which are attached more than 50% of the votes that may be cast to elect directors or other Persons charged with the direction of the management of such Obligor and which, if exercised, are sufficient to elect a majority of such directors or other management Persons, or (ii) any other right to appoint a majority of such directors or other management Persons or with respect to any Person who from time to time has previously met the foregoing test the further acquisition by such Person or group of Persons who are associates (as such term is defined in the *Securities Act* (Ontario)) or who act together in concert for such purpose of any further units or other voting securities of such Obligor.

(l) "Chattel Paper", "Document of Title", "Intangible", "Goods" and "Instrument" shall have the respective meanings assigned to such term as of the date of this Agreement in the *Personal Property Security Act* (Ontario).

(m) "Closing Date" shall mean March 21, 2012 or such other date on which the Lender agrees to advance the Loan.

(n) "Collateral" shall mean all of the undertaking and Property, present and future, real, immovable, personal and immovable, of the Obligors, including that specifically described in ARTICLE 7 hereof, now or hereafter pledged, hypothecated, granted or assigned to the Lender to secure, either directly or indirectly, repayment of any of the Liabilities.

(o) "Combined Financial Statements" means the statements of earnings and retained earnings, balance sheets and statements of cash flows of the Obligors all in accordance with IFRS and consistent with the approach used by the Borrower in its audit of the Audited Financial Statements.

(p) "Consolidated Net Income" means, for any period, the consolidated net income (loss) after tax of the Borrower for such period.

(q) "Consolidated" means, when used to modify a financial term, test, statement, or report of a Person, the application or preparation of such term, test, statement or report (as applicable) based upon the consolidation, in accordance with IFRS, of the financial condition or operating results of such Person.

(r) "Convertible Debentures" means the non-secured convertible debentures of the Borrower in the principal amount of $5,000,000, which closed in three (3) tranches between July 31, 2011 and August 12, 2011, maturing eighteen (18) months from their respective issue date.

(s) "Cumulative Consolidated EBITDA" means on any date with respect to any period, Consolidated Net Income for the Borrower earned during such period, plus:

(i) amounts deducted in calculating net income or net loss in respect of non-cash expenses, depreciation and amortization during such period; and

(ii) amounts deducted in calculating such net income or net loss in respect of Third Party Interest Expense, net of interest income added in calculating such net income or net loss during such period;

(iii) amounts deducted in calculating such net income or net loss in respect of income, capital or business taxes paid or payable, whether or not deferred, during such period;

and excluding for such period:

(iv) any gain or loss attributable to the sale, conversion or other sale, lease, disposition or other transfer of assets out of the ordinary course of business; and

(v) any gain resulting from the write-up of assets or any loss resulting from the write-down of assets; and

(vi) all non-cash gains, non-cash losses or other non-cash amounts that were included in such net income; and

(vii) any gain or loss on the repurchase or redemption of any securities (including in connection with the early retirement or defeasance of any Current Debt); and

(viii) any other extraordinary or non-recurring items.

(t) "Current Assets" means, with respect to any Person, all current assets of such Person as of any date of determination calculated in accordance with IFRS, but excluding cash, cash equivalents and debts due from Affiliates.

(u) "Current Debt" means, with respect to any Person: (i) all indebtedness of such Person for borrowed money which by its terms or by the terms of any instrument or agreement relating thereto matures on demand or within one year from the date of the creation thereof and is not directly or indirectly renewable or extendable at the option of the debtor to a date more than one year from the date of the creation thereof (but excluding the current portion of indebtedness under this Agreement); and (ii) any guarantee of an obligation described in the preceding clause (i).

(v) "Current Liabilities" means, with respect to any Person, all liabilities that should, in accordance with IFRS, be classified as current liabilities, and in any event shall include all indebtedness payable on demand or within one year from any date of determination without any option on the part of the obligor to extend or renew beyond such year, all accruals for federal or other taxes based on or measured by income and payable within such year, but excluding the current portion of long-term debt not required to be paid within one year and the aggregate outstanding principal balances of the Loan.

(w) "Deemed Interest Rate" shall mean the interest rate applicable to the Loan as set out in Section 4.1 or 4.3, as the case may be, from time to time.

(x) "Default" shall mean an Event of Default or any event, condition or default specified in Section 12.1 which, with the giving of notice, the lapse of time or both, would be an Event of Default.

(y) "Distribution" shall have the meaning ascribed to it in Section 10.1(o) hereof.

(z) "Equipment" shall mean all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal or movable Property (other than Inventory) of every kind and description used in a Person's operations or owned by such Person or in which such Person has an interest, whether now owned or hereafter acquired by such Person and wherever located, and all parts, accessories and tools and all increases and accessories thereto and substitutions and replacements therefor.

(aa) "Equivalent" shall mean the amount in one currency which is equivalent to an amount in another currency when such latter amount is converted to such former currency in accordance with Section 1.4 hereof.

(bb) "Event of Default" shall have the meaning ascribed to it in ARTICLE 12 hereof.

(cc) "Environmental Laws" means all federal, provincial, state and local laws, rules, regulations, ordinances, programs, permits, guidelines, orders and consent decrees relating to Materials of Environmental Concern, pollution or protection of health, safety or the environment (including ambient air, surface water, ground water, land surface or subsurface strata), including without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the manufacturing, processing, distribution, use, treatment, storage, disposal or transport of Materials of Environmental Concern.

(dd) "Fiscal Year" means any period of twelve consecutive months ending on December 31 of any calendar year.

(ee) "Guarantors" shall mean, collectively, Landdrill Atlantic Ltd., a New Brunswick corporation, Landdrill International Ltd., a New Brunswick corporation, Landdrill Contract Mining Ltd., a New Brunswick corporation, Landdrill International

Company Limited, a Hong Kong corporation, Landdrill International LLC, a Mongolia corporation, Landdrill International Inc., a Barbados corporation, Landdrill International Cooperatief U.A., a Netherlands corporation, Landdrill International Nicaragua, S.A., a Nicaragua corporation, Landdrill Mexico, Landdrill International SARL, a Mali corporation and LLC Landdrill International, a Russia corporation, and each a "Guarantor".

(ff) "IFRS" shall mean at any time the International Financial Reporting Standards, promulgated by the International Accounting Standards Board, as amended, supplemented or replaced from time to time.

(gg) "Interest Payment Date" shall mean the first day of each month or if that is not a Business Day, the next Business Day following.

(hh) "Inventory" shall mean, with respect to any Person, all inventory of such Person, whether now owned or hereafter acquired including, but not limited to, all goods intended for sale or lease by such Person, or for display or demonstration; all work in process; all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the manufacture, printing, packing, shipping, advertising, selling, leasing or furnishing of such goods or otherwise used or consumed in such Person's business.

(ii) "Landdrill Mexico" shall mean Landdrill International Mexico S.A. de C.V., a corporation incorporated under the laws of Mexico.

(jj) "Liabilities" shall mean all present and future obligations, liabilities and indebtedness of the Borrower to the Lender or to any Affiliate of Lender of any and every kind and nature, howsoever created, arising or evidenced and howsoever owned, held or acquired, whether now or hereafter existing, whether now due or to become due, whether primary, secondary, direct, indirect, absolute, contingent or otherwise (including without limitation, obligations of performance), whether several, joint or joint and several, and whether arising or existing under written or oral agreement or by operation of law.

(kk) "Lien" means: (a) any interest in Property securing an obligation owed to, or a claim by, a Person, whether such interest is based on the common law, civil law, statute, or contract, and including, without limitation, a security interest, charge, claim, hypothec or lien arising from a mortgage, deed of trust, hypothec, encumbrance, pledge, hypothecation, assignment, deposit arrangement, agreement, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes; and (b) to the extent not included under clause (a), (i) any rights of repossession or similar rights of unpaid suppliers, (ii) any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception or encumbrance affecting Property, and (iii) any other lien, hypothec, charge, privilege, secured claim, title retention, garnishment right, deemed trust, encumbrance or other right affecting Property, choate or inchoate, whether or not crystallized or fixed, whether or not for amounts due or accruing due, arising by any statute or law of any jurisdiction, at law, in equity or by any agreement.

(ll) "Loan" shall have the meaning ascribed to it in Section 2.1 hereof.

(mm) "Losses" shall have the meaning ascribed to it in Section 14.1 hereof.

(nn) "Mandatory Repayment Date" shall mean the date that the Loan is required to be repaid in full by the Borrower prior to the Maturity Date under Section 3.2 hereof.

(oo) "Material Adverse Effect" shall mean with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, a result which adversely alters materially the financial or other condition of the Obligors (or any of them), including on the business, Property, operations or condition of the Obligors (or of them), or materially adversely affects or could, in the sole discretion of the Lender acting reasonably, affect materially the ability of the Obligors to perform their obligations hereunder or under the Other Agreements as the case may be or any lien of the Lender.

(pp) "Materials of Environmental Concern" means any chemicals, pollutants, contaminants, wastes, toxic substances, petroleum, petroleum products, together with any hazardous, toxic or dangerous substances, materials and wastes, including, without limitation, hydrocarbons (including naturally occurring or man-made petroleum and hydrocarbons), flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, biological substances, polychlorinated biphenyls, pesticides, herbicides and any other kind and/or type of pollutants or contaminants (including, without limitation, materials which include hazardous constituents), sewage, sludge, industrial slag, solvents and/or any other similar substances, materials or wastes and including any other substances, materials or wastes that are or become regulated under any laws relating to the protection of the environment or maintenance of occupational safety (including, without limitation, any that are or become classified as hazardous or toxic under any such laws).

(qq) "Maturity Date" shall mean the third anniversary of the Closing Date.

(rr) "Net Working Capital" means, as of any date of determination thereof and with respect to any Person, such Person's Current Assets (including cash and cash equivalents) less its Current Liabilities (including the Loan but not including (a) the current portion of any indebtedness of the Borrower classified as long term debt) and (b) the Convertible Debentures), all as determined on a consolidated basis.

(ss) "Obligors" means collectively the Borrower and the Guarantors and "Obligor" means any of such persons.

(tt) "Other Agreements" shall mean all agreements, instruments and documents including, without limitation, mortgages, trust deeds, pledges, powers of attorney, consents, assignments, contracts, notices, security agreements (including the Security Agreement), leases, financing statements, notes, and all other writings heretofor, now or from time to time hereafter executed by or on behalf of an Obligor, or any other Person and delivered to the Lender or to any parent, affiliate or subsidiary of the Lender in connection with the Liabilities or the transactions contemplated hereby.

(uu) "Permitted Liens" shall mean, (i) statutory liens of landlords, carriers, warehousemen, mechanics, materialmen or suppliers incurred in the ordinary course of business and securing amounts not yet due or declared to be due by the claimant thereunder, (ii) Liens in favour of the Lender or its Affiliates, (iii) zoning restrictions and easements, rights-of-way, licenses, covenants and other restrictions affecting the use of real or immovable property that do not individually or in the aggregate have a Material Adverse Effect on the Borrower's ability to use such real or immovable property for its intended purpose in connection with the Borrower's business, (iv) Liens and prior claims securing the payment of taxes or other governmental charges not yet delinquent or being contested in good faith and by proper proceedings, (v) Liens incurred or deposits made in the ordinary course of business in connection with capitalized leases for purchase of, and applying only to, Equipment permitted as Capital Expenditures under Section 10.1(m)(i), the documents relating to such Liens to be in form and substance acceptable to the Lender, and the Borrower shall not permit any such Liens or security interests to attach to the Collateral that could rank either in priority to, or *pari passu* with the Security Agreement; provided that, so long as no Default shall have occurred and be continuing, or would result therefrom, the Borrower may grant purchase-money security interests ranking prior to the Security Agreement in Equipment acquired or purchased by the Borrower that constitutes Capital Expenditures permitted under Section 10.1(m)(i) and provided further that such security secures only the acquisition or purchase costs for the Equipment so secured; (vi) deposits to secure performance of bids, trade contracts, leases and statutory obligations (to the extent not excepted elsewhere herein), (vii) Liens specifically permitted as set forth on Schedule 1.1(1) attached hereto (subject to any restrictions set out in Schedule 1.1(1)); (viii) any Lien arising out of the refinancing, extension, renewal or refunding of any indebtedness secured by a Lien permitted by any of the foregoing subsections (i) through (vii), inclusive; provided, that (A) such indebtedness is not secured by any additional Property, and (B) the amount of such indebtedness is not increased, (ix) pledges or deposits in connection with worker's compensation, unemployment insurance and other social security legislation, and to public utilities when required by the operations of the Borrower's business in the ordinary course of business, (x) rights of set-off, banker's lien and other similar rights arising solely by operation of law; (xi) registered security interest in favour of Sprott Resource Lending Partnership over the present and after-acquired personal property of Landdrill Mexico.

(vv) "Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or foreign or local government (whether federal, provincial, state, county, city, municipal or otherwise), including, without limitation, any instrumentality, division, agency, body or department thereof.

(ww) "Plan" shall mean any pension or other employee benefit plan and which is: (a) a plan maintained by an Obligor; (b) a plan to which an Obligor contributes or is required to contribute; (c) a plan to which an Obligor was required to make contributions at any time during the five (5) calendar years preceding the date of this Agreement; or (d) any other plan with respect to which an Obligor has incurred or may incur liability, including contingent liability, either to such plans or to any Person.

(xx) "Property" shall mean any interest in any kind of property or asset, whether real, immovable, personal, movable, or mixed, tangible or intangible.

(yy) "Security Agreement" shall mean, the general security agreement executed by the Obligors (with the exception of Landdrill Mexico,) jointly and severally, pursuant to section 11.1(d)(iii).

(zz) "Security Interest" shall have the meaning ascribed to it in Section 7.1 hereof.

(aaa) "Shareholders' Equity" means, as of any date of determination, consolidated shareholders' or unitholders' equity, as applicable, of the Borrower as of that date determined in accordance with IFRS.

(bbb) "Subsidiary" shall mean, with respect to a Person, any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time stock of any other class of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by the Person or by any partnership, joint venture or other entity of which more than fifty percent (50%) of the outstanding equity interests are at the time, directly or indirectly, owned by the Person.

(ccc) "Taxes" shall have the meaning ascribed to it in Section 14.2 hereof.

(ddd) "Third Party Debt" means, at any time, the aggregate of (i) the Liabilities outstanding at such time, and (ii) all other debt of the Borrower, or other liquidated claims against the Borrower that are secured by an encumbrance that ranks in priority to, or otherwise afforded a priority or preference at law or equity over, the Loan or the Security Interest.

(eee) "Third Party Debt/Consolidated EBITDA Ratio" for any accounting period of four consecutive fiscal quarters or such other period as may be specified herein ending after the date hereof means the ratio of (i) Third Party Debt less cash as at the end of such accounting period and Capital Lease Obligations for such period, divided by (ii) Consolidated EBITDA for such accounting period.

(fff) "Third Party Interest Expense" means, for any period for the Borrower, without duplication, the aggregate expense incurred or to be incurred by such Persons during such period for interest and other financing charges in connection with Third Party Debt.

(ggg) "Violation Notice" means any notice received by a Person, from any governmental or regulatory body or agency under any Environmental Law that such Person or any of its Property is not in compliance with the requirements of any Environmental Law.

1.2 Schedules and Exhibits

The following are the Schedules and Exhibits to this Agreement, which are deemed to be a part of this Agreement:

Schedule 1.1(1)	-	Permitted Liens
Schedule 1.1(2)	-	Business and Collateral Locations
Schedule 1.1(3)	-	Bank Accounts of Borrower
Schedule 8.1(e)	-	Intellectual Property
Schedule 8.1(f)	-	Borrower's Name(s)
Schedule 8.1(g)	-	Subsidiaries, Affiliates, Joint Venture and Partnerships
Schedule 8.1(i)	-	Litigation
Schedule 8.1(o)	-	Indebtedness
Schedule 8.1(x)	-	Labour Matters
Schedule 9.2	-	Officer's Compliance Certificate

1.3 Accounting Terms and Definitions.

Unless otherwise defined or specified herein, all defined terms in Section 1.1 as used in this Agreement shall have the meanings set out in such paragraph, and all accounting terms used in this Agreement shall be construed in accordance with IFRS, applied on a basis consistent in all material respects with the Audited Financial Statements, except as otherwise specifically prescribed herein. All accounting determinations for purposes of determining compliance with the financial covenants contained herein shall be made in accordance with IFRS as in effect on the Closing Date (unless and to the extent otherwise stipulated herein) and applied on a basis consistent in all material respects with the Audited Financial Statements, except as otherwise specifically prescribed herein. Except as otherwise specified herein, the financial statements required to be delivered hereunder from and after the Closing Date, and all financial records, shall be maintained in accordance with sound accounting practices including, if applicable, IFRS. If IFRS shall change from the basis used in preparing the Audited Financial Statements, the certificates required to be delivered pursuant to Section 9.1 demonstrating compliance with the covenants contained herein shall include, at the election of the Borrower or upon the request of the Lender, calculations setting forth the adjustments necessary to demonstrate how the Borrower is in compliance with the financial covenants based upon IFRS as in effect on the Closing Date.

1.4 Currency Conversion.

Whenever in this Agreement there is a need to convert Canadian dollars to U.S. dollars, or vice versa, or any other foreign currency, for the purpose of any valuation, calculation or determination (including the determination of an Equivalent for the purpose of expressing an amount in one currency as an amount in another currency), the rate of exchange to be used shall be the Bank of Canada noon spot rate (or any other rate to which the parties agree) on such day, and if that day is not a Business Day, on the immediately preceding Business Day.

1.5 Supplements, Re-enactments, Etc.

References herein to any document or legislation are, unless otherwise stated, to be construed as references to such document or legislation as amended, restated or supplemented from time to time and references to any enactment include re-enactments, amendments and extensions thereof.

ARTICLE 2– TERMS OF THE LOAN

2.1 The Loan.

Subject to the terms and conditions of this Agreement and the Other Agreements, absent the existence of a Default, the Lender agrees to loan to the Borrower in lawful money of Canada in the principal amount of Eight Million Canadian Dollars (Cdn. $8,000,000.00) to or for the account of the Borrower on the Closing Date only (the "**Loan**"), in accordance with the terms of Section 5.1 hereof.

ARTICLE 3- PAYMENT

3.1 Payments.

(a) On April 22, 2013, the Borrower shall pay to the Lender an amount on account of principal owing under the Loan equal to five million ($5,000,000) dollars.

(b) The Borrower shall pay in full to the Lender the outstanding principal amount of the Loan, together with all accrued and unpaid interest thereon, on the earliest to occur of: (i) the Maturity Date; (ii) the Mandatory Repayment Date; and (iii) the date of the acceleration of the Liabilities pursuant to Section 13.1 of this Agreement or pursuant to any Other Agreement.

(c) If any such payment due date is not a Business Day, then such payment may be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest and fees due hereunder.

3.2 Mandatory Prepayments of Loan.

Unless otherwise agreed to in writing by the Lender, the Loan shall, at the request of the Lender, be repaid in full by the Borrower on the date (the "**Mandatory Repayment Date**") which is the earliest to occur of the following: (i) any material change in the capital structure of Borrower not permitted by this Agreement; (ii) any Event of Default.

3.3 Optional Prepayments.

(a) The Borrower shall have no right to repay any amount owing on account of the Loan prior to March 21, 2013.

(b) Subject to the terms hereof, after March 21, 2013, the Borrower may prepay at any time, without notice or penalty, all or any amount of the outstanding principal amount of the Loan, together with all accrued and unpaid interest thereon, provided that the Lender receives ten (10) Business Days' notice of such prepayment.

3.4 General Matters.

All payments made by the Borrower shall be made without set-off, recoupment or counterclaim. The Loan shall, if requested by the Lender, in the Lender's sole discretion, be evidenced by one or more promissory notes in form and substance satisfactory to the Lender. However, if such Loans is not so evidenced, the Loan made by the Lender, including rates of interest, fees and other charges, may be evidenced by entries upon the books and records maintained by the Lender which books and records shall constitute conclusive evidence thereof in the absence of manifest error or evidence to the contrary.

ARTICLE 4- INTEREST, FEES AND CHARGES

4.1 Rate of Interest.

Subject to Section 4.3, the principal amount of the Loan and other outstanding Liabilities shall bear interest from the Closing Date to the date paid and at a rate equal to twelve (12%) per cent per annum and such interest shall be payable in arrears in accordance with Section 4.2.

4.2 Payment of Interest.

The Borrower shall pay the Lender all interest accrued on the principal amount of the Loan and the outstanding amount of other Liabilities monthly in arrears in cash on each Interest Payment Date.

4.3 Default Rate of Interest.

Upon and after the occurrence of an Event of Default under Section 12.1, and during the continuation thereof, the principal amount of the Loan and the other Liabilities shall bear interest at a rate per annum equal to sixteen (16%) per cent and such interest shall be calculated daily and compounded monthly and shall be payable on demand by the Lender.

4.4 Computation of Interest and Fees.

Interest hereunder shall be determined daily and compounded monthly not in advance, both before and after demand, default and judgment and shall be computed on the actual number of days elapsed over a year of three hundred and sixty-five (365) days. For the purpose of the *Interest Act* (Canada) only, the yearly rates of interest to which the rates applicable to the Loan are equivalent are the rates so determined, multiplied by the actual number of days in the year divided by three hundred and sixty-five (365) or three hundred and sixty-six (366), as the case may be.

4.5 Maximum Interest.

It is the intent of the parties that the rate of interest and the other charges to the Borrower under this Agreement shall be lawful; therefore, if for any reason the interest or other charges payable under this Agreement are found by a court of competent jurisdiction, in a final determination, to exceed the limit which the Lender may lawfully charge the Borrower, then the obligation to pay interest and other charges shall automatically be reduced with retroactive effect to such limit and, if any amount in excess of such limit shall have been paid, then such amount shall be refunded to the Borrower.

4.6 Financing Fee.

The Borrower shall pay to the Lender a financing fee equal to $160,000.00, which fee shall be fully earned, non-refundable and payable in full on the earlier of the dates of such payment and the Closing Date.

4.7 Annual Review Fee.

The Borrower shall pay to the Lender an annual review fee equal to two percent (2%) of the principal owing under the Loan on:

(a) April 24, 2013; and

(b) the day immediately following the second anniversary of the Closing Date until the Liabilities have been fully paid by the Borrower.

4.8 Closing Expenses.

The Borrower shall reimburse the Lender for all reasonable costs and expenses incurred in good faith consistent with industry norms including, without limitation, consultant's fees and expenses, legal expenses and reasonable legal fees, incurred by the Lender in connection with: (a) the documentation and consummation of this transaction (whether or not this transaction is consummated) including, without limitation, security and other public record searches, lien filings, express mail or similar express or messenger delivery, due diligence costs and expenses, (b) and in seeking to collect, protect or enforce any rights in or to the Collateral or incurred by the Lender in seeking to collect any Liabilities and to administer and enforce any of their rights under this Agreement. The Borrower shall also pay all normal service charges with respect to accounts, if any, maintained by the Lender for the benefit of the Borrower. All such costs, expenses and charges shall constitute Liabilities hereunder, shall be payable by the Borrower to the Lender on demand and, until paid, shall bear interest at the Deemed Interest Rate. The Lender acknowledges having received $60,000.00 from the Borrower in respect of closing expenses, and the parties agree that any portion of such $60,000.00 which is not expended in respect of closing expenses shall be paid towards the financing fee in Section 4.6.

4.9 Increased Costs.

Notwithstanding any other provision herein, in the event that the introduction of or any change in any law, rule, regulation, treaty or directive or in the interpretation or application thereof, or compliance by the Lender with any request or directive (whether or not having the force of law) from any governmental authority, agency or instrumentality or regulatory body:

(a) subjects the Lender to any tax of any kind whatsoever with respect to this Agreement, the Other Agreements or the Loan, or changes the basis of taxation of payments to the Lender of principal, interest or any other amount payable hereunder (except for changes in the rate of tax imposed on the overall net income of the Lender); or

(b) imposes, modifies, holds applicable any reserve, special deposit, compulsory loan or similar requirement against Property held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of the Lender;

and the result of any of the foregoing is to materially increase the cost to the Lender of agreeing to make, making, continuing or maintaining or participating in the Loan, or to materially reduce any amount receivable thereunder or to materially increase the withholding taxes payable then, in any such case, the Borrower shall pay the Lender, after demand by the Lender, any additional amounts necessary to compensate the Lender on an after-tax basis for such additional cost or reduced amount receivable or increased withholding taxes payable with respect to this Agreement or the Loan made hereunder.

ARTICLE 5- LOAN ADMINISTRATION

5.1 Disbursement of Loan.

The Borrower hereby irrevocably authorizes the Lender to disburse the proceeds of the Loan on the Closing Date.

5.2 Payments to Lender.

All payments to be made by the Borrower to the Lender hereunder shall be made to the Lender by wire transfer in accordance with wire instructions given by the Lender to the Borrower from time to time.

ARTICLE 6- TERMINATION AND REDUCTION

6.1 Termination.

This Agreement shall be in effect from the date hereof until the Maturity Date unless the Liabilities become due and payable pursuant to Section 3.2 or ARTICLE 13 hereof in which case the Borrower shall immediately pay all of the Liabilities. If the due date of the Liabilities is accelerated pursuant to Section 3.2 or ARTICLE 13 hereof or if the Borrower prepays the Loan in accordance with Section 3.3 hereof, this Agreement shall terminate on the date that all such Liabilities are paid in full. At such time as the Borrower has repaid all of the Liabilities and this Agreement has terminated:

(a) the Borrower shall provide a release of any obligations and liabilities of the Lender and its Affiliates and Subsidiaries, in form and substance reasonably satisfactory to the Lender, in its sole discretion; and

(b) upon the Borrower's request, the Lender shall, at the Borrower's cost and expense, deliver to the Borrower a termination, discharge and release of all security in form and substance reasonably satisfactory to the Borrower.

6.2 Continuing Liabilities.

Nothing in Section 6.1 shall effect any liabilities and obligations of the Borrower or the Lender set out in this Agreement or the Other Agreements which are stated to survive payment of the Liabilities and termination of this Agreement or the Other Agreements, as the case may be.

ARTICLE 7- SECURITY INTEREST AND COLLATERAL

7.1 Security Interest to the Lender.

Without limiting any other provision hereof or of the Other Agreements, as security for all of the Liabilities, including without limitation the payment of the Loan and all other amounts now or in the future advanced by the Lender to the Borrower hereunder, each Obligor does hereby grant to the Lender, and on the date of making the Loan the Lender shall continue to hold, a continuing (subject only to Permitted Liens) and perfected and, if desired by the Lender, duly registered security interest (the "**Security Interest**") on all of the undertaking and Property of such Obligor, whether now or hereafter owned, existing, acquired or arising, tangible or intangible, real or personal, movable or immovable and wherever now or hereafter located, including, without limitation:

(a) all Accounts of such Obligor;

(b) all Chattel Paper, Instruments, Documents of Title and Intangibles (including, without limitation, all patents, patent applications, trademarks, trademark applications, tradenames, trade secrets, goodwill, copyrights, registrations, licenses, franchises, customer lists, tax refund claims, claims against carriers and shippers, guarantee claims, contracts rights, security interests, security deposits and any rights to indemnification) of such Obligor;

(c) all Inventory of such Obligor;

(d) all Goods (other than Inventory) including Equipment, vehicles and fixtures of such Obligor;

(e) all deposits and cash and any other property of such Obligor now or hereafter in the possession, custody or control of the Lender or any agent or any parent, Affiliate or Subsidiary of the Lender or any participant with the Lender in the Loan for any purpose (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise);

(f) all real, immovable and leasehold property of such Obligor and all easements, rights-of-ways, privileges, benefits, licences, improvements and rights of such Obligor whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plants and other fixtures now owned or hereafter owned or acquired; and

(g) all additions and accessions to, substitutions for, and replacements, products and proceeds of the foregoing property, including, without limitation, proceeds of all insurance policies insuring the foregoing property, and all of such Obligor's books and records relating to any of the foregoing and to such Obligor's business.

7.2 Preservation of Collateral and Perfection of Security Interests Therein.

Each Obligor shall, at the Lender's request and at such Obligor's expense, at any time and from time to time, execute and deliver to the Lender such financing statements, documents and other agreements and instruments (and such Obligor shall pay the cost of filing or recording the same in all public offices deemed reasonably necessary or desirable by the Lender) and do such other acts and things as the Lender may deem necessary or desirable in order to establish and maintain a valid, attached and perfected security interest in the Collateral in favour of the Lender (free and clear of all other Liens except Permitted Liens) to secure payment of the Liabilities, and in order to facilitate the collection of the Collateral, such Obligor irrevocably hereby makes, constitutes and appoints the Lender (and all Persons designated by the Lender for that purpose) as such Obligor's true and lawful attorney and agent to execute such financing statements, documents and other agreements and instruments and do such other acts and things as may be necessary to preserve and perfect the Security Interest of the Lender or the Lender in the Collateral to the extent that such Obligor does not do so after request by the Lender or after an Event of Default.

7.3 Possession of Collateral and Related Matters.

Until an Event of Default has occurred, the Obligors shall have the right, except as otherwise provided in this Agreement, in the ordinary course of the Obligors' business, to:

(a) sell or furnish under contracts of supply or service any of the Obligors' Inventory normally held by the Obligors for any such purpose; and

(b) use and consume any raw materials, work in process or other materials normally held by the Obligors for such purpose;

provided however that a sale in the ordinary course of business shall not include any transfer or sale in satisfaction, partial or complete, of a debt owed by the Obligors, or a transfer, sale or other disposition to any Parent, Subsidiary, Affiliate or shareholder of the Obligors, or to any other Person in whom the Obligors hold any interest or any other related party, which is at a price or on terms more favourable to the recipient than would be given to an unrelated party.

7.4 Collections.

(a) The Lender may, at any time and from time to time after the occurrence of an Event of Default which is continuing, in addition to the remedies set out in Section 13.1, whether before or after notification to any Account Debtor and whether before or after the maturity of any of the Liabilities:

(i) enforce collection of any of the Obligors' Accounts or contract rights by suit or otherwise;

(ii) exercise all of the Obligors' rights and remedies with respect to proceedings brought to collect any of the Obligors' Accounts;

(iii) surrender, release or exchange all or any part of any Accounts of any of the Obligors, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder;

(iv) sell or assign any Account of any of the Obligors upon such terms, for such amount and at such time or times as the Lender deems advisable;

(v) prepare, file and sign any of the Obligors' names on any proof of claim in bankruptcy or other similar document against any Account Debtor indebted on an Account of any of the Obligors; and

(vi) do all other acts and things which are necessary, in the Lender's sole discretion, to fulfil the Obligors' obligations under this Agreement and the Other Agreements and to allow the Lender to collect the Accounts. In addition to any other provision hereof, the Lender may at any time on or after the occurrence of an Event of Default which is continuing, at the Obligor's expense, notify any parties obligated on any of the Accounts of the Obligor to make payment directly to the Lender of any amounts due or to become due thereunder.

(b) The Lender shall, upon receipt by it of cash or other immediately available funds from collections of items of payment and proceeds of any Collateral, apply the whole or any part of such collections or proceeds against the Liabilities in such order as the Lender shall determine in its sole discretion, subject to the terms of this Agreement.

(c) In its sole credit judgment, without waiving or releasing any obligation, liability or duty of the Obligors under this Agreement or the Other Agreements or any Default, at any time or times hereafter, the Lender may (but shall not be obligated to) pay, acquire or accept an assignment of any security interest, hypothec, lien, encumbrance or claim asserted by any Person in, upon or against the Collateral. All sums paid by the Lender in respect thereof and all costs, fees and expenses (including, without limitation, reasonable legal fees and disbursements (on a solicitor-client basis) for both inside and outside counsel, all court costs and all other charges relating thereto) incurred by the Lender shall constitute Liabilities, payable by the Obligors on demand and, until paid, shall bear interest at the Deemed Interest Rate.

(d) Immediately upon the Obligors' receipt of any portion of the Collateral consisting of an Instrument, Document of Title or Chattel Paper, the Obligors shall, at the Lender's request, deliver the original thereof to the Lender together with an appropriate endorsement or other specific evidence of assignment thereof to the Lender (in form and substance acceptable to the Lender). If an endorsement or assignment of any such items shall not be made for any reason, the Lender is hereby irrevocably authorized, as the attorney and agent of the Obligors, to endorse or assign the same on such Person's behalf.

7.5 Attachment.

Such Obligor acknowledges and agrees that: (i) value has been given, (ii) such Obligor has rights in the Collateral owned or purported to be owned by it, and (iii) the Security Interest shall attach to existing Collateral upon execution of this Agreement by such Obligor and to each item of after-acquired Collateral at the time that such Obligor acquires any rights therein.

7.6 Exception re Leasehold Interests and Contractual Rights.

The last day of the term of any lease, sublease or agreement therefore is specifically excepted from the Security Interest, but each Obligor agrees to stand possessed of such last day in trust for any Person acquiring such interest of such Obligor. To the extent that the creation of the Security Interest would constitute a breach or cause the acceleration of any agreement, right, licence or permit to which any Obligor is a party, the Security Interest shall not attach thereto, but such Obligor shall hold its interest therein in trust for the Lender, and the Security Interest shall attach to such agreement, right, license or permit forthwith upon obtaining the consent of the other party thereto.

ARTICLE 8- REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties.

The Obligors hereby jointly and severally make the following representations, warranties and covenants:

(a) each Obligor is duly incorporated, organized and in good standing in its jurisdiction of organization and is duly qualified and in good standing in all jurisdictions where the nature and extent of the business transacted by it or the ownership of its Property makes such qualification necessary (except for such jurisdictions in which the failure to so qualify would not have a Material Adverse Effect) and has all requisite power and authority to own or lease its property and to carry on its business;

(b) each Obligor has the right and power and is duly authorized and empowered to enter into, execute and deliver this Agreement and the Other Agreements to which it is a party and perform its respective obligations hereunder and thereunder; each Obligor's execution, delivery and performance of this Agreement and the Other Agreements to which it is a party does not and shall not:

(i) conflict with, or constitute a violation or breach of or constitute a default under the provisions of any statute, law, regulation, ordinance, judgment or rule of law;

(ii) conflict with, or constitute a violation or breach of or constitute a default, except where such conflict, violation, breach or default would not have a Material Adverse Effect, under any mortgage, indenture, lease, Lien, instrument, agreement, contract or other document which may now or hereafter be binding on such Obligor; or

(iii) conflict with, or constitute a violation or breach of or constitute a default under the certificate or articles of incorporation, amendment, continuation or amalgamation, by-laws, resolutions or similar documents of such Obligor, any shareholders' agreement affecting such Obligor or its property (or declaration having like effect); and such Obligor's execution, delivery and performance of this Agreement and the Other Agreements to which it is a party shall not result in the imposition of any Lien upon any of its property under any existing indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument by which such Obligor or any of their property may be bound or affected other than pursuant to the Security Agreement;

(c) this Agreement and the Other Agreements to which each Obligor is a party are legal, valid and binding obligations of each such Obligor, and are enforceable against each such Obligor, as the case may be, in accordance with their respective terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights of creditors generally and general equitable principles;

(d) each of the Obligors has obtained and holds all applicable licenses, authorizations, approvals and permits, the lack of which would have a Material Adverse Effect, and each of the Obligors is and shall remain in compliance in all material respects with all applicable federal, provincial, state, local and foreign statutes, orders, regulations, rules and ordinances (including, without limitation, statutes, orders, regulations, rules and ordinances relating to taxes, employer and employee contributions and similar items, securities, employee retirement and welfare benefits, employee health and safety or environmental matters), the failure to comply with which could have a Material Adverse Effect;

(e) each of the Obligors possesses, and shall continue to possess, adequate licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications, tradestyles and tradenames to continue to conduct its business as heretofore conducted by it, details of all of which are described on Schedule 8.1(e);

(f) each of the Obligors' current and prior names, tradenames and division names are described on Schedule 8.1(f); the Borrower shall notify the Lender in writing at least thirty (30) days prior to the change of any Obligors' name or the use of any tradenames or division names not previously disclosed to the Lender in writing;

(g) Schedule 8.1(g) is a correct and complete list of all Affiliates and divisions of the Obligors setting out the relationships to the Borrower and the other Obligors. Except as disclosed on Schedule 8.1(g), neither any Obligor nor such Affiliates and divisions are engaged in any joint venture or partnership with any other Person, and Schedule 8.1(g) provides a correct description of all such partnerships and joint ventures;

(h) each of the Guarantors is a wholly-owned subsidiary of the Borrower;

(i) except as described in Schedule 8.1(i), to the best of the Obligors' knowledge after due inquiry, there are no actions, suits, counterclaims or proceedings which are pending or threatened against any Obligor which are likely to be adversely determined and if adversely determined would have a Material Adverse Effect, and the Borrower shall, promptly, upon becoming aware of any such pending or threatened action or proceeding, give written notice thereof to the Lender;

(j) to the best of the Obligors' knowledge after due inquiry none of the Obligors is in default under any material contract, lease or commitment to which it is a party or by which it is bound, nor does any Obligor know of any dispute regarding any contract, lease or commitment which is material to its continued financial success and well-being. Without limiting the generality of the foregoing, none of the Obligors is in arrears in respect of any material lease, rental or other payment due under any real (or immovable) property lease or to any warehousemen, bailee or similar Person;

(k) the provisions of the Security Agreement create legal and valid Liens on all of the Collateral in favour of the Lender and, if as and when all proper filings, recordings, and other actions necessary to perfect such Liens have been made or taken by or on behalf of the Lender, such Liens will constitute perfected, duly registered, and continuing Liens on all the Collateral having priority over all other Liens on the Collateral (except Permitted Liens) and all claims of other creditors, securing all of the Liabilities and enforceable against the Obligors and all third parties in accordance with their terms;

(l) no security agreement, financing statement or analogous instrument exists as at the Closing Date with respect to any of the Collateral other than any security agreement, financing statement or analogous instrument evidencing Permitted Liens;

(m) each of the Obligors is the lawful owner of all Collateral now purportedly owned or hereafter purportedly acquired by it, free from all Liens, whether voluntarily or involuntarily created and whether or not perfected, other than Permitted Liens;

(n) the financial statements delivered or to be delivered to the Lender at or prior to the date of this Agreement accurately reflect the consolidated financial condition of the Obligors and since the date such financial statements were most recently delivered to the Lender prior to the date of this Agreement, no event or condition has occurred which would have, a Material Adverse Effect;

(o) no Obligor is obligated, whether directly or indirectly, for any loans or other indebtedness or liability (contingent or otherwise) in excess of twenty-five thousand ($25,000) dollars other than:

  (i) the Liabilities;

  (ii) the indebtedness disclosed to the Lender on Schedule 8.1(o);

  (iii) unsecured indebtedness to trade creditors arising in the ordinary course of the Borrower's business;

  (iv) unsecured indebtedness arising from the endorsement of drafts and other instruments for collection, in the ordinary course of the Borrower's business; and

  (v) other indebtedness permitted under Section 10.1(m);

No Obligor is in arrears in payment of any material amount to any governmental body or agency including, without limitation, amounts owing or to be remitted with respect to employee withholdings for income tax, unemployment insurance contributions, Canada Pension Plan, goods and services tax or provincial sales taxes.

(p) each Obligor is solvent, is able to pay its debts as they become due and has capital sufficient to carry on its business; each Obligor now owns property having a value both at fair valuation and at present fair saleable value greater than the amount required to pay its debts, and will not be rendered insolvent by the execution and delivery of this Agreement or any of the Other Agreements to which it is a party or by completion of the transactions contemplated hereunder or thereunder including, without limitation, the making and incurring of the Loan;

(q) no Obligor owns any margin securities, and none of the proceeds of the Loan hereunder shall be used for the purpose of purchasing or carrying any margin securities or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase any margin securities;

(r) as of the Closing Date, Nitasi Landdrill (Quebec) Limited Partnership and Nitasi Landdrill Limited Partnership do not own, beneficially or otherwise, any material assets or interests, including (without limitation) Equipment, Inventory or real property;

(s) the offices where each Obligor keeps its respective books, records and accounts (or copies thereof) concerning the Collateral, each Obligor's principal place of business and all of the Obligors' other places of business, locations of Collateral and post office boxes are as set forth in Schedule 1.1(2). The Borrower shall promptly (but in no event less than ten (10) days prior thereto) advise the Lender in writing of the proposed opening of any new place of business of any Obligor, the closing of any existing place of business of any Obligor, any change in the location of any Obligors' books, records and accounts (or copies thereof) or the opening or closing of any post office box of any Obligor;

(t) the Collateral is and shall be kept, or, in the case of vehicles, based, only in the provincial and foreign jurisdictions set forth on Schedule I.1(2); Schedule 1.1(2) hereto contains a correct and complete list of all real or immovable property owned by the Obligors, all leases and subleases of real or immovable property by the Obligors, as lessee or sublessee, and all leases and subleases of real or immovable property by the Obligors as lessor or sublessor; and each of such leases or subleases is valid and enforceable in accordance with its terms and is in full force and effect, and no default by any Obligor, or to the knowledge of the Obligors, by any other party to such leases or subleases exists;

(u) if any of the Collateral consists of goods of a type normally used in more than one jurisdiction, whether or not actually so used, the Borrower shall immediately give written notice to the Lender of any use of any such goods in any jurisdiction other than a jurisdiction in which the Borrower has previously advised the Lender such goods shall be used, and such goods shall not, unless the Lender shall otherwise consent in writing, be used outside of such jurisdiction so advised;

(v) each Obligor has, to the best of its knowledge, complied in all material respects with all Environmental Laws applicable to the construction and operation of its Properties and businesses; to the knowledge of the Obligors, no Obligor has any material contingent liability with respect to non-compliance with Environmental Laws or the generation, handling, use, storage, or disposal of hazardous or toxic wastes or substances; no Obligor has received any Action Request, Violation Notice, summons, complaint, order or other notice that it is not in compliance with, or that any governmental or regulatory authority is investigating its compliance with, Environmental Laws; and without limiting the generality of the foregoing:

(i) no Obligor has knowledge or reason to believe that operations or any Property of or occupied by any Obligor or in any Obligor's charge, management or control are not in compliance in all material respects with all applicable Environmental Laws and each of its Properties is free:

A. from contamination by, and there has not been thereon a release, discharge or emission of, any hazardous substance, gas or liquid or any other substance, gas or liquid which is prohibited, controlled or regulated under any Environmental Law; and

B. of underground storage tanks, land fills, land disposals and dumps;

(ii) no Obligor, nor to the knowledge of the Obligors, any predecessor of any Obligor, has filed any notice, or received notice, under any federal, provincial, state or local law, including any Environmental Law, indicating past or present treatment, storage or disposal of a Material of Environmental Concern or reporting a spill or release of a Material of Environmental Concern into the environment;

(iii) no Obligor has any contingent liability of which the Borrower has knowledge or reasonably should have knowledge in connection with any release of any Material of Environmental Concern;

(iv) no Obligor generates, transports, treats or disposes of any Material of Environmental Concern in any manner which is not in compliance in all material respects with all applicable Environmental Laws; and

(v) to the best of the knowledge of the Obligors, no Person has disposed of any Material of Environmental Concern by placing it in or on the ground of any Obligor's real properties or premises leased by any Obligor;

(w) with respect to each Obligor's Equipment:

(i) such Obligor has good and indefeasible and merchantable title to and ownership of all Equipment free and clear of all Liens except for Permitted Liens; such Obligor shall keep and maintain its Equipment in good operating condition and repair;

(ii) such Obligor has not permitted and the Borrower shall not permit any Equipment to become a fixture to real or immovable property or an accession to other personal or immovable property, except to the extent that any such item has become a fixture to real or immovable property or an accession to other personal or movable property by operation of law without first assuring that the Lender's Liens on any such item is prior to any interest or Lien then held or thereafter acquired by any mortgagee or hypothecary creditor of such real or immovable property (other than the Lender) or the owner or purchaser of any interest in such real or immovable property or the owner or purchaser of any such accession;

(x) except as provided on Schedule 8.1(x), there is no collective bargaining agreement or other labour contract covering employees of any Obligor;

(i) there is no pending or, to the best of the Borrower's knowledge, threatened strike, work stoppage, material unfair labour practice claims, or other material labour dispute against or affecting any Obligor or its employees;

(ii) there are no controversies pending or threatened between each Obligor and any of its employees, other than employee grievances arising in the ordinary course of business which are not, in the aggregate, material to the continued financial success and well-being of such Obligor; and

(iii) each Obligor is in compliance in all material respects with all federal, provincial, state and local laws respecting employment and employment terms, conditions and practices, except where the failure to so comply would not have a Material Adverse Effect;

(y) no Obligor is now or in the past has been bound by or party to any Plans and no Obligor has ceased to participate (in whole or in part) as a participating employer in any Plan which is a registered pension plan or withdrawn from any Plan in a complete or partial withdrawal, nor has a condition occurred which if continued would result in a complete or partial withdrawal;

(z) all vacation pay, bonuses, salaries and wages, to the extent accruing due, are properly reflected in the applicable Obligor's books and records;

(aa) each Obligor has filed all tax returns and other reports which it was required by law to file on or prior to the date hereof, and has paid all taxes, assessments, fees, and other governmental charges, and penalties and interest, if any, against it or its Property, income or franchise, that are due and payable. Each income tax return was accurate in all material respects;

(bb) since March 1, 2012 no event has occurred which has had or could reasonably be expected to have a Material Adverse Effect;

(cc) no Default has occurred and is continuing;

(dd) all written information now, heretofore or hereafter furnished by any Obligor to the Lender is and shall be true, correct and complete in all material respects as of the date with respect to which such information was or is furnished (except for financial projections, which have been prepared in good faith based upon reasonable assumptions);

(ee) none of the foregoing representations and warranties and no document furnished by or on behalf of any Obligor to the Lender in connection with the negotiation of the transactions contemplated by this Agreement contain any untrue statement of a material fact or omit to state any material fact necessary to make any such statement or representation not misleading to a prospective lender seeking full information as to the Obligors and each of their properties, businesses and affairs;

(ff) the Borrower is a reporting issuer in good standing in Alberta, British Columbia and New Brunswick and is in compliance with its continuous disclosure obligations under Canadian securities laws;

(gg) Computershare Trust Company of Canada, at its principal offices in the City of Vancouver, British Columbia, has been duly appointed as registrar and transfer agent for the securities of the Borrower; and

(hh) the TSX Venture Exchange has conditionally approved the listing of the common shares to be issued on exercise of the Warrants subject only to the filing of documents in accordance with the requirements of the TSX Venture Exchange.

8.2 Survival of Representations and Warranties.

Each Obligor represents, warrants and covenants that all representations, warranties and covenants of the Obligor contained in this Agreement (whether appearing in ARTICLE 8 and ARTICLE 10 hereof or elsewhere) shall be true, correct and complete at the time of the Borrower's execution of this Agreement, shall survive the execution, delivery and acceptance hereof by the parties hereto and the closing of the transactions described herein or related hereto, shall, except for representations and warranties that relate solely to an earlier date, remain true, correct and complete until the repayment in full of all of the Liabilities and termination of this Agreement.

ARTICLE 9- SCHEDULES AND REPORTS

9.1 Financial Information.

The Borrower shall deliver to the Lender the following financial information:

(a) no later than forty-five (45) days after the end of each calendar month, copies of internally prepared consolidated financial statements of the Borrower, on a monthly basis, including, which includes, without limitation, consolidated balance sheets and consolidated statements of earnings and retained earnings of the Borrower, all prepared in accordance with IFRS;

(b) no later than one-hundred and twenty (120) days after the end of each fiscal year of the Borrower ending after December 31, 2010, copies of audited annual consolidated financial statements of the Borrower; and

(c) no later than thirty (30) days following the commencement of each fiscal year of the Borrower, a copy of the consolidated budget approved by the Board of Directors of the Borrower showing all significant expenditures of the Borrower, including without limitation, a projected income statement and balance sheet all on a consolidated basis and in sufficient detail and form satisfactory to the Lender.

9.2 Compliance Certificate.

With each financial statement delivered pursuant to Section 9.1, the Borrower shall deliver to the Lender a certificate substantially in the form of Schedule 9.2 hereto, of the President and the Chief Financial Officer of the Borrower setting forth in reasonable detail the calculations required to establish that the Borrower was in compliance with the covenants set forth in Section 10.1 during the period covered in such financial statements and as at the end thereof and stating that, except as explained in reasonable detail in such certificate:

(a) all of the representations and warranties of the Obligors contained in this Agreement and of the Obligors in the Other Agreements are true, correct and complete as of the date of such certificate as if made at such time;

(b) at the date of such certificate, each Obligor is in compliance with all of its covenants and agreements in this Agreement and the Other Agreements; and

(c) no Default then exists or existed during the period covered by such financial statements.

If such certificate discloses that a representation or warranty is not correct or complete, or that a covenant has not been complied with, or that a Default existed or exists, such certificate shall set forth what action the Borrower has taken or proposes to take with respect thereto. If an auditor, regulator or third party consultant has issued a management letter or other communication, the Borrower shall concurrently provide a copy to the Lender.

9.3 Other Matters.

At such times as may be requested by the Lender from time to time hereafter, each Obligor shall deliver to the Lender (i) such additional schedules, certificates, reports and information with respect to the Collateral as the Lender may from time to time reasonably require, including, but not limited to, non-consolidated financial statements of an Obligor, and (ii) a collateral assignment of any or all items of Collateral to the Lender or as the Lender shall direct. All schedules, certificates, reports and assignments and other items delivered by the Obligors to the Lender hereunder shall be executed by an authorized representative of the Obligors, and shall be in such form and contain such information as the Lender shall in its sole discretion request. The Lender, through its officers, employees or agents, shall have the right, at any time and from time to time in the Lender's name, in the name of a nominee of the Lender or in any Obligors' name, to verify the validity, amount or any other matter relating to any of the Obligors' Accounts, by mail, telephone, telegraph or otherwise. The Obligors shall reimburse the Lender, on demand, for all reasonable receipted costs, fees and expenses incurred by the Lender in this regard.

ARTICLE 10 - COVENANTS

10.1 Covenants.

Until payment or satisfaction in full of all Liabilities and termination of this Agreement, unless the Obligors obtain the prior written consent of the Lender waiving or modifying any covenants hereunder in any specific instance, the Obligors jointly and severally covenant and agree as follows:

(a) each Obligor shall at all times keep accurate and complete books, records and accounts with respect to all of its business activities, in accordance with sound accounting practices and, where applicable, IFRS consistently applied, and shall keep such books, records and accounts, and any copies thereof, only at the addresses indicated for such purpose on Schedule 1.1(2);

(b) the Borrower shall advise the Lender in writing of any Material Adverse Effect or the occurrence of any Default within one day of its becoming aware of such Material Adverse Effect or Default;

(c) concurrently with the delivery of each financial statement delivered pursuant to Section 9.1, the Borrower shall deliver to the Lender a duly completed compliance certificate referenced in Section 9.2;

(d) the Borrower shall pay and discharge on a timely basis as the same shall become due and payable all of its obligations and liabilities;

(e) [intentionally deleted.]

(f) the Lender or any Persons designated by the Lender, shall have the right, on prior notice at any reasonable time (and at any time without the need for prior notice when the Lender has reasonable grounds for believing that a Default exists), including, without limitation, to call at any of the Obligor's places of business or at any warehouse, storage facility or other location where property of any Obligor may be located at any reasonable times, and, without hindrance or delay, to inspect the Collateral and to inspect, audit, check and make extracts from the Obligors' books, records, journals, orders, receipts and any correspondence and other data relating to the Obligors' business, the Collateral or any transactions between the parties hereto, and shall have the right to make such verification concerning the Obligors' business as the Lender may consider reasonable under the circumstances. The Borrower shall furnish to the Lender such information relevant to the Lender's rights under this Agreement (including without limitation information on sales, receivables, collections, accounts payable and inventory aging) as the Lender shall at any time and from time to time, in its sole discretion, request. The Lender is authorized to discuss the affairs, finances and business of the Obligors with any officers or directors of the Obligors or any Affiliate of the Obligors, or with those employees of the Obligor with whom the Lender has determined in its commercially reasonable judgment to be necessary or desirable to converse, and to discuss the financial condition of the Obligor with the independent chartered accountants of each Obligor. Any such discussions shall be without liability to the Lender or to such accountants. The Borrower shall pay to or reimburse the Lender for all reasonable fees, costs, and out-of-pocket expenses incurred by the Lender in the exercise of their rights hereunder and all of such costs, fees and expenses shall be payable on demand and, until paid, shall bear interest at the Deemed Interest Rate;

(g) each Obligor shall keep the Collateral properly housed and insured against such risks and in such amounts as are customarily insured against by Persons engaged in businesses similar to that of the Borrower with such companies, in such amounts and under policies in such form as shall be reasonably satisfactory to the Lender. Originals or certified copies of such policies of insurance have been delivered to the Lender together with evidence of payment of all premiums therefor, and contain, *inter alia*, an endorsement, in form and substance acceptable to the Lender, showing loss under such insurance policies payable to the Lender as its interest may appear. Such endorsement, the other terms of the said policies, or an independent instrument furnished to the Lender, shall provide that the insurance company shall give the Lender at least thirty (30) days' prior written notice before any such policy of insurance is altered or cancelled and includes a standard mortgage clause providing, *inter alia*, that no act, whether wilful or negligent, or default of the Borrower or any other Person shall affect the right of the Lender to recover under such policy of insurance in case of loss or damage. All insurers are directed and shall be directed under such policies of insurance to pay all proceeds payable thereunder directly to the Lender to apply to the Liabilities as the Lender elects in its sole discretion. So long as no Event of Default has occurred, the Lender shall pay any such proceeds received to the Borrower on the Borrower's request only if such proceeds are used by the Borrower to repair or replace lost or damaged property of an Obligor as approved by the Lender. The Lender (and all officers, employees or agents designated by the Lender) is irrevocably made, constituted and appointed as the Borrower's true and lawful attorney (and agent) for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the names of any Obligor on any cheque, draft, instrument or other item of payment for the proceeds of such policies of insurance and making all determinations and decisions with respect to such policies of insurance; provided however that the Lender shall exercise such rights only upon and following and during the occurrence of an Event of Default;

(h) each Obligor shall maintain, at its expense, such public liability and third party property damage insurance as is customary for Persons engaged in businesses similar to that of such Obligor with such companies and in such amounts, with such deductibles and under policies in such form as shall be satisfactory to the Lender and originals or certified copies of such policies have been delivered to the Lender together with evidence of payment of all premiums therefor; each such policy shall contain an endorsement showing the Lender as additional insured thereunder and providing that the insurance company shall give the Lender at least thirty (30) days' written notice before any such policy shall be altered or cancelled;

(i) if any Obligor at any time or times hereafter fails to obtain or maintain any of the policies of insurance required above or to pay any premium in whole or in part relating thereto, then the Lender, without waiving or releasing any obligation or default by the Borrower hereunder, may (but shall be under no obligation to) obtain and maintain such policies of insurance and pay such premiums and take such other actions with respect thereto as the Lender, in its sole discretion, deems advisable. All sums disbursed by the Lender in connection with any such actions, including, without limitation, court costs, expenses, other charges relating thereto and reasonable legal fees and disbursements (on a solicitor-client basis), shall constitute Liabilities hereunder and, until paid, shall bear interest at the Deemed Interest Rate;

(j) no Obligor shall use the Collateral, or any part thereof, in any unlawful business or for any unlawful purpose or use or maintain any of the Collateral in any manner that does or could result in material damage to the environment or a violation of any applicable Environmental Laws; the Obligors shall keep the Collateral in good condition, repair and order, ordinary wear and tear excepted; no Obligor shall permit the Collateral, or any part thereof, to be levied upon under execution, attachment, distraint or other legal process; no Obligor shall sell, lease, grant a security interest in or otherwise dispose of any of the Collateral except as expressly permitted by this Agreement; no Obligor shall secrete or abandon any of the Collateral, or remove or permit removal of any of the Collateral from any of the locations listed on Schedule 1.1(2), except for the removal of the Obligors' Inventory sold in the ordinary course of the Obligors' business as permitted herein, the removal of motor vehicles in the ordinary course of business, and the removal of the Obligors' Equipment if the purpose of such removal or sales permitted hereunder is the repair or replacement of any such Equipment which requires repair;

(k) each Obligor shall, at the request of the Lender, acting reasonably, indicate on its records concerning the Collateral a notation, in form satisfactory to the Lender, of the Security Interest granted to the Lender by the Security Agreements, and no Obligor shall maintain duplicates or copies of such records at any address other than the Borrower's principal places of business set forth on Schedule 1.1(2); provided, however, that the Obligors, in the ordinary course of their businesses, may furnish copies of such records to accountants, legal counsel and other agents or advisors as they may reasonably determine to be necessary or desirable;

(l) each Obligor shall file all required tax returns and pay all of its taxes when due, including, without limitation, taxes imposed by federal, provincial, state or municipal agencies; provided that an Obligor shall have the right to contest the payment of such taxes in good faith by appropriate proceedings so long as:

(i) the amount so contested is shown on such Obligor's (and the Borrower's consolidated) financial statements;

(ii) the contesting of any such payment does not give rise to a Lien for taxes or, if such contesting does give rise to a Lien for taxes, a reserve or other appropriate provision, if any, as shall be required by IFRS shall have been made therefor on such Obligor's (and the Borrower's consolidated) financial statements and a stay of enforcement of such Lien is in effect; and

(iii) upon the occurrence of an Event of Default, the Borrower keeps on deposit with the Lender (such deposit to be held without interest) an amount of money which, in the sole judgment of the Lender, is sufficient to pay such taxes and any interest or penalties that may accrue thereon.

If such Obligor fails to prosecute such contest with reasonable diligence, the Lender may apply the money so deposited in payment of such taxes. If such Obligor fails to pay any such taxes, in the absence of any such contest by such Obligor, the Lender, in its sole discretion, may (but shall be under no obligation to) advance and pay any sums required to pay any such taxes and/or to secure the release of any Lien therefor, and any sums so advanced by the Lender shall constitute Liabilities hereunder, shall be payable by the Borrower to the Lender on demand, and, until paid, shall bear interest at the Deemed Interest Rate;

(m) no Obligor shall without the prior written consent of the Lender:

(i) incur, create, assume or suffer to exist any Current Debt or other indebtedness other than:

A. indebtedness arising under this Agreement;

B. unsecured indebtedness owing in the ordinary course of business to trade suppliers;

C. any other indebtedness described in Schedule 8.1(o) hereof, subject to all other applicable limitations set out in this Agreement;

D. any indebtedness permitted under subsection (v) of the definition of "Permitted Liens", subject to all other applicable limitations set out in this Agreement and without duplicating Section 10.1(m)(i)(C);

E. indebtedness owed to another Obligor; and

F. indebtedness not ranking in priority to the Lender's security and not falling into subsections 10.1(m)(A) through (E) above, the aggregate outstanding principal amount of which, calculated on a combined basis for all of the Obligors, does not exceed five hundred thousand ($500,000) dollars;

(ii) except where the Lender has given its prior written approval, assume, guarantee or endorse, or otherwise become liable in connection with, the obligations of any Person other than another Obligor, except by endorsement of instruments for deposit or collection or similar transactions in the ordinary course of business;

(n) (i) except for transactions involving only other Obligors, no Obligor shall, in one or a series of transactions, (A) carry on business with or through any other Person, (B) enter into any partnership, joint-venture, co-venture or other combination, (C) enter into any merger, amalgamation, reorganization or consolidation (provided that in no case shall the Borrower or Landdrill International Ltd. effect any transaction that would result in it not being organized under the laws of Canada or a Province thereof), or (D) sell, lease or otherwise dispose of all or any part of its Property, except sales of Equipment as permitted hereunder or sales of Inventory in the ordinary course of business or as otherwise expressly permitted hereby, or (E) wind-up, liquidate, dissolve or cease to carry on business or agree to do any of the foregoing; (ii) no Obligor shall create any new subsidiary; (iii) except for transactions involving only other Obligors, no Obligor shall enter into any transaction outside the ordinary course of its business and (iv) no Obligor shall engage, directly or indirectly, in any line of business other than the businesses in which it is engaged on the Closing Date;

(o) the Borrower shall not and shall not permit any Obligor to, without the prior written consent of the Lender, make any distribution of funds or property to any Person other than another Obligor, including without limitation, the declaration or payment of any dividend or other distribution (whether in cash or in kind) on, purchase, redeem or retirement of any shares of any class of its stock or make any payment on account of, or set apart Property for the repurchase, redemption, defeasance or retirement of, any class of its stock, or pay any amount to any of its officers, directors or employees by way of fees, directors fees, dividends or otherwise (except for employment remuneration in the normal course of business and subject to the provisions hereof) (any of which, a "**Distribution**");

(p) no Obligor shall, without the prior written consent of the Lender, make any payment on account of the Convertible Debentures, except for scheduled payments of interest provided that, after giving effect to such payment, no Default or Event of Default shall have occurred;

(q) no Obligor shall make any loans to, or investments in any Person other than another Obligor, whether in cash, securities or other property of any kind, other than (i) investments that are direct obligations of the governments of Canada or the U.S. or any instrumentality thereof and, pledged and delivered to the Lender pursuant to documentation satisfactory to the Lender in its sole discretion, and (ii) loans to, or investments in Affiliates, provided the same are on an arm's length basis and approved by the Lender, subject in each case to the limitation that no such loan or investment shall be made if a Default has occurred or is continuing or would result therefrom;

(r) no Obligor shall amend its organizational documents or change its fiscal year, without the prior written consent of the Lender;

(s) the Borrower shall hold quarterly meetings between the management of the Borrower and the Lender at the times and places reasonably requested by the Lender in order to review the Borrower's operations, financial results, non arms length (within the meaning of the *Income Tax Act* (Canada)) transactions and strategic results;

(t) the Borrower shall maintain and keep in full force and effect each of the financial covenants set forth below. The calculation and determination of each such financial covenant, and all accounting terms contained therein, shall be calculated and construed in accordance with IFRS:

(i) Minimum Cumulative Consolidated EBITDA – The Borrower shall, at all times, maintain a minimum Cumulative Conslidated EBITDA of not less than:

A. $2,000,000 for each three-month period ending March 31 during which the Liabilities remain outstanding;

B. $5,000,000 for each six-month period ending June 30 during which the Liabilities remain outstanding:

C. $8,500,000 for each nine-month period ending September 30 during which the Liabilities remain outstanding; and

D. $10,000,000 for each twelve-month period ending December 31 during which the Liabilities remain outstanding.

(i) Minimum Net Working Capital – The Borrower shall maintain a minimum Net Working Capital of five million ($5,000,000) dollars.

(ii) Capital Expenditures – Except with the prior written consent of the Lender, the Obligors shall not make Capital Expenditures which exceed:

A. two million six hundred thousand ($2,600,000) dollars for the fiscal year of the Obligors ended December 31, 2012; and

B. seven hundred and fifty thousand ($750,000) dollars for the fiscal year of the Obligors ended December 31, 2013 and for each subsequent fiscal year of the Obligors thereafter until repayment of the Liabilities has been made in full.

(u) each Obligor shall maintain its corporate existence and its qualifications and good standing in all jurisdictions necessary to conduct its business and own its Property, shall obtain and maintain all licenses, permits, franchises and governmental authorizations necessary to conduct its businesses and own its Properties, and shall properly maintain all of its books, records and accounts in accordance with sound accounting practices and, where applicable, IFRS;

(v) each Obligor shall comply in all material respects with the terms and provisions of each judgment, law, statute, rule, and governmental regulation applicable to it, and each material contract, mortgage, lien, lease, indenture, order, instrument, agreement or document to which it is a party or by which it is bound;

(w) each Obligor shall in all material respects conduct its business in full compliance with all Environmental Laws applicable to it, including, without limitation, those relating to the generation, handling, use, storage, and disposal of Materials of Environmental Concern; each Obligor shall take prompt and appropriate action to respond to any non-compliance or alleged non-compliance with Environmental Laws and each Obligor shall promptly and regularly report to the Lender on such non-compliance or alleged non-compliance and its response;

(x) each of the Obligors' Plans shall, at all times, be duly registered, established, qualified, administered and invested in all material respects in compliance with all applicable laws (including regulations, orders and directives and administrative requirements of the applicable pension regulators), and the terms of the Plans and any agreements relating thereto. Without limiting the foregoing, each Obligor shall ensure that:

   (i) each Obligor's Plans (including any Plan to be established and administered by an Obligor) is fully funded, on an ongoing basis, in accordance with the terms of such Plan, all applicable laws (including regulations, orders, directives and administrative requirements of the applicable pension regulators) and commonly accepted actuarial principles and there are no solvency deficiencies respecting any of such Plans. Each Obligor shall make such contributions to its Plans and in such manner as required by the terms of the Plans, actuarial valuations and all applicable laws (including regulations, orders, directives and administrative requirements of the applicable pension regulators) to maintain the fully funded status of its Plans on an ongoing and winding-up basis;

   (ii) all amounts required to be paid by it are paid when due; and

   (iii) no liability upon it or Lien on any of its Property arises or exists in respect of any Plan;

(y) no Obligor shall enter into any transaction which materially and adversely affects the Collateral or any Obligor's ability to repay the Liabilities, or the Borrower's ability to perform its obligations under this Agreement and the Other Agreements, or otherwise causes, permits or suffers to occur or continue any material adverse change in the Borrower's condition (financial or otherwise), its ability to perform its obligations hereunder or in the Collateral;

(z) no Obligor shall (A) create, incur or assume any Lien on any Property now owned or hereafter acquired by it, except Permitted Liens or (B) permit to exist any Lien on any Property now owned or hereafter acquired by it, except Permitted Liens;

(aa) the Obligors shall execute and deliver, or cause to be executed and delivered, to the Lender such documents and agreements, and such additional instruments of security, and shall take or cause to be taken, or do or cause to be done, such actions and things, as the Lender may, from time to time, request to carry out the terms and conditions of this Agreement and the Other Agreements, and in order to better register, perfect and protect the priority over all other Liens of the security interests and hypothecs granted by the Obligors to the Lender;

(bb) each Obligor shall deliver to the Lender:

(i) subject to Section 10.1(bb)(ii), no later than seven (7) days after the receipt of a notice of non-compliance, violation or contravention from any governmental or regulatory authority with respect to the activities carried on by such Obligor or as to any other matter whatsoever, a copy of the notice and a written action plan to remedy same; and

(ii) immediately after becoming aware thereof, notice to the Lender of any violation or alleged violation by any Obligor of Environmental Laws; or, immediately upon its receipt thereof, any Action Request, Violation Notice or any other notice that such Obligor receives from a governmental or regulatory authority asserting that such Obligor is or may not be in compliance with Environmental Laws or that its compliance is being investigated; or, immediately upon becoming aware of same, any violation of any Environmental Law that such Obligor reports in writing or is required to report under any Environmental Law in writing (or for which any written report supplemental to any oral report is made) to any federal, provincial, state or local environmental agency or other governmental or regulatory authority.

(cc) no Obligor shall enter into, or agree to enter into, or permit any of its Subsidiaries to enter into or agree to enter into any transaction or series of transactions to acquire any capital stock (or other equity instruments or rights) from any Person;

(dd) no Obligor shall, without the prior written consent of the Lender:

(i) make a material change to its business;

(ii) enter into (including an amendment, as applicable) any contract, arrangement, loan or other advance, guarantee, investment, acquisition or merger with any Person that is not at arm's length (within the meaning of the *Income Tax Act* (Canada)) to such Obligor;

(iii) sell or otherwise dispose of any plans, patents, trademarks, processes, trade secrets, licenses, distribution rights, or other industrial or intellectual property of the Obligor, other than on the ordinary course of business;

(iv) create, implement, or modify any stock option plan or any other compensation plan of the Obligors; or

(v) with the Lender acting reasonably, change its auditors.

ARTICLE 11 - CONDITIONS PRECEDENT

11.1 Conditions Precedent to Drawdown.

The obligations of the Lender to fund the Loan is subject to the satisfaction or waiver on or before the Closing Date of the following conditions precedent:

(a) The Lender shall have received, on or before the Closing Date, approval of the Lender's requisite investment authorities.

(b) The Borrower shall provide the Lender with 4,600,000 warrants in the Borrower (the "**Warrants**" and each a "**Warrant**"), each such Warrant entitling the Lender to purchase one (1) common share in the capital of the Borrower for an exercise price of $0.24 (the "**Exercise Price**"). The Exercise Price shall be adjusted for any share splits, consolidations or stock dividends. The Warrants shall be exercisable by the Lender, in whole or in part, three (3) years from the Closing Date.

(c) The Lender shall have received an executed copy of a payout letter from CIBC in form and substance satisfactory to the Lender evidencing that all outstanding indebtedness has been or concurrently with the Closing Date will be terminated, all obligations thereunder are being paid in full and all liens securing obligations thereunder have been or concurrently with the Closing Date have been subordinated to the Lender's Security Interest;

(d) The Lender shall have received on or before the Closing Date (in sufficient number as the Lender shall require), and shall continue to hold, in form and substance satisfactory to it in its absolute discretion, the following, duly executed by each party thereto:

(i) this Agreement;

(ii) a certificate of a senior officer of the Borrower stating that (A) since March 1, 2012, no event has occurred which has had or could reasonably be expected to have a Material Adverse Effect; (B) all representations and warranties made by the Borrower and the other Obligors in this Agreement and the Other Agreements are true, correct and complete as if made on the Closing Date; (C) all covenants and other obligations of the Borrower in this Agreement and the Other Agreements required to be complied with by the Closing Date have been complied with in full, including, without limitation, compliance with financial covenants; and (D) no Default has occurred and is continuing, in each case after giving effect to the advance of the Loan;

(iii) the Security Agreement in a form acceptable to the Lender, creating a security interest in all present and after-acquired property of each of the Obligors (except for Landdrill Mexico and with respect to the Mexican assets (and the shares pledged to Sprott Resource Lending Partnership (**"Sprott"**))) in favour of the Lender

(iv) guarantees from each of the Guarantors in favour of the Lender guaranteeing the prompt and complete payment and performance of all indebtedness, liabilities and obligations of the Borrower to the Lender arising in connection with or pursuant to this Agreement (the **"Guarantees"**);

(v) other such additional security agreements and assurances that the Lender may from time to time require in order to better secure the security interests created under this Agreement and the Guarantees;

(vi) priorities agreement entered into among Landdrill International Ltd., Canadian Imperial Bank of Commerce, GE Canada Equipment Financing G.P. and the Lender dated March 21, 2012;

(vii) priorities agreement entered into among Sprott, the Borrower, Landdrill International Ltd., Landdrill International Inc., a Barbados corporation, and Landdrill Mexico dated March 21, 2012;

(viii) the Lender's customary agreements and all documents, instruments, financial statements, consents, evidences of corporate authority, certificates, insurance certificates, opinions of legal counsel and such other writings and agreements to confirm and effectuate the lending transactions and the matters referred to herein as may be required by the Lender and their counsel, all duly executed and/or delivered by the Obligors or such other Person as may be required in the circumstances.

(e) Completion by the Lender of its review of, and satisfaction on its part, in its sole discretion, with the Audited Financial Statements of the Borrower for the fiscal year ended December 31, 2010.

(f) Since March 1, 2012, no event shall have occurred which has had or could reasonably be expected to have a Material Adverse Effect as determined by the Lender in its sole discretion. No material adverse change in the Lender's understanding of the facts and information presented to it by the Borrower or others on the Borrower's behalf has occurred and no material litigation or claims (in the sole judgment of the Lender) with respect to any aspect of the Obligors' business or Property shall have occurred, or shall be pending or threatened, that could or would affect the ability of the Obligors to perform their respective obligations under this Agreement and the Other Agreements contemplated hereby.

(g) The Lender shall have received payment in full of all reasonable fees and expenses payable to it by the Borrower on or before the Closing Date and the Borrower shall have paid all reasonable fees and expenses of counsel to the Lender, and all reasonable fees and expenses of local counsel.

(h) All necessary legislative, regulatory, governmental, and other third party approvals, notices, consents and permits including those necessary to grant and perform this Agreement and the Other Agreements and carry on the Borrower's business shall have been given and obtained by the Borrower, such approvals, notices, consents and permits not to contain any terms or conditions which the Lender, in its sole discretion, consider to be materially adverse to the Borrower, and evidence thereof shall have been furnished to the Lender.

(i) All registrations and filings in respect of this Agreement and the Other Agreements shall have been made in all jurisdictions as the Lender and their counsel shall reasonably determine to be necessary or appropriate (at the expense of the Borrower), it being understood and agreed that the Lender shall be entitled to make (at the expense of the Borrower) all such further registrations and filings in respect of this Agreement and the Other Agreements, after the Closing Date, and until all Liabilities have been paid and performed in full, as the Lender shall reasonably consider necessary or appropriate in its discretion.

(j) No order, judgment or decree of any court, arbitrator or governmental authority shall purport by its terms to enjoin or restrain the Lender from providing the Loan, and no law, rule, regulation, request or directive (whether or not having the force of law) shall prohibit or request that the Lender refrain from providing the Loan.

(k) The Lender shall have reviewed and shall be satisfied, in all material respects, with the insurance policies maintained by the Obligors, and all terms thereof (including risks and amounts of coverage) and the insurers, it being understood and agreed that the Lender shall be named as loss payee as its interests may appear on the policies of the Obligors and that all such policies shall contain standard mortgagee endorsement clauses in favour of the Lender, certificates (including, without limitation, renewal certificates) evidencing the foregoing, and on terms and in substance satisfactory to the Lender, all of which shall have been delivered to the Lender.

(l) The Lender, acting reasonably, shall be satisfied with the results of all searches and enquires conducted in respect of the Obligors and their Property as the Lender's counsel may reasonably require, and such estoppel letters (to confirm the amounts secured by any existing encumbrances and the collateral covered thereby) shall be received by the Lender as may be required by the Lender in its discretion, acting reasonably.

(m) The Lender shall have completed all due diligence which it considers necessary or appropriate in its discretion in regard to the Obligors and their Property, books and records, operations, prospects and condition (financial or otherwise), including, without limitation, with respect to the Obligors, in regard to past and ongoing compliance with laws (including Environmental Laws), union and labour relations and pension matters, and the Lender shall be satisfied in their discretion that the Borrower is adequately capitalized, the fair, saleable value of its Property exceeds its liabilities at the Closing Date, and that the Borrower has sufficient working capital to pay its debts as they become due, and the Lender shall have received such documentation it considers necessary or appropriate in its discretion in regard to the foregoing matters, including, without limitation, compliance with Environmental Laws.

(n) The Lender shall be satisfied that no Default shall have occurred on or be continuing or would result from the making of the Loan.

(o) No material changes in the business and affairs of the Borrower including any material changes in governmental regulations or policies affecting any party to this Agreement shall have occurred prior to the Closing Date.

The Obligors shall have executed or caused to be executed and delivered to the Lender all documents which the Lender determines in its absolute discretion are necessary to consummate the transactions contemplated hereby.

ARTICLE 12- DEFAULT

12.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder:

(a) the failure of the Borrower to pay when due, declared due or demanded any of the Liabilities of the Lender;

(b) the failure of (i) the Borrower to perform, keep or observe in a material respect any of the covenants, conditions, promises, agreements or obligations contained in Sections 10.1(j), 10.1(n), 10.1(y), 10.1(z), 10.1(cc) and 10.1(dd) of this

Agreement, (ii) the Borrower to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations contained in Sections 10.1(m), 10.1(o), 10.1(p) and 10.1(t) of this Agreement, (iii) the Borrower to perform, keep or observe any of the other covenants, conditions, promises, agreements or obligations under this Agreement (other than as described in Section 12.1(a) and other than those covenants, conditions, promises, agreements or obligations referred to in (i) above), which failure is not cured within fifteen (15) days of receipt of written notice from the Lender of such failure, (iv) the Borrower or any Obligor to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations contained in any of the Other Agreements to which it is a party, subject to the application of any cure periods contained therein;

(c) the making or furnishing by any Obligor or any director or officer thereof to the Lender of any representation, warranty, certificate, schedule, report or other communication of a material nature within or in connection with this Agreement or the Other Agreements or in connection with any other agreement between such Obligor and the Lender, which is untrue or misleading in any respect when made; provided that, no Event of Default under Section 12.1(c) will occur if such representation, warranty or other communication was not intentionally untrue or misleading, is capable of being corrected within ten (10) days of being made and is diligently corrected within such ten (10) day period;

(d) the creation (whether voluntary or involuntary) of, or any attempt to create, any Lien upon any of the Collateral, other than the Permitted Liens; or the making or any attempt to make any levy, seizure, attachment, or power of sale or foreclosure, on or with respect to any Collateral; or (except as permitted hereby) any sale, lease, or furnishing under a contract of service of, any of the Collateral;

(e) the making of an assignment or proposal in bankruptcy by any Obligor or the filing by any Obligor of notice of its intention to make a proposal in bankruptcy or the commencement of any proceedings by or against any Obligor for the liquidation or reorganization of any Obligor or alleging the insolvency of any Obligor or if an act of bankruptcy has occurred or that any Obligor cannot pay its debts as they mature or the commencement of any proceedings for the readjustment or arrangement of any Obligor's debts, whether under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the United States Bankruptcy Code or under any other law, whether state, provincial or federal, now or hereafter existing, for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving any Obligor and, if brought against such Obligor, such proceeding is not being contested in good faith by appropriate proceedings, as determined by the Lender, or, if so contested, remains outstanding, undismissed and unstayed more than fifteen (15) days from the institution of such first mentioned proceedings;

(f) the appointment of a receiver, receiver and manager, trustee, liquidator, administrator, sequestrator, custodian, monitor or similar official for any Obligor, for any of the Collateral or for any substantial part of any Obligor's Property, or the institution of any proceedings for the dissolution or winding-up, or the full or partial liquidation, or the merger, amalgamation or consolidation, of any Obligor which is a corporation or a partnership and, if brought against such Obligor, such proceeding is not being contested in good faith by appropriate proceedings, as determined by the Lender, acting reasonably, or, if so contested, remains outstanding, undismissed and unstayed more than five (5) days from the institution of such first mentioned proceedings;

(g) the entry of any judgment or order is issued or levied against any Obligor or its property involving liability in excess of fifty-thousand dollars ($50,000) or the Equivalent in U.S. dollars unless such Obligor, without breaching any of the covenants in Section 10.1 hereof, satisfies such judgment or order within ten (10) days of its issuance;

(h) all or any material part of the Property of any Obligor shall be nationalized, expropriated or condemned, seized or otherwise appropriated, or custody or control of such Property of any Obligor shall be assumed by any governmental or regulatory authority or any court of competent jurisdiction at the instance of any governmental or regulatory authority, except where contested in good faith by proper proceedings diligently pursued where a stay of enforcement is in effect;

(i) the Security Agreement shall be terminated, revoked or declared void, invalid or unenforceable or alleged to be terminated, revoked or declared void, invalid or unenforceable, or an Obligor denies, to any extent, its obligations under the Security Agreement;

(j) any loss, theft, damage or destruction of any item or items of Collateral occurs which:

(i) materially and adversely affects the operation of any Obligors' business; or

(ii) is material in amount and is not adequately covered by insurance;

(k) the occurrence of a default or an event of default, which continues after the passage of any cure period with respect thereto without having been waived, under any agreement or instrument other than this Agreement evidencing indebtedness for borrowed money permitted hereunder in excess of fifty thousand ($50,000) dollars executed or delivered by any Obligor, or pursuant to which agreement or instrument any Obligor or its properties is or may be bound, or if any such indebtedness shall be declared due and payable prior to the stated maturity thereof or if the Borrower otherwise defaults in the performance of any material term or condition contained in any document relating to a Permitted Lien;

(l) any condition exists in connection with any Plan which might constitute grounds for proceedings to have such Plan terminated or a trustee or other similar official appointed to administer such Plan or to be deregistered under any applicable law or regulations unless the existence of such conditions would not have a Material Adverse Effect; or any Obligor shall fail to make a required contribution to any Plan if such failure is sufficient to give rise to liability or constitutes an offence under any applicable law or regulations which would have a Material Adverse Effect; or any Obligor engages in or permits to exist or occur, any other condition, event or transaction with respect to any Plan which could result in the incurrence by any Obligor of any liability, fine or penalty which could have a Material Adverse Effect;

(m) the occurrence of any event or condition (including, without limitation, any change in the operation of business or senior management of the Borrower) which has or is reasonably likely to have a Material Adverse Effect, as determined by the Lender in its sole discretion;

(n) any Obligor (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise, and whether or not blocked pursuant to the terms of any subordination agreement) in respect of any Liabilities, or (B) fails to observe and perform any other agreement or condition relating to any such indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such indebtedness or the beneficiary or beneficiaries of any guarantee thereof (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such guarantee to become payable or cash collateral in respect thereof to be demanded;

(o) there occurs any Change of Control; or

(p) if the common shares of the Borrower cease to be listed for trading on the TSX Venture Exchange or The Toronto Stock Exchange or any order is made by any federal, provincial or other governmental authority in relation to the Borrower, or there is any change of law, or the interpretation or administration therefore, which in the reasonable opinion of the Lender, operates to prevent or restrict the trading of the common shares of the Borrower.

ARTICLE 13- REMEDIES

13.1 Remedies.

Subject to Section 13.2, upon the occurrence of an Event of Default described in Section 12.1(e), all of the Liabilities shall immediately and automatically become due and payable, without demand, notice or legal process of any kind. Upon the occurrence of any Event of Default (other than as described in Section 12.1(e)), all of the Liabilities may, at the option of the Lender, be declared by the Lender to be immediately due and payable, upon which declaration all such Liabilities shall immediately become due and payable without demand, notice or legal process of any kind. Upon any such occurrence, the Lender may, in addition to any other right or remedy which they may have at law or in equity, proceed to realize its security hereunder and to enforce its rights by:

(a) entry onto any premise where the Collateral may be located;

(b) the appointment by instrument in writing of a receiver or receivers of the Collateral or any part thereof (which receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Lender or not and the Lender may remove any receiver or receivers so appointed and appoint another or others in his or their stead);

(c) proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or

(d) any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity.

In addition, the Lender may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings.

Any receiver or receivers so appointed shall have power to:

(i) take possession of and to use the Collateral or any part thereof;

(ii) carry on the business of the Borrower (including, but not limited to, the taking or defending of any actions or legal proceedings, and the doing or refraining from doing all other things as to the receiver may deem necessary or desirable in connection with the business, operations and affairs of any or all of the Obligors);

(iii) borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of any or all of the Obligors;

(iv) further charge the Collateral in priority to the security interests of the Security Agreements as security for money so borrowed; and

(v) sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as the receiver shall determine.

The Lender shall not be responsible for any actions or errors of omission by the receiver or receivers in exercising any such powers.

In addition, the Lender may enter upon, use, occupy and possess the Collateral or any part thereof, free from all encumbrances, Liens and charges, except for Permitted Liens, without hindrance, interruption or denial of the same by any Obligor or by any other person or persons, and may lease or sell the whole or any part or parts of the Collateral. Any sale hereunder may be made by public auction, by public tender or by private contract, with or without notice and with or without advertising and without any other formality (except as required by law), all of which are hereby waived by the Obligors. Such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Lender, in its sole discretion, may seem advantageous. Such sale may take place whether or not the Lender has taken possession of the Collateral.

No remedy for the realization of the security interests granted to the Lender or for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. Any failure by the Lender to exercise any right or remedy set out in this Agreement or the Other Agreements shall not constitute a waiver thereof. The term "receiver" as used in this Agreement includes a receiver and manager.

At the Lender's request, the Obligors shall, at the Obligors' expense, assemble the Collateral and make it available to the Lender at one or more places to be designated by the Lender and reasonably convenient to the Lender. Each Obligor recognizes that if it fails to perform, observe or discharge any of their obligations under this Agreement or the Other Agreements, no remedy at law will provide adequate relief to the Lender, and each Obligor agrees that the Lender shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages. Without limiting any of the Lender's rights to provide any lesser period of notice to the extent permitted by applicable law, any notification of intended disposition of any of the Collateral required by law will be deemed reasonably and properly given if given at least fifteen (15) calendar days before such disposition. Any proceeds of any disposition by the Lender of any of the Collateral may be applied by the Lender to the payment of expenses and any borrowings in connection with the Collateral and its realization including, without limitation, reasonable legal fees and disbursements (on a solicitor-client basis) (both in-house and outside counsel) and any balance of such proceeds may be applied by the Lender toward the payment of such of the Liabilities, and in such order of application, as the Lender may from time to time elect or re-elect in its sole discretion.

ARTICLE 14 - INDEMNIFICATION, ETC.

14.1 General Indemnity.

Each Obligor jointly and severally agrees to defend (with counsel satisfactory to the Lender), protect, indemnify and hold harmless the Lender, and each of its Affiliates, and Subsidiaries, and its respective officers, directors, employees, legal counsel and agents (each an "**Indemnified Party**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature (including, without limitation, the disbursements and the fees (on a solicitor-client basis) of legal counsel for each Indemnified Party in connection with any investigative, administrative or judicial proceeding, whether or not the Indemnified Party shall be designated a party thereto), (collectively, "**Losses**") which may be imposed on, incurred by, or asserted against, any Indemnified Party (whether direct, indirect or consequential and whether based on any federal, provincial, state or local laws or regulations, including, without limitation, securities, environmental and commercial laws and regulations, under common law or in equity, or based on contract or otherwise) in any manner relating to or arising out of this Agreement or any Other Agreement, or any act, event or transaction related or attendant thereto, the making and/or the management of the Loan or the use or intended use of the proceeds of the Loan; provided, however that the Obligors shall have no obligation hereunder to any Indemnified Party to the extent that such Losses were caused by or resulted from the wilful misconduct or gross negligence of such Indemnified Party. To the extent that the undertaking to indemnify set forth in the preceding sentence may be unenforceable against any Obligors because it violates any law or public policy, the Obligors shall satisfy such undertaking to the maximum extent permitted by applicable law. Any Losses covered by this indemnity shall be paid to each Indemnified Party on demand, and, failing prompt payment, shall, together with interest thereon at the Deemed Interest Rate from the date incurred by each Indemnified Party until paid in full, be added to the Liabilities and be secured by the Collateral. The provisions of this Section shall survive the satisfaction and payment of all Liabilities and the termination of this Agreement.

14.2 Taxes.

All payments made by the Obligors under this Agreement and the Other Agreements shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, assessments, imposts, deductions, charges, or withholdings imposed by any foreign, federal, provincial, state, local or other jurisdiction or any governmental agency thereof or political subdivision or taxing authority therein, excluding taxes imposed on the net income or the capital of the Lender (all such non-excluded taxes being hereinafter called "**Taxes**"). If any Taxes are required to be withheld from any amounts so payable to the Lender hereunder or under any Other Agreements the amounts so payable shall be increased to the extent necessary to yield to the recipient (after payment of all Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement or Other Agreement. If the Obligor is required by law to make any deduction or withholding on account of any Taxes or other amount from any sum paid or expressed to be payable to the Lender under this Agreement or any Other Agreement, then: (A) such Obligor shall notify the Lender of any such requirement or any change in any such requirement as soon as it becomes aware of it; (B) the Obligor shall pay any such Taxes or other amount before the date on which penalties attached thereto become due and payable; (C) the sum payable by such Obligor in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, the recipient receives on the due date and retains (free from any liability in respect of any such deduction, withholding or payment) a sum equal to that which it would have received and so retained had no such deduction, withholding or payment been required or made; and (D) within thirty (30) days after payment of any sum from which any Obligor is required by law to make any deduction or withholding, and within thirty (30) days after the due date of payment of any Taxes or other amount which it is required by clause (B) above to pay, it shall deliver to the Lender all such certified documents and other evidence as to the making of such deduction, withholding or payment as (1) are reasonably satisfactory to the Lender as proof of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority and (2) are reasonably required by the Lender to enable it to claim a tax credit with respect to such deduction, withholding or payment. If any Obligor fails to pay any Taxes when due to the appropriate taxing authority, the Borrower shall indemnify the Lender for any incremental taxes, interest or penalties that may become payable by the Lender as a result of any such failure. The provisions of this Section shall survive the satisfaction and payment of all Liabilities and the termination of this Agreement.

ARTICLE 15 - GENERAL PROVISIONS

15.1 Notlce.

All written notices and other written communications with respect to this Agreement or any of the Other Agreements shall be sent by ordinary or registered mail, by telecopy or delivered in person, and in the case of the Lender shall be sent to it at Crown Capital Partners Inc., 175, 601-10 Avenue SW Calgary, AB T2R 0B2 Attention: Chief Executive Officer (if by facsimile to facsimile number (403) 508-6120) and in the case of any of the Obligors shall be sent to the Borrower at 160 MacNaughton Avenue, Moncton, NB, E1H 3L9 Attention: Chief Financial Officer, with a copy to General Counsel (if by facsimile to facsimile (506) 388-8990). The notice or other communication so sent shall be deemed to be received on the day of personal delivery or telecopy, or if mailed, three days following the date of such mailing.

15.2 Choice of Governing Law and Construction.

Except as expressly set forth therein, this Agreement and the Other Agreements (unless expressly stated otherwise in the Other Agreements) shall be governed and controlled by the laws of the Province of Ontario and the laws of Canada applicable therein as to interpretation, enforcement, validity, construction, effect, and in all other respects, including, without limitation, the legality of the interest rate and other charges, but excluding perfection and realization of the security interests and hypothecs in the Collateral, which shall be governed and controlled by the laws of the relevant jurisdiction.

15.3 Forum Selection and Service of Process.

To induce the Lender to accept this Agreement, the Borrower irrevocably agrees that, subject to the Lender's sole and absolute election, all actions or proceedings in any way, manner or respect, arising out of or from or related to this Agreement, the Other Agreements or the Collateral may be litigated in courts having *situs* within the Province of Ontario. The Borrower hereby consents and submits to the non-exclusive jurisdiction of any local, provincial, state or federal courts located within said jurisdictions. The Borrower hereby waives any right it may have to transfer or change the venue of any litigation brought against the Borrower by the Lender in accordance with this paragraph.

15.4 Modification and Benefit of Agreement.

This Agreement and the Other Agreements may not be modified, altered or amended except by an agreement in writing signed by the Borrower and the Lender. The Borrower may not sell, assign or transfer this Agreement, or the Other Agreements or any portion thereof including, without limitation, the Borrower's right, title, interest, remedies, powers or duties thereunder. The Borrower hereby consents to the sale, assignment, transfer or other disposition to a financial institution by the Lender, at any time and from time to time hereafter, of this Agreement, or the Other Agreements, or of any portion thereof, or participation therein including, without limitation, the right, title, interest, remedies, powers and/or duties of the Lender thereunder. The Borrower agrees that it shall execute and deliver such documents as the Lender may request in connection with any such sale, assignment, transfer or other disposition. This Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their successors and permitted assigns.

15.5 Headings of Subdivisions.

The headings of subdivisions in this Agreement are for convenience of reference only, and shall not govern the interpretation of any of the provisions of this Agreement.

15.6 Power of Attorney.

The Borrower acknowledges and agrees that its appointment of the Lender as its attorney and agent for the purposes specified in this Agreement is an appointment coupled with an interest and shall be irrevocable until all of the Liabilities are paid in full and this Agreement is terminated.

15.7 Waivers, Confidentiality, Information Sharing.

(a) In no event shall any party hereto be liable for lost profits or other special or consequential damages.

(b) To the maximum extent permitted by law, the Borrower hereby waives all rights to a hearing of any kind prior to the exercise by the Lender of its rights to repossess the Collateral without judicial process or to replevy, attach or levy upon such Collateral without prior notice or hearing.

(c) To the maximum extent permitted by law, the Borrower hereby waives demand, presentment, protest and notice of nonpayment.

(d) Failure of the Lender, at any time or times hereafter, to require strict performance by the Borrower of any provision of this Agreement or any of the Other Agreements shall not waive, affect or diminish any right of the Lender thereafter to demand strict compliance and performance therewith. Any suspension or waiver by the Lender of a Default under this Agreement or any default under any of the Other Agreements shall not suspend, waive or affect any other Default under this Agreement or any other default under any of the Other Agreements, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. No delay on the part of the Lender in the exercise of any right or remedy under this Agreement or any Other Agreement shall preclude any other or further exercise thereof or the exercise of any right or remedy. None of the undertakings, agreements, warranties, covenants and representations of the Borrower contained in this Agreement or any of the Other Agreements and no Default under this Agreement or default under any of the Other Agreements shall be deemed to have been suspended or waived by the Lender unless such suspension or waiver is in writing, signed by duly authorized officer(s) of the Lender and directed to the Borrower specifying such suspension or waiver.

(e) Borrower hereby agrees and acknowledges that the Lender shall be permitted to share with any of its affiliates, any information concerning Borrower, the other Obligors, this Agreement and all related agreements, and the subject matter thereof, that the Lender has or will have in their possession.

15.8 Timing of Payments.

Any payment required to be made by Borrower to the Lender hereunder or under any of the Other Agreements shall be made in the currency in which the obligation requiring such payment arose. Any payment received by the Lender after 3:00 p.m. (Regina time) on a Business Day, or on any day that is not a Business Day, shall be credited to the account of the Borrower on the next following Business Day.

15.9 Currency.

All dollar amounts specified herein are in Canadian dollars unless otherwise indicated.

15.10 Judgment Currency.

If in the recovery by the Lender of any amount owing hereunder in any currency, judgment can only be obtained in another currency and because of changes in the exchange rate of such currencies between the date of judgment and payment in full of the amount of such judgment, the amount of recovery under the judgment differs from the full amount owing hereunder, the Borrower shall pay any such shortfall to the Lender, and such shortfall can be claimed by the Lender against the Borrower as an alternative or additional cause of action and any surplus received by the Lender will be repaid to the Borrower.

15.11 Severability.

If any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or remaining provisions of this Agreement.

15.12 Conflicts.

In the event there occurs any conflict or inconsistency between any provision hereof and any provision of the Other Agreements, the provision hereof shall, to the extent of any such conflict or inconsistency, govern.

15.13 Right of Set-Off.

Upon the occurrence and during the continuance of an Event of Default, the Lender is authorized at any time and from time to time, without notice to the Borrower (any such notice being expressly waived) to the fullest extent permitted by law to set-off any and all deposits of any kind at any time held to the credit or for the account of the Borrower, against any of the obligations of the Borrower hereunder or under any Other Agreement, whether or not the Lender have made any demand hereunder or thereunder and although such obligations may be unmatured.

15.14 Joint and Several Obligations of the Obligors

Each of the Obligors agrees to be jointly and severally liable for the obligations, covenants, agreements, representations and warranties of the Obligors set forth in this Agreement, as principal debtor and obligor and not as surety. Furthermore, each of the Obligors agrees that it shall observe, fulfil and keep and cause the other Obligors to observe, fulfil and keep, as the case may be, all obligations, covenants, agreements, representations and warranties set forth in this Agreement.

Each of the Obligors shall for all purposes of this Agreement be regarded and be in the same position as a principle debtor and obligor and each Obligor expressly waives demand, presentment, protest and notice thereof respectively and of default and agrees that its liability under this Agreement shall not in any way be limited or affected by any transaction which may take place between the Lender and any other Obligor or any neglect or default of the Lender which might otherwise operate as a discharge, whether partial or absolute, of any Obligor if it were a surety of the other Obligors. Each Obligor further agrees that the Lender shall not be bound to exhaust its recourse against the Borrower or any of the Obligors or any security which it holds for the payment of the moneys owing under this Agreement before acquiring payment from such Obligor, and the Lender may enforce the various remedies available to it and may realize the power of various securities held by it or any part thereof in such order as the Lender may determine.

No obligation, liability or undertaking whatsoever of, and no security whatsoever given by, any Obligor under this Agreement or under any agreement, document or instrument collateral to this Agreement shall be limited or affected by the granting of time, renewals, extensions, releases or discharges by the Lender to any Obligor or to any other person whomsoever, or by the acceptance of compositions by the Lender from any Obligor, or by any dealings whatsoever between the Lender and any of the Obligors or any other person whomsoever, or for any cause or reason for which sureties or joint and several debtors may be relieved or for which any such obligation, liability, undertaking or security may be limited or affected. Without restricting the generality of the foregoing, no such obligation, liability, undertaking or security shall be limited or affected by the Lender taking, or by the Lender's abstention from taking or perfecting, or by the Lender giving up any rights, privileges, mortgages or securities whatsoever.

15.15 Entire Agreement.

This Agreement and the Other Agreements embody the entire agreement and understanding between the parties hereto and thereto and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof and may not be contradicted by evidence of prior or contemporaneous agreements of the parties. There are no unwritten oral agreements between the parties related to the subject matter of this Agreement and the Other Agreements.

15.16 Non-Merger.

The taking of any judgment shall not operate as a merger of any Liabilities or any part thereof or in any way suspend payment or affect or prejudice the rights, remedies and powers, legal or equitable, which the Lender may have in connection with the Liabilities.

15.17 Counterpart Execution/Electronic Delivery

This Agreement may be executed in counterpart and delivered by facsimile or other electronic means of delivery.

15.18 English Language.

At the request of the parties, this Agreement and the Other Agreements have been negotiated in the English language and will be or have been executed in the English language. Les soussigné ont expressément demandé que ce document et tous les documents annexes soient rédigés en langue anglaise.

[the remainder of this page has been left intetionally blank. Counterpart signature page to follow.]

Counterpart Signature Page to the Credit Agreement dated March 21 , 2012

IN WITNESS WHEREOF, the Obligors have duly executed this Agreement as of the date set out on the first page hereof.

LANDDRILL INTERNATIONAL INC.

Per: ______________________
Name:
Title:

LANDDRILL ATLANTIC LTD.

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL LTD.

Per: ______________________
Name:
Title:

LANDDRILL CONTRACT MINING LTD.

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL COMPANY LIMITED

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL LLC

Per: ______________________
Name:
Title:

LANDDRILL INTERNATIONAL INC.

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL COOPERATIEF U.A.

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL NICARAGUA, S.A.

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL SARL

Per: ______________________________
Name:
Title:

LLC LANDDRILL INTERNATIONAL

Per: ______________________________
Name:
Title:

IN WITNESS WHEREOF, the Lender has duly executed this Agreement as of the date set out on the first page hereof.

NORREP CREDIT OPPORTUNITIES FUND, LP, by its General Partner,
Norrep Credit Opportunities Fund Inc.

Per: ______________________________
Name: Chris Johnson
Title: President

SCHEDULE 1.1(1)

PERMITTED LIENS

None, with the exception of prior interests consisting of:

NOVA SCOTIA

A. **Personal Property Security Act**

The following are registrations against Landdrill International Inc. and Landdrill International Ltd.:

1.	Registration Number:	16949935, as amended by 16979767, as amended by 17015744
	Registration Date:	July 22, 2010
	Expiry Date:	July 22, 2020
	Debtors:	**Landdrill International Inc.**
	Secured Parties:	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 GE Capital Canada Equipment Financing & Leasing Company
	General Collateral:	A security interest is taken in all of the Debtor's present and after-acquired personal property.
2.	Registration Number:	18400903, as amended by 18405340, as amended by 18427849
	Registration Date:	August 02, 2011
	Expiry Date:	August 02, 2016

	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	A.F. MACPHEE HOLDINGS LIMITED
	General Collateral:	L17658 AS FROM FACTORY
	Serial Numbered Collateral:	3GNTKEE39BG271832 Motor Vehicle 2011 CHEVROLET AVALANCHE LS
3.	Registration Number:	18653964
	Registration Date:	October 03, 2011
	Expiry Date:	October 03, 2017
	Debtors:	**LANDDRILL INTERNATIONAL INC.** **LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	A.F. MACPHEE HOLDINGS LIMITED
	General Collateral:	L17785 AS FROM FACTORY
	Serial Numbered Collateral:	JTJBM7FX0B5033318 Motor Vehicle 2011 LEXUS GX470 PREMIUM SUV PEARL WHITE
4.	Registration Number:	14217459
	Registration Date:	July 25, 2008
	Expiry Date:	July 25, 2012
	Debtors:	**LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	GE CANADA EQUIPMENT FINANCING G.P.

	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.
5.	Registration Number:	14219935, as renewed by 17873316
	Registration Date:	July 28, 2008
	Expiry Date:	July 28, 2023
	Debtors:	**LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	GE CANADA EQUIPMENT FINANCING G.P.

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.

6. Registration Number: 14220065, as amended by 14222590

Registration Date: July 28, 2008

Expiry Date: July 28, 2013

Debtors: **LANDDRILL INTERNATIONAL LTD.**

Secured Parties: GE CANADA EQUIPMENT FINANCING G.P.

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.

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.

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

7.	Registration Number:	17866989, as amended by 17867912, as amended by 18082768
	Registration Date:	March 30, 2011
	Expiry Date:	March 30, 2021
	Debtors:	**Landdrill International Ltd.**
	Secured Parties:	GE CANADA EQUIPMENT FINANCING G.P.
	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.TPU260-0 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.

The following equipment is added to the General Collateral description: One (1) 2011 Usinage Marcotte 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: 06X01655

(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:

2BPSGKBA4BV000704 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGKBAXBV000710 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGKBA4BV000623 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGKBA1BV000689 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGKBA6BV000848 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGKBA8BV000365 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGKBA5BV000419 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGKBA5BV000839 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

2BPSGA7B97V001043 Motor Vehicle Bombardier Skandic Tundra 300F ski-doo

2BPSKABA4BV000114 Motor Vehicle 2011BombardierExpeditionSport550Fski-1d7o8o66989

2BPSKABA4BV000162 Motor Vehicle 2011BombardierExpeditionSport550Fski-1d7o8o66989

1GDL7H1C5YJ517053 Motor Vehicle 2000 GMC 7500 water truck

2BPSGKBA2BV000538 Motor Vehicle 2011 Bombardier Tundra Sport 550 ski-doo

10669 Motor Vehicle (1) 1986 Komatsu Wheel Loader, WA450A

		06X01655 Motor Vehicle (1) 1987 Caterpillar Dozer D6D 20X2253 Motor Vehicle (1) 1981 Caterpillar Dozer D6D 04X10562 Motor Vehicle (1) 1986 Caterpillar Dozer D6D 06X01130 Motor Vehicle (1) 1984 Caterpillar Dozer D6D LGP 70157 Motor Vehicle (1) 1998 JD Hyd. Excavator mod. JD270 A20687 Motor Vehicle (1) 1991 Komatsu WA 500 Loader
8.	Registration Number:	18640664
	Registration Date:	September 28, 2011
	Expiry Date:	September 28, 2015
	Debtors:	**Landdrill International Ltd.**
	Secured Parties:	GE Canada Equipment Financing G.P.

General Collateral:	(1)Schramm Rotadrill, 2011, model T450GT, S/N: J104-0149 (1)John Deere excavator, 1999, model JD330, S/N: 80503 (1)Morooka crawler carrier, 1994, model MK50, S/N: T50079 (1)Morooka track carrier, 2011, model MST-300VD, S/N: 4026 (1)Morooka track carrier, 2011, model MST-300VD, S/N: 4027 (1)GMC water truck, 1998, model C8500, S/N: 1GDT7H4C6WJ521640 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.
Serial Numbered Collateral:	1GDT7H4C6WJ521640 Motor Vehicle GMC water truck, 1998, model C8500
Additional Information:	Pursuant to Equipment Loan And Security Agreement # 8698749001

NEW BRUNSWICK

A. **Personal Property Security Act**

The following are registrations against Landdrill International Inc., Landdrill International Ltd. and Landdrill Atlantic Ltd.:

1.	Registration Number:	16693947, as amended by 16694036
	Registration Date:	September 11, 2008
	Expiry Date:	September 11, 2013
	Debtors:	**LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	CANADIAN IMPERIAL BANK OF COMMERCE
	General Collateral:	A security interest is taken in all present and after acquired personal property of the debtor.
2.	Registration Number:	19051747, as amended by 19080787, as amended by 19116409
	Registration Date:	July 22, 2010
	Expiry Date:	July 22, 2020
	Debtors:	**Landdrill International Inc.**
	Secured Parties:	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 GE Capital Canada Equipment Financing & Leasing Company
	General Collateral:	A security interest is taken in all of the Debtor's present and after-acquired personal property.
3.	Registration Number:	19305705
	Registration Date:	September 27, 2010
	Expiry Date:	September 27, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited

	General Collateral:	AND ALL PROCEEDS THEREFROM
	Serial Numbered Collateral:	1GCPKPEA5AZ271409 Motor Vehicle 2010 CHEVROLET SILVERADO
4.	Registration Number:	19305713
	Registration Date:	September 27, 2010
	Expiry Date:	September 27, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM
	Serial Numbered Collateral:	1GCPKPEA3AZ276656 Motor Vehicle 2010 CHEVROLET SILVERADO
5.	Registration Number:	19305739
	Registration Date:	September 27, 2010
	Expiry Date:	September 27, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM
	Serial Numbered Collateral:	1GCRKREAXBZ139249 Motor Vehicle 2011 CHEVROLET SILVERADO
6.	Registration Number:	19308923
	Registration Date:	September 28, 2010
	Expiry Date:	September 28, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM

	Serial Numbered Collateral:	1GCRKREA1BZ139429 Motor Vehicle 2011 CHEVROLET SILVERADO
7.	Registration Number:	19308949
	Registration Date:	September 28, 2010
	Expiry Date:	September 28, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM
	Serial Numbered Collateral:	3GCRKREAXAG222324 Motor Vehicle 2010 CHEVROLET SILVERADO
8.	Registration Number:	19373547, as amended by 19396290
	Registration Date:	October 15, 2010
	Expiry Date:	October 15, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM.
	Serial Numbered Collateral:	3GCRKREA3AG285538 Motor Vehicle 2010 CHEVROLET SILVERADO
9.	Registration Number:	19716109
	Registration Date:	January 31, 2011
	Expiry Date:	January 31, 2015
	Debtors:	**LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM.
	Serial Numbered Collateral:	1GCNCPEX8BZ174991 Motor Vehicle 2011 CHEVROLET LT 1500

10. Registration Number: 19738582
Registration Date: February 07, 2011
Expiry Date: February 07, 2015
Debtors: **LANDDRILL INTERNATIONAL LTD.**
LANDDRILL INTERNATIONAL INC.
Secured Parties: Ally Credit Canada Limited
General Collateral: AND ALL PROCEEDS THEREFROM.
Serial Numbered Collateral: 1GCRKREA7BZ112199 Motor Vehicle 2011 CHEVROLET TRUCK LT 1500

11. Registration Number: 19738608
Registration Date: February 07, 2011
Expiry Date: February 07, 2015
Debtors: **LANDDRILL INTERNATIONAL LTD.**
LANDDRILL INTERNATIONAL INC.
Secured Parties: Ally Credit Canada Limited
General Collateral: AND ALL PROCEEDS THEREFROM.
Serial Numbered Collateral: 1GCRKREA4BZ113861 Motor Vehicle 2011 CHEVROLET TRUCK LT 1500

12. Registration Number: 19738624
Registration Date: February 07, 2011
Expiry Date: February 07, 2015
Debtors: **LANDDRILL INTERNATIONAL LTD.**
LANDDRILL INTERNATIONAL INC.
Secured Parties: Ally Credit Canada Limited
General Collateral: AND ALL PROCEEDS THEREFROM.
Serial Numbered Collateral: 1GCRKREA1BZ129984 Motor Vehicle 2011 CHEVROLET TRUCK LT 1500

13.	Registration Number:	19746726, as amended by 19753573
	Registration Date:	February 09, 2011
	Expiry Date:	February 09, 2015
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	ALLY CREDIT CANADA LIMITED
	General Collateral:	AND ALL PROCEEDS THEREFROM.
	Serial Numbered Collateral:	1GCRKREA2BZ120923 Motor Vehicle 2011 CHEVROLET LT 1500
14.	Registration Number:	19848175
	Registration Date:	March 15, 2011
	Expiry Date:	March 15, 2015
	Debtors:	**LANDDRILL INTERNATIONAL INC.** **LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM.
	Serial Numbered Collateral:	1GCRKTE35BZ200568 Motor Vehicle 2011 CHEVROLET SILVERADO 1500
15.	Registration Number:	19957281
	Registration Date:	April 12, 2011
	Expiry Date:	April 12, 2016
	Debtors:	**LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	NATIONAL LEASING GROUP INC

	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.
16.	Registration Number:	20413985, as amended by 20417416, as amended by 20437133
	Registration Date:	August 02, 2011
	Expiry Date:	August 02, 2016
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	A.F. MACPHEE HOLDINGS LIMITED
	General Collateral:	L17658 AS FROM FACTORY
	Serial Numbered Collateral:	3GNTKEE39BG271832 Motor Vehicle 2011 CHEVROLET AVALANCHE LS
17.	Registration Number:	20458097
	Registration Date:	August 12, 2011
	Expiry Date:	August 12, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM
	Serial Numbered Collateral:	3GCPKREA3BG155462 Motor Vehicle 2011 CHEVROLET SILVERADO
18.	Registration Number:	20458394

	Registration Date:	August 12, 2011
	Expiry Date:	August 12, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM.
	Serial Numbered Collateral:	1GCNCPEX3BZ397746 Motor Vehicle 2011 CHEVROLET SILVERADO
19.	Registration Number:	20544789
	Registration Date:	September 02, 2011
	Expiry Date:	September 02, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM.
	Serial Numbered Collateral:	3GCPKREA5BG380644 Motor Vehicle 2011 CHEVROLET SILVERADO
20.	Registration Number:	20556403
	Registration Date:	September 07, 2011
	Expiry Date:	September 07, 2014
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.**
	Secured Parties:	Ally Credit Canada Limited
	General Collateral:	AND ALL PROCEEDS THEREFROM.
	Serial Numbered Collateral:	1GCNCPEX0BZ397705 Motor Vehicle 2011 CHEVROLET SILVERADO
21.	Registration Number:	20648341
	Registration Date:	October 03, 2011

	Expiry Date:	October 03, 2017
	Debtors:	**LANDDRILL INTERNATIONAL INC.** **LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	A.F. MACPHEE HOLDINGS LIMITED
	General Collateral:	L17785 AS FROM FACTORY
	Serial Numbered Collateral:	JTJBM7FX0B503318 Motor Vehicle 2011 LEXUS GX470 PREMIUM SUV PEARL WHITE

22.	Registration Number:	14917686
	Registration Date:	May 29, 2007
	Expiry Date:	May 29, 2014
	Debtors:	**Landdrill International Ltd** **Landdrill International Inc**
	Secured Parties:	De Lage Landen Financial Services Canada Inc.
	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:	FH0210749 Motor Vehicle 2007 Hyundai HBF25-7

23.	Registration Number:	20401642
	Registration Date:	July 28, 2011
	Expiry Date:	July 28, 2016
	Debtors:	**LANDDRILL INTERNATIONAL LTD.** **LANDDRILL INTERNATIONAL INC.,**
	Secured Parties:	SPROTT RESOURCE LENDING PARTNERSHIP

		SPROTT LENDING CONSULTING LP SPROTT LENDING CONSULTING GP, INC.
	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).
24.	Registration Number:	15004039
	Registration Date:	June 18, 2007
	Expiry Date:	June 18, 2012
	Debtors:	**LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	Canadian Imperial Bank of Commerce
	General Collateral:	All of the Debtor's present and after acquired personal property as defined in Personal Property Security Act.
25.	Registration Number:	16489387
	Registration Date:	July 22, 2008
	Expiry Date:	July 22, 2012
	Debtors:	**LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	GE CANADA EQUIPMENT FINANCING G.P.

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.

26.

Registration Number:	16512139, as renewed by 19911254
Registration Date:	July 28, 2008
Expiry Date:	July 28, 2023
Debtors:	**LANDDRILL INTERNATIONAL LTD.**
Secured Parties:	GE CANADA EQUIPMENT FINANCING G.P.

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.

27.	Registration Number:	16512196, as amended by 16514192, as amended by 16514267
	Registration Date:	July 28, 2008
	Expiry Date:	July 28, 2013
	Debtors:	**LANDDRILL INTERNATIONAL LTD.**
	Secured Parties:	GE CANADA EQUIPMENT FINANCING G.P.
	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.

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.

THE FOREGOING GENERAL COLLATERAL DESCRIPTION IS HEREBY DELETED AND REPLACED WITH THE FOLLOWING:

GUARANTEE AND INDEMNITY AGREEMENT

This Agreement is made as of the 21 day of March, 2012,

Between:

LANDDRILL ATLANTIC LTD., a New Brunswick corporation, **LANDDRILL INTERNATIONAL LTD.**, a New Brunswick corporation, **LANDDRILL CONTRACT MINING LTD.**, a New Brunswick corporation, **LANDDRILL INTERNATIONAL COMPANY LIMITED**, a Hong Kong corporation, **LANDDRILL INTERNATIONAL LLC**, a Mongolia corporation, **LANDDRILL INTERNATIONAL INC.**, a Barbados corporation, **LANDDRILL INTERNATIONAL COOPERATIEF U.A.**, a Netherlands corporation, **LANDDRILL INTERNATIONAL NICARAGUA, S.A.**, a Nicaragua corporation, **LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.**, a Mexico corporation, **LANDDRILL INTERNATIONAL SARL**, a Mali corporation and **LLC LANDDRILL INTERNATIONAL**, a Russia corporation (collectively, the "**Guarantors**" and each a "**Guarantor**")

- and -

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

Whereas:

(a) pursuant to a credit agreement dated as of the 21 day of March, 2012 (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time thereafter made thereto) (the "**Credit Agreement**") between the Lender and **LANDDRILL INTERNATIONAL INC.**, a British Columbia corporation (the "**Borrower**") as borrower and the Guarantors as guarantors and co-obligors, the Lender has agreed to make available to the Borrower the credit, as more particularly set out in the Credit Agreement;

(b) each Guarantor will receive direct and indirect benefits from the extension of credit to the Borrower under the Credit Agreement; and

(c) as a condition to making available the credit under the Credit Agreement, each of the Guarantors are required to execute and deliver this Agreement to the Lender.

Now therefore for good and valuable consideration, the receipt and sufficiency of which are acknowledged, each of the Guarantors jointly and severally agree with the Lender as follows:

1. **Guarantee.** Each of the Guarantors hereby unconditionally and jointly and severally guarantee to the Lender and its successors and assigns, forthwith upon demand, prompt and complete payment and performance of all indebtedness, liabilities and obligations of the Borrower to the Lender arising in connection with or pursuant to the Credit Agreement, present or future, direct or indirect, absolute or contingent, joint, several or joint and several, at any time owing or remaining unpaid by the Borrower to the Lender in any currency, including all principal, interest, commissions, fees (including receiver's fees and expenses), reasonable legal costs (on a solicitor and its own client basis) and other costs, charges and expenses, and the payment of all costs and expenses incurred by the Lender in enforcing any rights under this Agreement (collectively, the "**Obligations**"). For greater certainty and without limiting the generality of the foregoing, the Obligations shall include all principal, interest and fees due by the Borrower to the Lender, all obligations of the Borrower under any agreement made between the Borrower and the Lender, and any liability of the Borrower arising under guarantees provided by the Borrower to the Lender in connection with the obligations of other parties.

2. **Indemnity.** In addition to the guarantee provided in Section 1, and as a separate and distinct obligation, each of the Guarantors jointly and severally agree to indemnify and save harmless the Lender from and against all direct and indirect claims, demands, losses, damages, liabilities, charges, obligations, payments and expenses of any nature or kind, howsoever or whenever arising, which the Lender may suffer or incur in any way relating to or arising from the failure of the Borrower to pay and satisfy the Obligations. Notwithstanding the foregoing, under no circumstances shall any Guarantor be liable for any special damages or consequential damages.

3. **Continuing Guarantee.** The guarantee contained herein shall be a continuing guarantee and shall secure the Obligations and any ultimate balance thereof, notwithstanding that the Borrower may from time to time satisfy the Obligations in whole or in part and thereafter incur further Obligations. This Agreement shall continue in full force and effect regardless of whether any guarantor (if more than one) or any other party responsible for the payment of the Obligations or any portion thereof shall cease to be so liable for any reason whatsoever, including without limitation by reason of prescription, operation of law or release by the Lender.

4. **Borrower's Status and Authority.** All monies, advances, renewals or credits in fact borrowed or obtained from the Lender by the Borrower shall be deemed to form part of the Obligations, notwithstanding any lack or limitation of status or power, incapacity or disability of the Borrower or its directors, officers, employees or agents, or that the Borrower may not be a legal entity or that such borrowing or obtaining of monies, advances, renewals or credits or the execution and delivery of any agreement or document by or on behalf of the Borrower is in excess of the powers of the Borrower or any of its directors, officers, employees or agents or is in any way irregular, defective, fraudulent or informal. The Lender has no obligation to enquire into the powers of the Borrower or any of its directors, officers, employees or agents acting or purporting to act on its behalf, and shall be entitled to rely on this provision notwithstanding any actual or imputed knowledge regarding any of the foregoing matters.

5. **Guarantee Absolute.** The liability of each of the Guarantors hereunder shall be absolute and unconditional irrespective of, and shall not be released, discharged, limited or

otherwise affected by anything done, suffered or permitted by the Lender in connection with the Borrower, the Obligations or any security held by or granted to the Lender to secure payment or performance of the Obligations. Without limiting the generality of the foregoing, the obligations and liabilities of each of the Guarantors hereunder shall be absolute and unconditional and shall not be released, discharged, limited or otherwise affected by:

(a) any lack of validity or enforceability of any agreement between the Lender and the Borrower relating to the advance of monies or granting of credit to the Borrower or any other agreement or instrument relating thereto;

(b) any change in the name, objects, capital stock, constating documents or by-laws, ownership or control of the Borrower;

(c) any amalgamation, merger, consolidation or other reorganization of the Borrower or of its business or affairs;

(d) the dissolution, winding-up, liquidation or other distribution of the assets of the Borrower, whether voluntary or otherwise;

(e) the Borrower becoming insolvent or bankrupt or subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the arrangement provisions of applicable corporate legislation, or any similar or successor legislation, or the Lender voting in favour of any proposal, arrangement or compromise in connection with any of the foregoing;

(f) the loss of or failure to obtain, register, perfect or maintain any security held by the Lender, whether occasioned through the Lender's failure or neglect or otherwise;

(g) the valuation by the Lender of any of its security, which shall not be considered as a purchase of such security, or as payment on account of the Obligations;

(h) the failure or neglect of the Lender to demand payment of the Obligations from the Borrower, any guarantor of the Borrower or any other party, or the failure or neglect of the Lender to enforce all or any of the Lender's security;

(i) any right or alleged right of set-off, counterclaim, appropriation or application or any claim or demand that the Borrower or any Guarantor may have or may allege to have against the Lender or any other person, which rights are hereby waived by any Guarantor;

(j) any dealings described in Section 6 hereof; or

(k) any other circumstances which might otherwise constitute a legal or equitable defence available to, or complete or partial discharge of, the Borrower in respect of the Obligations or of the Guarantors in respect of this Agreement.

6. **Dealings with the Borrower and Others.** Without releasing, discharging, limiting or otherwise affecting in whole or in part the obligations of each Guarantor under this Agreement, and without notice to or the consent of each Guarantor, the Lender may from time to time:

(a) amend the terms and conditions applicable to the Obligations with the consent of the Borrower acting reasonably, waive compliance with any such terms or conditions in whole or in part, or amend or terminate any agreement applicable to the Obligations with the consent of the Borrower acting reasonably;

(b) make advances to the Borrower and receive repayments in respect of the Obligations, and increase or decrease the amount of credit available to the Borrower;

(c) grant time, renewals, extensions, indulgences, releases and discharges to the Borrower;

(d) in a manner consistent with the Credit Agreement, take or refrain from taking guarantees from other parties or security from the Borrower, any guarantor of the Borrower or any other party, or from registering or perfecting any security;

(e) in a manner consistent with the Credit Agreement, release, discharge, compromise, realize, enforce or otherwise deal with or do any act or thing in respect of any and all security given by the Borrower, any guarantor of the Borrower or any other party, with or without consideration;

(f) accept compromises or arrangements from the Borrower, any guarantor of the Borrower or any other party;

(g) exercise any right or remedy which it may have against the Borrower, any guarantor of the Borrower or any other party or with respect to any security;

(h) apply all monies at any time received from the Borrower, any guarantor of the Borrower or other party or from the proceeds of any security upon such part of the Obligations as the Lender may see fit, or change any such application in whole or in part from time to time as the Lender may see fit, notwithstanding any direction which may be given to the Lender regarding application of such monies by the Borrower, any guarantor of the Borrower or any other party; and

(i) otherwise deal with, or waive or modify its right to deal with, the Borrower, any guarantor of the Borrower or any other party and all security held by the Lender, with the consent of the Borrower acting reasonably.

Any amount which is not recoverable hereunder from a Guarantor as guarantor shall be recoverable from such Guarantor as principal debtor. Accordingly, each Guarantor shall not be discharged nor shall the liability of each Guarantor be affected by any act, thing, omission or means whatsoever unless such act, thing, omission or means is sufficient to discharge each Guarantor as guarantor and as principal debtor.

7. **No Obligation to Exercise Other Remedies.** The Lender shall not be obliged to demand payment from or exhaust its recourse against the Borrower, guarantors of the Borrower or other parties or enforce any security held in respect of the Obligations or take any other action or legal proceeding before being entitled to payment from each Guarantor under this Agreement. Each Guarantor hereby waives all benefits of discussion and division.

8. **Enforcement.** The Lender shall be entitled to make demand on each Guarantor upon the occurrence and during the continuance of a default hereunder or an Event of Default (as defined in the Credit Agreement).

9. **Accounts Settled.** Any account stated by the Lender to be due to it from the Borrower shall be accepted by each Guarantor as conclusive evidence that the said amount is so due, in the absence of manifest error or evidence to the contrary.

10. **Waiver.** The Lender shall not, by any act, delay, omission or otherwise, be deemed to have expressly or impliedly waived any of its rights, powers and/or remedies unless such waiver shall be in writing and executed by an authorized officer of the Lender. Any such waiver shall be enforceable only to the extent specifically set forth therein. A waiver by the Lender of any right, power and/or remedy on any one occasion shall not be construed as a bar to or waiver of any such right, power and/or remedy which the Lender would otherwise have on any future occasion, whether similar in kind or otherwise.

11. **Foreign Currency Obligations.** To the extent permitted by applicable law, the Obligations of the Guarantors shall, notwithstanding any payment in any other currency (the "**Other Currency**") (whether pursuant to a judgment or otherwise), be discharged only by payment in the currency in which it is due (the "**Agreed Currency**") and the Lender may, in accordance with normal banking procedures, purchase the sum paid in the Other Currency (after any premium and costs of exchange) on the Business Day immediately after the day on which the Lender receives the payment. If the amount in the Agreed Currency that may be so purchased for any reason falls short of the amount originally due, the Guarantors shall pay all additional amounts, in the Agreed Currency, as may be necessary to compensate for the shortfall. Any obligation of the Guarantors not discharged by that payment shall, to the extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided in this Section, continue in full force and effect. When used in this Agreement, "**Business Day**" shall mean a day other than a Saturday, Sunday or any statutory holiday in the Province of Ontario.

12. **Representations and Warranties.** Each Guarantor represents and warrants to the Lender as follows, and acknowledges that the Lender is relying upon the said representations and warranties as a basis for extending credit to the Borrower:

(a) each Guarantor is duly incorporated, existing and in good standing under the laws of its jurisdiction of incorporation; it has full corporate power, authority and capacity to enter into and perform its obligations hereunder; all necessary action has been taken to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; there are no provisions in any unanimous shareholder agreement which restrict or limit its powers to enter into and perform its obligations under this Agreement; and neither the execution and delivery of this Agreement, nor compliance with the terms, provisions and conditions hereof will conflict with, result in a breach of, or constitute a default under its charter documents or by-laws; and

(b) neither the execution and delivery to the Lender of this Agreement, nor compliance with the terms, provisions and conditions of this Agreement will conflict with, result in a breach of, or constitute a default under any agreement or instrument to which each Guarantor is a party or by which the property and assets or each Guarantor may be bound or affected, and does not require the consent or approval of any other party.

13. **Disclosure.** Each Guarantor waives any duty on the part of the Lender to disclose to each Guarantor any facts relating to the Borrower or other guarantors of the Obligations which the Lender may now or hereafter know, regardless of whether the Lender has reason to believe any such facts materially increase the risk beyond that which each Guarantor intends to assume, it being understood and agreed that each Guarantor is fully responsible for being and keeping fully informed.

14. **Taxes, etc.** All payments made by any Guarantor under this Agreement to the Lender shall be made free and clear of, and without deduction for or on account of, any present or future taxes, levies, assessments, deductions, withholdings or other governmental charges of any nature whatsoever now or hereafter imposed by any official body in any jurisdiction (**"Taxes"**). If any Taxes are required to be withheld or deducted from any amounts payable by any Guarantor to the Lender hereunder, each such Guarantor shall:

(a) within the time period for payment permitted by applicable law pay to the appropriate governmental body the full amount of such Taxes and any additional taxes, levies, assessments, deductions, withholdings or other governmental charges in respect of the payment required under Section 14(b) hereof and make such reports and filings in connection therewith in the manner required by applicable law; and

(b) pay to the Lender an additional amount which (after deduction of all Taxes incurred by reason of the payment or receipt of such additional amount) will be sufficient to yield to the Lender the full amount which would have been received by it had no deduction or withholding been made.

Upon the request of the Lender, each Guarantor shall furnish to the Lender the original or a certified copy of a receipt for (or other satisfactory evidence as to) the payment of each of the Taxes (if any) payable in respect of such payment.

15. **Assignment.** Each Guarantor hereby consents to the sale, assignment, transfer or other disposition to a financial institution (the "**Assignee**") by the Lender, at any time and from time to time hereafter, of this Agreement and the Obligations, or of any portion thereof, or participation therein including, without limitation, the right, title, interest, remedies, powers and/or duties of the Lender thereunder. Each Guarantor agrees that it shall execute and deliver such documents as the Lender may request in connection with any such sale, assignment, transfer or other disposition. The Assignee shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of and the right to enforce this Agreement to the same extent as if the Assignee were the Lender. No Guarantor shall be entitled to assign or transfer this Agreement or any of the Guarantors' rights, duties or obligations hereunder without the prior written consent of the Lender.

16. **Revival of Indebtedness and Liability.** If at any time all or any part of any payment previously applied by the Lender to any portion of the Obligations is rescinded or returned by the Lender for any reason whatsoever, whether voluntarily or involuntarily (including, without limitation, arising from or in connection with the insolvency, bankruptcy or reorganization of the Borrower or any of the Guarantors, or any allegation that the Lender received a payment in the nature of a preference), then to the extent that such payment is rescinded or returned such portion of the Obligations shall be deemed to have continued in existence notwithstanding such application by the Lender, and this Agreement shall continue to be effective or be reinstated, as the case may be, as to such portion of the Obligations as though such payment to the Lender had not been made.

17. **Assignment and Postponement of Amounts Due to the Guarantors.** Payment of all present and future debts and liabilities of the Borrower to any of the Guarantors (the "**Postponed Indebtedness**") is hereby postponed to payment of the Obligations. For greater certainty, no Guarantor shall receive any payments of principal, interest or any other amounts in respect of the Postponed Indebtedness until the Obligations have been paid and satisfied in full. If any portion of the Postponed Indebtedness is paid in contravention of this Agreement, it shall be held by such Guarantor in trust for the Lender and shall be immediately paid to the Lender. If any Guarantor now or in the future holds any security for the Postponed Indebtedness (the "**Postponed Security**"), the security interests, charges and encumbrances constituted thereby shall be postponed to all present and future security held by the Lender in respect of the Obligations, notwithstanding the order of execution, delivery, registration or perfection of the security interests held by the Lender and the Guarantors, respectively, the order of advancement of funds, the order of crystallization of security, or any other matter which may affect the relative priorities of such security interests. No Guarantor may initiate or take any action to enforce the Postponed Security without the prior written consent of the Lender. As security for the obligations of the Guarantors to the Lender under this Agreement, each Guarantor assigns to the Lender the Postponed Indebtedness and the Postponed Security.

18. **Subrogation.** The Guarantors shall have no right to be subrogated to the Lender unless: (i) the Guarantors shall have paid to the Lender an amount equal to the Obligations together with all interest, expenses and other amounts due hereunder; (ii) any other party regarded by the Lender as having a potential right of subrogation shall have waived such right and consented to the assignment of the Obligations and any security held by the Lender to the Guarantors; (iii) the

Lender shall have received from the Borrower a release of all claims and demands which the Borrower may have against the Lender, including any obligation of the Lender to grant additional credit to the Borrower; and (iv) the Guarantors shall have executed and delivered to the Lender a release of any claims which any Guarantor may have against the Lender in respect of the Obligations or this Agreement, together with an acknowledgment that the Obligations and any security assigned by the Lender to any Guarantor shall be assigned on an "as is, where is" basis and without recourse to the Lender. All documents listed above shall be in form and substance satisfactory to the Lender.

19. **Expenses.** Each Guarantor shall pay forthwith upon demand to the Lender all reasonable expenses, including the reasonable fees, disbursements and other charges of its counsel (on a solicitor and his own client basis), experts or agents which the Lender may incur in connection with: (i) the negotiation and preparation of this Agreement; (ii) the administration of this Agreement; (iii) the custody or preservation of, or the sale of, collection from or other realization upon any of the collateral securing the Obligations; (iv) the exercise, enforcement or protection of any of the rights of the Lender hereunder; or (v) the failure of such Guarantor to perform or observe any of the provisions hereof.

20. **Additional and Separate Security.** This Agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Lender in respect of the Borrower, the Obligations or the collateral securing the Obligations and any other present and future rights or remedies which the Lender might have in respect thereof, including guarantees provided by other parties.

21. **Set-Off.** Upon this Agreement becoming enforceable, the Lender may from time to time set off the obligations of each Guarantor to the Lender under this Agreement against any and all deposits at any time held by the Lender for the account of each Guarantor and any other indebtedness at any time owing by the Lender to each Guarantor, whether or not the Lender shall have made any demand hereunder and whether or not any of such obligations may be unliquidated, contingent or unmatured.

22. **Entire Agreement.** This Agreement constitutes the entire agreement between each Guarantor and the Lender relating to the subject matter hereof, and supersedes all prior agreements, representations, warranties, understandings, conditions or collateral agreements, whether oral or written, express or implied, with respect to the subject matter hereof.

23. **Governing Law and Attornment.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Without prejudice to the ability of the Lender to enforce this Agreement in any other proper jurisdiction, each Guarantor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario in connection with this Agreement.

24. **Notice.** Any demand, notice, direction or other communication to be made or given hereunder (in each case, "**Communication**") shall be in writing and shall be made or given by personal delivery, by courier, by facsimile transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

(i) if to a Guarantor:

c/o Landdrill International Inc.
160 MacNaughton Ave.
Moncton, NB
E1H 3L9

Facsimile No: (506) 388-8990
Attention: Chief Financial Officer

with a copy to:

General Counsel

(ii) if to the Lender:

c/o Crown Capital Partners Inc.
175, 601-10 Avenue SW
Calgary, AB
T2R 0B2
Attention: Chief Executive Officer
Fax: (403) 508-6120

with a copy to:

MacPherson Leslie & Tyerman LLP
Suite 1500 – 1050 1874 Scarth Street
Regina, SK S4P 4E9

Facsimile No: (306) 352-5250
Attention: Aaron Runge

or to such other address or facsimile number as any party may from time to time designate in accordance with this Section. Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first Business Day thereafter. Any Communication made or given by facsimile on a Business Day before 4:00 p.m. (local time of the recipient) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth Business Day following the date of mailing but if, at the time of mailing or within five Business Days thereafter, there is or occurs a labour dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section.

25. **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each such provision shall be interpreted in such a manner as to render them valid, legal and enforceable to the greatest extent permitted by applicable law. Each provision of this Agreement is declared to be separate, severable and distinct.

26. **Joint and Several.** The obligations of the Guarantors hereunder shall be joint and several, and all references to the "Guarantor" herein shall refer to all such guarantors, as the context requires.

27. **Number, Gender and Persons.** Unless the context otherwise requires, words importing the singular in number only shall include the plural and *vice versa*, words importing the use of gender shall include the masculine, feminine and neuter genders and words importing persons shall include individuals, corporations, partnerships, associations, trusts, unincorporated organizations, governmental bodies and other legal or business entities.

28. **Amalgamation of Guarantors.** Each Guarantor acknowledges and agrees that in the event that it amalgamates with any other persons (which it is prohibited from doing without the prior written consent of the Lender) then all references herein to that Guarantor shall extend to, include and bind the amalgamated corporation.

29. **Execution by Facsimile.** Delivery of an executed copy of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed copy of this Agreement and each Guarantor undertakes to provide the Lender with a copy of the Agreement bearing original signatures forthwith upon demand.

30. **Time.** Time shall be of the essence of this Agreement.

31. **Further Assurances.** Each Guarantor shall forthwith, at its own expense and from time to time, do or file, or cause to be done or filed, all such things and shall execute and deliver all such documents, agreements, opinions, certificates and instruments reasonably requested by the Lender or its counsel as may be necessary or desirable to complete the transactions contemplated by this Agreement and carry out its provisions and intention.

32. **Successors and Assigns.** This Agreement shall enure to the benefit of the Lender and its successors and assigns, and shall be binding upon each Guarantor and its successors and permitted assigns.

33. **Copy of Agreement.** Each Guarantor acknowledges receipt of an executed copy of this Agreement.

This Agreement has been executed by the Guarantors on the date first stated above.

LANDDRILL ATLANTIC LTD.

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL LTD.

Per: ______________________________
Name:
Title:

LANDDRILL CONTRACT MINING LTD.

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL COMPANY LIMITED

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL LLC

Per: ______________________________
Name:
Title:

LANDDRILL INTERNATIONAL INC.,
a company incorporated under the laws of Barbados

Per: ________________________
Name:
Title:

LANDDRILL INTERNATIONAL COOPERATIEF U.A.

Per: ________________________
Name:
Title:

LANDDRILL INTERNATIONAL NICARAGUA, S.A.

Per: ________________________
Name:
Title:

LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V.

Per: ________________________
Name:
Title:

LANDDRILL INTERNATIONAL SARL

Per: ________________________
Name:
Title:

LLC LANDDRILL INTERNATIONAL

Per: ________________________
Name:
Title:

LANDDRILL INTERNATIONAL INC.

OFFICER'S CERTIFICATE

TO: NORREP CREDIT OPPORTUNITIES FUND, LP

AND TO: MACPHERSON LESLIE & TYERMAN LLP

Reference is made to a credit agreement dated as of March 21, 2012 (the "**Credit Agreement**") entered into among **Landdrill International Inc.**, as borrower (the "**Corporation**"), **Norrep Credit Opportunities Fund, LP**, as lender (the "**Lender**") and **Landdrill Atlantic Ltd., Landdrill International Ltd., Landdrill Contract Mining Ltd., Landdrill International Company Limited, Landdrill International LLC, Landdrill International Inc., Landdrill International Cooperatief U.A., Landdrill International Nicaragua, S.A., Landdrill International Mexico S.A. de C.V., Landdrill International SARL, LLC Landdrill International**, as guarantors (collectively, the "**Guarantors**").

Capitalized terms used herein shall have the meaning ascribed thereto in the Credit Agreement, unless otherwise defined.

I, Ron Goguen, the duly appointed Chief Executive Officer and President of the Corporation, hereby certify for and on behalf of the Corporation and not in my personal capacity, intending that the same may be relied upon by the addressees, without further inquiry, as follows:

1. I have reviewed such books records of the Corporation and other applicable documents, including, without limitation, the Credit Agreement, had have made, or caused to be made, such other examinations or investigations as are, in my opinion, necessary to make the following statements.

2. Attached as Exhibit A are true and complete copies of the certificates of incorporation and name change and notice of articles of the Corporation (the "**Articles**"). Attached as Exhibit B are true and complete copies of all of the articles of the Corporation (the "**By-laws**"). The Articles and By-laws

    (a) have not been amended, repealed or supplemented except as set out in Exhibit A and Exhibit B.

    (b) are in full force and effect as of the date hereof; and

    (c) are not subject to pending proceedings to amend, repeal, supplement, surrender or cancel the same.

3. Attached as Exhibit C are true and complete copies of certain resolutions (the "**Authorizing Resolutions**") of the board of directors of the Corporation authorizing the execution and delivery by the Corporation of the agreements described in the Authorizing

Resolutions (the "**Transaction Documents**"). The Authorizing Resolutions have been passed by the directors and shareholders of the Corporation and

(a) have not been amended, repealed or supplemented; and

(b) are in full force and effect as of the date hereof.

4. The Corporation has not received any notice of, or any notice of intention to proceed with, the cancellation, termination, or suspension of, or imposition of any term, limitation or condition of its status under the *Business Corporations Act* (British Columbia).

5. The Corporation is up to date in the filing of all corporate returns and other documents required to be filed by it and the Corporation holds all necessary permits or licences necessary to transact business in each jurisdiction in which it carries on a material part of its business or owns any material property.

6. Neither the Corporation nor the shareholders have taken any steps to terminate or change the Corporation's existence or to amalgamate or continue into any other jurisdiction, nor has the Corporation received any notice or other communication from any governmental authority or other person indicating that there exists any situation which, unless remedied, could result in the termination of the existence of the Corporation.

7. There is in existence no agreements among all the shareholders of the Corporation that restricts in whole or in part the powers of the directors to manage or supervise the management of the business and affairs of the Corporation.

8. No acts or proceedings have been taken by or against the Corporation in connection with, the Corporation has not received any notice in respect of, and the Corporation is not in the course of, liquidation, winding-up, dissolution, bankruptcy, receivership or reorganization.

9. Attached as Exhibit D is a true and complete list of all officers and directors of the Corporation, together with the specimen signatures of those officers of the Corporation who are, at the date hereof, authorized to execute and deliver the Credit Agreement and all other documents related thereto or required to be executed and delivered in connection therewith, and the signatures set forth opposite their respective names, are the true signatures of such persons.

10. Each of the persons who, as an officer or director of the Corporation, signed any certificate, direction, receipt or other similar document delivered on or around the date hereof in connection with the Credit Agreement was at the date of such signing and, if applicable, is at the date hereof, duly elected, appointed, qualified and acting as such officer or director, and the signature appearing on any of such documents is his genuine signature.

11. All of the shareholders of the Guarantors have been duly notified of the Credit Agreement and the terms, conditions and transactions contained therein.

12. The location of the registered office, head office and chief executive office of the Corporation and all of its inventory, books and records are set out in Exhibit E hereto. The Corporation does not carry on any business and it does not own any property in any jurisdictions other than the jurisdictions set out in Exhibit E.

13. There are no provisions in the Articles or By-laws which have not been complied with, which limit or restrict in any way the power, capacity or authority of the Corporation to hold real or personal property, to borrow money upon the credit of the Corporation, to issue, reissue, sell or pledge debt obligations of the Corporation, to give a guarantee to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge, assign or otherwise grant a security interest in all real or personal property of the Corporation now owned or subsequently acquired to secure any obligation of the Corporation or to delegate the powers referred to above to a director, officer or committee of directors.

14. The execution and delivery by the Corporation of the Credit Agreement and such other agreements and documents entered into in connection therewith, and the performance by the Corporation of its obligations thereunder and the consummation of the transactions contemplated therein, do not and will not conflict with, result in any breach or violation of, or constitute a default under:

    (a) the terms, conditions or provisions of the Articles and By-laws;

    (b) any law, regulation, judgment, decree or order binding on or applicable to the Corporation or by which the Corporation benefits or to which any of its property and assets are subject; or

    (c) any material agreement, lease, licence, permit or other instrument to which the Corporation is a party or is otherwise bound or by which the Corporation benefits or to which any of its property and assets are subject.

15. There are no provisions in the articles or by-laws (or documents of a similar nature) of each of the Guarantors which have not been complied with, which limit or restrict in any way the power, capacity or authority of each of the Guarantors to hold real or personal property, to borrow money upon the credit of the Guarantor, to issue, reissue, sell or pledge debt obligations of the Guarantor, to give a guarantee to secure the performance of an obligation of any person, to mortgage, hypothecate, pledge, assign or otherwise grant a security interest in all real or personal property of the Guarantor now owned or subsequently acquired to secure any obligation of the Guarantor or to delegate the powers referred to above to a director, officer or committee of directors.

16. The execution and delivery by each of the Guarantors of the Credit Agreement and such other agreements and documents entered into in connection therewith (including, without limitation, the security agreement pursuant to section 11.1(d)(iii) of the Credit Agreement

and the guarantee pursuant to section 11.1(d)(v) of the Credit Agreement), and the performance by each of the Guarantors its obligations thereunder and the consummation of the transactions contemplated therein, do not and will not conflict with, result in any breach or violation of, or constitute a default under:

(d) the terms, conditions or provisions of the articles and by-laws (or documents of a similar nature) of each of the Guarantors;

(e) any law, regulation, judgment, decree or order binding on or applicable to each of the Guarantors or by which each of the Guarantors benefit or to which any of their property and assets are subject; or

(f) any material agreement, lease, licence, permit or other instrument to which each of the Guarantors is a party or is otherwise bound or by which each of the Guarantors benefit or to which any of their property and assets are subject.

17. There is no order, judgment or decree of any court, arbitrator or similar tribunal or governmental authority against the Corporation which would, and there are no claims, actions, suits, prosecutions or proceedings pending or threatened before any court, arbitrator or similar tribunal or governmental authority against the Corporation which would, if adversely determined, singly or in the aggregate, have a material adverse effect on the ability of the Corporation to perform its respective obligations under the Credit Agreement or the documentation executed and delivered by the Corporation in connection therewith.

DATED at Moncton, New Brunswick this 21st day of March, 2012.

LANDDRILL INTERNATIONAL INC.

____

Name: Ron Goguen

Title: Chief Executive Officer, President

Exhibit A

Articles

[please see 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: **462895**

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: **432885**

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

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

NOTICE OF ARTICLES

Name of Company:

LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:	**Delivery Address:**
700-625 HOWE ST VANCOUVER BC V6C 2T6 CANADA	700-625 HOWE ST VANCOUVER BC V6C 2T6 CANADA

RECORDS OFFICE INFORMATION

Mailing Address:	**Delivery Address:**
700-625 HOWE ST VANCOUVER BC V6C 2T6 CANADA	700-625 HOWE ST VANCOUVER BC V6C 2T6 CANADA

DIRECTOR INFORMATION

.st Name, First Name, Middle Name:
GOGUEN, JR., RONALD W.

Mailing Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Delivery Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Last Name, First Name, Middle Name:
GOGUEN, SR., RONALD J.

Mailing Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Delivery Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Last Name, First Name, Middle Name:
Stringer, Edward

Mailing Address:
76 HENRY STREET
GARSON ON P3L 1A4
CANADA

Delivery Address:
76 HENRY STREET
GARSON ON P3L 1A4
CANADA

---

st Name, First Name, Middle Name:
.onehouse, Grant

Mailing Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Delivery Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Last Name, First Name, Middle Name:
Graham, Alan R.

Mailing Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Delivery Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Last Name, First Name, Middle Name:
MARTIN, JOHN S. G.

Mailing Address:
17 HESTER DRIVE
MIRAMICHI NB E1V 5M2
CANADA

Delivery Address:
17 HESTER DRIVE
MIRAMICHI NB E1V 5M2
CANADA

Last Name, First Name, Middle Name:
Monette, Jacques F.

Mailing Address:
1876 SUNNYSIDE ROAD
SUDBURY ON P3G 1H8
CANADA

Delivery Address:
1876 SUNNYSIDE ROAD
SUDBURY ON P3G 1H8
CANADA

Last Name, First Name, Middle Name:
Ormston, Richard G.

Mailing Address:
36 BIRCHVIEW DRIVE
HALIFAX NS B3P 1G4
CANADA

Delivery Address:
36 BIRCHVIEW DRIVE
HALIFAX NS B3P 1G4
CANADA

Last Name, First Name, Middle Name:
Clinch, John R.

Mailing Address:
2090 QUEEN ELIZABETH DRIVE
BATHURST NB E2A 4Y4
CANADA

Delivery Address:
2090 QUEEN ELIZABETH DRIVE
BATHURST NB E2A 4Y4
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

BRITISH COLUMBIA
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Ministry
of Finance
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

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Of a Document filed with the Province of
British Columbia Registrar of Companies

RON TOWNSHEND
December 18, 2009

Notice of Articles

BUSINESS CORPORATIONS ACT

[redacted]

NOTICE OF ARTICLES

Name of Company:

LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

st Name, First Name, Middle Name:
GOGUEN, JR., RONALD W.

Mailing Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Delivery Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Last Name, First Name, Middle Name:
GOGUEN, SR., RONALD J.

Mailing Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Delivery Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Last Name, First Name, Middle Name:
Stonehouse, Grant

Mailing Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Delivery Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Name, First Name, Middle Name:
.nam, Alan R.

Mailing Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Delivery Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Last Name, First Name, Middle Name:
MARTIN, JOHN S. G.

Mailing Address:
17 HESTER DRIVE
MIRAMICHI NB E1V 5M2
CANADA

Delivery Address:
17 HESTER DRIVE
MIRAMICHI NB E1V 5M2
CANADA

Last Name, First Name, Middle Name:
Monette, Jacques F.

Mailing Address:
1876 SUNNYSIDE ROAD
SUDBURY ON P3G 1H8
CANADA

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1876 SUNNYSIDE ROAD
SUDBURY ON P3G 1H8
CANADA

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Ormston, Richard G.

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38 BIRCHVIEW DRIVE
HALIFAX NS B3P 1G4
CANADA

Delivery Address:
38 BIRCHVIEW DRIVE
HALIFAX NS B3P 1G4
CANADA

Last Name, First Name, Middle Name:
Clinch, John R.

Mailing Address:
2090 QUEEN ELIZABETH DRIVE
BATHURST NB E2A 4Y4
CANADA

Delivery Address:
2090 QUEEN ELIZABETH DRIVE
BATHURST NB E2A 4Y4
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

---

BRITISH COLUMBIA
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of Finance
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Mailing Address:
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Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Notice of Articles

BUSINESS CORPORATIONS ACT

[redacted]

NOTICE OF ARTICLES

Name of Company:
LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

, Name, First Name, Middle Name:
GOGUEN, JR., RONALD W.

Mailing Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Delivery Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Last Name, First Name, Middle Name:
GOGUEN, SR., RONALD J.

Mailing Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Delivery Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Last Name, First Name, Middle Name:
Stonehouse, Grant

Mailing Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Delivery Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

' Name, First Name, Middle Name:
..nam, Alan R.

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CANADA

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REXTON NB E4W 1X8
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CANADA

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MIRAMICHI NB E1V 5M2
CANADA

Last Name, First Name, Middle Name:
Monette, Jacques F.

Mailing Address:
1876 SUNNYSIDE ROAD
SUDBURY ON P3G 1H8
CANADA

Delivery Address:
1876 SUNNYSIDE ROAD
SUDBURY ON P3G 1H8
CANADA

HORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

Date and Time: December 18, 2009 10:36 AM Pacific Time

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Ministry of Finance
BC Registry Services

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3
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Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Notice of Articles

BUSINESS CORPORATIONS ACT

[redacted]

NOTICE OF ARTICLES

Name of Company:
LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
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CANADA

Delivery Address:
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CANADA

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Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

: Name, First Name, Middle Name:
HOLT, DAVID L.

Mailing Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Delivery Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Last Name, First Name, Middle Name:
GOGUEN, JR., RONALD W.

Mailing Address:
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MONCTON NB E1H 3S4
CANADA

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186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Last Name, First Name, Middle Name:
GOGUEN, SR., RONALD J.

Mailing Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Delivery Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Name, First Name, Middle Name:
Stonehouse, Grant

Mailing Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Delivery Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Last Name, First Name, Middle Name:
Graham, Alan R.

Mailing Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Delivery Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Last Name, First Name, Middle Name:
MARTIN, JOHN S. G.

Mailing Address:
17 HESTER DRIVE
MIRAMICHI NB E1V 5M2
CANADA

Delivery Address:
17 HESTER DRIVE
MIRAMICHI NB E1V 5M2
CANADA

Last Name, First Name, Middle Name:
SMEENK, FRANK CORNELIUS

Mailing Address:	**Delivery Address:**
6081 KIRBY ROAD KLEINBURG ON L0J 1C0 CANADA	6081 KIRBY ROAD KLEINBURG ON L0J 1C0 CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

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Ministry of Finance
BC Registry Services

Mailing Address:
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Victoria BC V8W 9V3
www.corporateonline.gov.bc.ca

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Notice of Articles

BUSINESS CORPORATIONS ACT

[illegible] January [illegible] Pacific Time

[illegible] Number: [illegible]

[illegible] Incorporated on [illegible] 1992

NOTICE OF ARTICLES

Name of Company:

LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
HOLT, DAVID L.

Mailing Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Delivery Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Last Name, First Name, Middle Name:
GOGUEN, JR., RONALD W.

Mailing Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

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186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Last Name, First Name, Middle Name:
GOGUEN, SR., RONALD J.

Mailing Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Delivery Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Last Name, First Name, Middle Name:
Stonehouse, Grant

Mailing Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Delivery Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Last Name, First Name, Middle Name:
Graham, Alan R.

Mailing Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Delivery Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

BRITISH COLUMBIA
The Best Place on Earth

Ministry of Finance
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
June 14, 2007

Notice of Articles

BUSINESS CORPORATIONS ACT

[redacted]

NOTICE OF ARTICLES

e of Company:

LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

Name, First Name, Middle Name:
[illegible], JAMES P.

Mailing Address:
11 HAWTHORNE PL.
LEWISTON ME 04240
UNITED STATES

Delivery Address:
11 HAWTHORNE PL.
LEWISTON ME 04240
UNITED STATES

Last Name, First Name, Middle Name:
HOLT, DAVID L.

Mailing Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Delivery Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Last Name, First Name, Middle Name:
GOGUEN, JR., RONALD W.

Mailing Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Delivery Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Name, First Name, Middle Name:
GOGUEN, SR., RONALD J.

Mailing Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Delivery Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Last Name, First Name, Middle Name:
Stonehouse, Grant

Mailing Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Delivery Address:
71 MCQUADE LAKE CRESCENT
HALIFAX NS B3S 1C4
CANADA

Last Name, First Name, Middle Name:
Graham, Alan R.

Mailing Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

Delivery Address:
26 CENTENNIAL AVENUE WEST
REXTON NB E4W 1X8
CANADA

HORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

Notice of Articles

BUSINESS CORPORATIONS ACT

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

RON TOWNSHEND
December 20, 2005

[illegible] Notice of Articles was issued by the Registrar on: December [illegible], 2005 12:[illegible] Pacific Time

Incorporation Number: [illegible]

Recognition Date: [illegible] December [illegible]

NOTICE OF ARTICLES

Name of Company:

LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
MCGRATH, MARION

Mailing Address:	**Delivery Address:**
202 - 837 W. HASTINGS ST. VANCOUVER BC V6C 3N6 CANADA	202 - 837 W. HASTINGS ST. VANCOUVER BC V6C 3N6 CANADA

Last Name, First Name, Middle Name:
LIGHTFOOT, JEFFREY B.

Mailing Address:	**Delivery Address:**
700 - 625 HOWE ST. VANCOUVER BC V6C 2T6 CANADA	700 - 625 HOWE ST. VANCOUVER BC V6C 2T6 CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

BRITISH COLUMBIA

Ministry of Finance
Corporate and Personal
Property Registries
www.corporateonline.gov.bc.ca

Mailing Address:
PO BOX 9431 Stn Prov Govt.
Victoria BC V8W 9V3

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Notice of Articles

BUSINESS CORPORATIONS ACT

[redacted]

NOTICE OF ARTICLES

.ne of Company:

LANDDRILL INTERNATIONAL INC.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

RECORDS OFFICE INFORMATION

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700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

/ Name, First Name, Middle Name:
.. .f, JAMES P.

Mailing Address:
11 HAWTHORNE PL.
LEWISTON ME 04240
UNITED STATES

Delivery Address:
11 HAWTHORNE PL.
LEWISTON ME 04240
UNITED STATES

Last Name, First Name, Middle Name:
HOLT, DAVID L.

Mailing Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Delivery Address:
733 PINEWOOD RD.
P.O. BOX 7094
RIVERVIEW NB E1B 4T8
CANADA

Last Name, First Name, Middle Name:
BROWNE, THOMAS

Mailing Address:
39L OBLEY RD.
DUBBO, NEW SOUTH WALES 2830
AUSTRALIA

Delivery Address:
39L OBLEY RD.
DUBBO, NEW SOUTH WALES 2830
AUSTRALIA

Name, First Name, Middle Name:
GOGUEN, JR., RONALD W.

Mailing Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Delivery Address:
186 ROYAL OAKS BLVD.
MONCTON NB E1H 3S4
CANADA

Last Name, First Name, Middle Name:
GOGUEN, SR., RONALD J.

Mailing Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

Delivery Address:
1776 ELMWOOD DR.
MONCTON NB E1H 2H6
CANADA

AUTHORIZED SHARE STRUCTURE

1. No Maximum COMMON Shares Without Par Value

Without Special Rights or Restrictions attached

Notice of Articles

BUSINESS CORPORATIONS ACT

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

RON TOWNSHEND
September 27, 2005

NOTICE OF ARTICLES

Name of Company:

GENERAL STRATEGIES LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:	Delivery Address:
700-625 HOWE ST	700-625 HOWE ST
VANCOUVER BC V6C 2T6	VANCOUVER BC V6C 2T6
CANADA	CANADA

RECORDS OFFICE INFORMATION

Mailing Address:	Delivery Address:
700-625 HOWE ST	700-625 HOWE ST
VANCOUVER BC V6C 2T6	VANCOUVER BC V6C 2T6
CANADA	CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
MCGRATH, MARION

Mailing Address:
202 - 837 W. HASTINGS ST.
VANCOUVER BC V6C 3N6
CANADA

Delivery Address:
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VANCOUVER BC V6C 3N6
CANADA

Last Name, First Name, Middle Name:
LIGHTFOOT, JEFFREY B.

Mailing Address:
700 - 625 HOWE ST.
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700 - 625 HOWE ST.
VANCOUVER BC V6C 2T6
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

BRITISH COLUMBIA

Ministry of Finance
Corporate and Personal Property Registries
www.corporateonline.gov.bc.ca

Mailing Address:
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Victoria BC V8W 9V3

Location:
2nd Floor - 940 Blanshard St.
Victoria BC
250 356-8626

Notice of Articles

BUSINESS CORPORATIONS ACT

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

Liz Mueller

LIZ MUELLER
May 30, 2005

This Notice of Articles was issued by the Registrar on May 30, 2005 [illegible]

Incorporation Number: BC0432895

Recognition Date: Incorporated on [illegible] 1992

NOTICE OF ARTICLES

Name of Company:

GENERAL STRATEGIES LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

RECORDS OFFICE INFORMATION

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700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6
CANADA

DIRECTOR INFORMATION

[illegible] lame, First Name, Middle Name:
M[illegible]RATH, MARION

Mailing Address:	**Delivery Address:**
202 - 837 W. HASTINGS ST. VANCOUVER BC V6C 3N6 CANADA	202 - 837 W. HASTINGS ST. VANCOUVER BC V6C 3N6 CANADA

Last Name, First Name, Middle Name:
LIGHTFOOT, JEFFREY B.

Mailing Address:	**Delivery Address:**
700 - 625 HOWE ST. VANCOUVER BC V6C 2T6 CANADA	700 - 625 HOWE ST. VANCOUVER BC V6C 2T6 CANADA

PRE-EXISTING COMPANY PROVISIONS

The Pre-existing Company Provisions apply to this company.

AUTHORIZED SHARE STRUCTURE

1.	100,000,000	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

BRITISH COLUMBIA

Ministry of Finance
Corporate and Personal
Property Registries
www.corporateonline.gov.bc.ca

Mailing Address:
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Location:
2nd Floor - 940 Blanshard St
Victoria BC
250 356-8626

Transition Application

Form 43
BUSINESS CORPORATIONS ACT
Section 437

CERTIFIED COPY
Of a Document filed with the Province of British Columbia Registrar of Companies

J S Powell
December 21, 2004

FILING DETAILS:	Transition Application for GENERAL STRATEGIES LTD.
Filed Date and Time:	December 21, 2004 10:35 AM Pacific Time
Transition Date and Time:	Transitioned on December 21, 2004 10:35 AM Pacific Time

TRANSITION APPLICATION

This confirms there has been filed with the registrar all records necessary to ensure that the information in the corporate registry respecting the directors of the company is, immediately before the transition application is submitted to the registrar for filing, correct.

Incorporation Number:
BC0432895

Name of Company:
GENERAL STRATEGIES LTD.

NOTICE OF ARTICLES

Name of Company:

GENERAL STRATEGIES LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6

Delivery Address:
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VANCOUVER BC V6C 2T6

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VANCOUVER BC V6C 2T6

Delivery Address:
700-625 HOWE ST
VANCOUVER BC V6C 2T6

DIRECTOR INFORMATION

Last Name, First Name Middle Name:
MCGRATH, MARION

Mailing Address:
202 - 837 W. HASTINGS ST.
VANCOUVER BC V6C 3N6

Delivery Address:
202 - 837 W. HASTINGS ST.
VANCOUVER BC V6C 3N6

Last Name, First Name Middle Name:
LIGHTFOOT, JEFFREY B.

Mailing Address:
700 - 625 HOWE ST.
VANCOUVER BC V6C 2T6

Delivery Address:
700 - 625 HOWE ST.
VANCOUVER BC V6C 2T6

Last Name, First Name Middle Name:
DUNFIELD, PETER

Mailing Address:
202 - 837 W. HASTINGS ST.
VANCOUVER BC V6C 3N6

Delivery Address:
202 - 837 W. HASTINGS ST.
VANCOUVER BC V6C 3N6

PRE-EXISTING COMPANY PROVISIONS

a Pre-existing Company Provisions apply to this company.

AUTHORIZED SHARE STRUCTURE

1.	100,000,000	COMMON Shares	Without Par Value Without Special Rights or Restrictions attached

Exhibit B

By-laws

[please see attached]

**PURSUANT to name change December 30, 2005

REC'D 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

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.

Exhibit C

Authorizing Resolutions

RESOLUTIONS OF THE DIRECTORS
OF
LANDDRILL INTERNATIONAL INC.
(the "**Company**")

We, the undersigned, being all of the directors of the Company, do hereby consent to the following resolutions as evidenced by our signatures hereinafter set forth.

WHEREAS the Company has made arrangements to borrow the principal sum of $8,000,000 (the "**Bridge Loan**") from NORREP Credit Opportunities Fund, LP by and through its general partner, NORREP Credit Opportunities Fund Inc., as lender (the "**Lender**") on the terms and conditions set forth in the credit agreement among, *inter alia*, the Company and the Lender dated March 21, 2012 (the "**Credit Agreement**");

AND WHEREAS the Company will issue, as consideration for the Bridge Loan, common share purchase warrants to the Lender;

AND WHEREAS the Company engaged the services of FINAO Advisory Corp. (the "**Broker**"), a financial services broker, in securing the Bridge Loan;

AND WHEREAS the Company will issue, as consideration for the services of the Broker in securing the Bridge Loan, common shares to the Broker;

AND WHEREAS the consent of Sprott Resource Lending Partnership ("**Sprott**"), as a secured creditor of the Company, is required in order for the Company to enter into the Credit Agreement;

AND WHEREAS the Company will issue, as consideration for the Sprott consent, common shares in the capital of the Company to Sprott;

AND WHEREAS Sprott requires that certain terms of the indebtedness of the Company to Sprott (the "**Sprott Loan**") be restructured due to the Bridge Loan, including the repayment schedule of the Sprott Loan;

AND WHEREAS the directors are authorized to borrow money on the credit of the Company and to charge, mortgage or pledge all or any of the real or personal property, rights and undertaking of the Company, present and future, to secure any money borrowed;

AND WHEREAS it is in the interest of the Company that the directors should exercise the authority so conferred.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. **THAT** the creation, execution and delivery by the Company of the Credit Agreement, and the performance of the Company's obligations thereunder, be and is hereby authorized approved, ratified and confirmed, and either the Chief Executive Officer or Chief Financial Officer of the Company (the "**Signing Officer**") be and is hereby authorized and directed to execute, under the corporate seal of the Company or otherwise, and deliver the Credit Agreement and any ancillary agreements and documents related to the Bridge Loan, including without limitation, the following:

a. a general security agreement containing a charge on and security interest in all of the present and after acquired property of the Company including a fixed and floating charge on all present and after acquired assets of the Company in favour of the Lender; and

b. such other security contemplated by the Credit Agreement or as may be required by the Lender,

(collectively, together with the Term Sheet, the "**Documents**"), with such changes, additions or alterations thereto as the Signing Officer may consider necessary or advisable. The approval of the Signing Officer as to any changes, additions or alterations shall be deemed to be conclusively proved by his execution of the Documents, and such execution shall be conclusive evidence that the Documents so executed are the Documents authorized by these resolutions. The performance by the Company of its obligations under the Documents is hereby authorized;

2. **THAT** without in any way limiting the generality of the foregoing, as general and continuing security for this financing and for the performance of all obligations, both present and future, contingent or otherwise, of the Company owed to the Lender, the Company is hereby authorized to charge all of its undertaking, property and assets. The Company shall grant the security contemplated by the Credit Agreement;

3. **THAT** the Signing Officer be and is hereby authorized and directed for and on behalf of the Company to execute and deliver all such deeds, documents, instruments and writings, and perform and do all such acts as the Signing Officer in their discretion may consider to be necessary, desirable or useful for the purpose of giving effect to these resolutions and the terms of the Documents;

4. **THAT** the Company, upon the closing of the Bridge Loan, pay as consideration for the Lender entering into the Credit Agreement, 4,600,000 bonus common share purchase warrants (the "**Warrants**");

5. **THAT** the Company create 4,600,000 non-transferable common share purchase warrants, each warrant entitles the holder thereof to purchase one additional common share of the Company (a "**Warrant Share**") at an exercise price of Cdn$0.24 per Warrant Share for a period of 36 months following the Closing Date;

6. **THAT** the terms and conditions attached thereto be in a form approved by the Chief Executive Officer or Chief Financial Officer of the Company on the advice of counsel for the Company, and that either the Chief Executive Officer or Chief Financial Officer of the Company is hereby authorized to create, issue and execute the Warrants;

7. **THAT** subject to such adjustments as are provided for in the terms and conditions attached to the Warrants, up to 4,600,000 common shares be allotted for issue upon the exercise of the Warrants;

8. **THAT** all agreements, documents, deeds, instruments, writings, acts or proceedings, connected with or pertaining to the Bridge Loan which may heretofore have been executed, made, done or performed by the Company are hereby approved, ratified and confirmed;

Brokers' Fee

9. **THAT** the Company, upon the closing of the Bridge Loan, pay a broker's fee to the Broker consisting of the following:

   i. $160,000; and

   ii. bonus common shares in the capital of the Company equal to $160,000 based on the 10 day volume weighted average price ("**VWAP**") of the Company's common stock on the TSXV (the "**Broker Shares**").

10. **THAT** such number of common shares calculated in accordance with resolution #9 above be issued by the Company to Sprott, or its nominee;

11. **THAT** the Commission payable to the Broker in connection with the Bridge Loan is, in all circumstances of the transaction, no greater than the fair market of those services;

Sprott Consent

12. **THAT** the Company, upon the closing of the Bridge Loan, pay an administrative fee to Sprott consisting of bonus common shares in the capital of the Company equal to $100,000 based on the 10 VWAP of the Company's common stock on the TSXV;

13. **THAT** such number of common shares calculated in accordance with resolution #12 above be issued by the Company to Sprott, or its nominee;

14. **THAT** the administrative fee payable to Sprott in connection with the consent to the Bridge Loan is, in all circumstances of the transaction, no greater than the fair market of those services;

15. **THAT** the Company is hereby authorized to amend the credit agreement with Sprott, including amending the repayment schedule thereunder and is hereby authorized to enter into an agreement with Sprott to such effect;

Authorization to Transfer Agent

16. **THAT** in pursuance of the above resolutions, the Registrar and Transfer Agent of the Company be authorized and directed to:

   a. issue certificates representing a that number of common shares in the capital of the Company calculated as per above to such persons (the "**Placees**") as directed by the Company in accordance with the foregoing resolutions;

   b. hold in reserve, and to issue upon the exercise of the Warrants, up to a maximum of 4,600,000 common shares in the capital stock of the Company, subject to adjustment in accordance with the terms and conditions of the warrant certificate evidencing the Warrants; and

c. to enter the name of the Placees and all other necessary particulars in respect of the issuance of the shares hereunder and the aforementioned allotments in the register of members and allotments of the Company;

Execution of Documents

17. **THAT** either the Chief Executive Officer or Chief Financial Officer of the Company be authorized to do all such acts, execute and deliver such further documents, instruments, affirmations and treasury orders on behalf of the Company in connection with this Bridge Loan, including any filings required to be filed by the Company with the TSX Venture Exchange; and

Counterparts

18. **THAT** these resolutions may be signed by the directors, manually or by facsimile, in as many counterparts as may be necessary, each of which so signed will be deemed to be the original, and such counterparts together will constitute one and the same instrument.

The foregoing resolutions are deemed to have been passed on March 19, 2012.

Ronald Goguen, Sr.	Rick Ormston
Edward Stringer	Ron Goguen, Jr.
David Beatty	Jamie Lavigne
David Watkins	Francis Melanson

Exhibit D

Incumbency Certificate

Name of Director or Officer	Title	Specimen Signature
Ron Goguen, Sr.	Chief Executive Officer President Director Chairman	Ron Goguen
Derrick West	Chief Financial Officer Corporate Secretary	
Jacques F. Monette	VP, Marketing	
Stephane Cormier	VP, Operations	
Ron Goguen, Jr.	Director	
Richard Ormston	Director	
David M. Beatty	Director	
Edward Stringer	Director	
Francis Melanson	Director	
Jamie Lavigne	Director	
David Watkins	Director	

Exhibit E

<u>Registered Office and Jurisdictions</u>

Registered Office:	408-837 West Hastings Street, Suite 202 Vancouver, BC V6C 3N6
Head Office:	160 MacNaughton Avenue Moncton, NB E1H 3L9
Chief Executive Office:	160 MacNaughton Avenue Moncton, NB E1H 3L9
Jurisdictions of Business:	Canada Mexico Nicaragua Barbados Hong Kong Mali Russia Mongolia Netherlands