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)

AMENDED RECORD ON MOTION

FILED ON BEHALF OF ERNST & YOUNG INC.
in its capacity as Monitor of the Companies

STIKEMAN ELLIOTT LLP
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SERVICE LIST

(Revised — April 1, 2013)

PARTIES WITH COUNSEL OF RECORD	
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) 160 MacNaughton Avenue Moncton, NB E1H 3L9 **Attention: Ronald J. Goguen** Tel: 506.388.8100 Fax: 506.388.8990 Email: rongoguen@landdrill.com **Applicants**	***COUNSEL:*** **STEWART McKELVEY** 44 Chipman Hill Suite 1000, Brunswick House Saint John, NB E2L 4S6 **Stephen J. Hutchison** Tel: 506.632.1970 Fax: 506.652.1989 Email: shutchison@stewartmckelvey.com

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Her Majesty the Queen in Right of the Province of New Brunswick as Represented by the Minister of Finance Centennial Building Room: 371, Floor: 3 P. O. Box 6000 Fredericton, NB E3B 5H1	
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2.	Tenth Report of the Monitor
3.	Form of Order

TAB 1

Cause No: M/M/114-12

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK

COUR DU BANC DE LA REINE DU NOUVEAU-BRUNSWICK

TRIAL DIVISION

DIVISION DE PREMIERE INSTANCE

JUDICIAL DISTRICT OF MONCTON

CIRCONSCRIPTION JUDICIAIRE DE

BETWEEN:

ENTRE:

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)

AMENDED NOTICE OF MOTION (FORM 37A)

AVIS DE MOTION (Formule 37A)

TO: All Parties on the Service List attached as Schedule "A".

DESTINAIRE:

Ernst & Young Inc. (the "**Monitor**"), as Monitor under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") of Landdrill International Inc., Landdrill International Ltd., Landdrill Atlantic Ltd., Landdrill Contract Mining Ltd., Landdrill Mexico S.A.

<table>
<tr>
<td>de C.V., Landdrill International LLC, and Landdrill International Inc. (collectively, the "Applicants") will make a motion to the Court on the 8th day of April 2013 at 11:00 a.m. or as soon after that time as a motion can be heard, at the Moncton Court House, 145 Assomption Blvd., Moncton, New Brunswick, for an Order:</td>
<td>Le _________ demandera à la Cour à

____
Le _____________, 20__, à ______ h, d'ordonner:</td>
</tr>
</table>

1. Abridging and validating the timing and method of service and filing of the Notice of Motion, if necessary, so that this Motion is properly returnable, and so that further service thereof and the need to file a Record of Motion is dispensed with;

2. Extending the Stay Period (as defined in the Initial Order of this Court dated August 31, 2012) to ~~June 14,~~May 31, 2013;

3. Sealing Confidential Appendix "A" to the Tenth Report of the Monitor (defined below);

4. Approving the Tenth Report and the activities described therein; and

5. Such further and other relief as may be just and appropriate.

The grounds to be argued upon the hearing of the motion are as follows:

1. The Applicants were granted protection from their creditors under the *CCAA* pursuant to the Initial Order;

2. The activities of the Monitor pursuant to and since the granting of the Initial Order are described in the reports of the Monitor, including the Tenth Report of the Monitor (the "**Tenth Report**"), to be filed;

3. The Applicants require additional time in order to complete the sale of or realize upon certain of the Applicants' remaining assets, complete the D&O Claims Solicitation Process (as defined in the Order of this Court dated March 21, 2013) and make distributions to the Applicants' creditors;

4. The Applicants have sufficient funds to continue to operate through June 16, 2013 without a DIP; and

5. Such other grounds as are disclosed by the facts set out in the Tenth Report.

Upon the hearing of the within motion, the Monitor intends to rely upon the following statutory provisions and rules, namely:

1. The provisions of the *CCAA*;

2. Rules 1.03, 2.01, 2.02, 3.01, 38 and 39 of the *Rules of Court*;

3. The inherent jurisdiction of this Honourable Court; and

4. Such further and other provisions as counsel may advise and this Honourable Court may permit.

Upon the hearing of the motion, the following affidavit or other documentary evidence will be presented or relied upon:

1. The Tenth Report and Confidential Appendix "A" thereto, to be filed;

2. The Orders of this Honourable Court in these proceedings;

3. All materials filed with this Honourable Court in these proceedings; and

4. Such further and other affidavits or documentary and other evidence as counsel may advise and this Honourable Court may permit.

A l'audition de la motion, les affidavits ou les autres preuves littérales suivantes seront présentées:

You are advised that:

(a) You are entitled to issue documents and present evidence at the hearing in English or French or both;

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

(c) If you intend to proceed in the other official language, an

Sachez que:

(a) Vous avez le droit d'émettre des documents et de presenter votre prevue à l'audience en français, en Anglais ou dans les deux langues;

(b) Le à l'intention d'utiliser la langue Anglais; et

(c) Si vous avez l'intention d'utiliser l'autre langue officielle, les services d'un

interpreter may be required and you must so advise the clerk at least 7 days before the hearing.	interprète pourront être requis et vous devrez un aviser le greffier au moins 7 jours avant l'audience.

DATED at Toronto, Ontario, this ~~2nd~~3rd day of April, 2013.

STIKEMAN ELLIOTT LLP
Lawyers for the Court-appointed Monitor of the Applicants, Ernst & Young Inc.

STIKEMAN ELLIOTT

STIKEMAN ELLIOTT LLP
Barristers and Solicitors
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Schedule "A"

PARTIES WITH COUNSEL OF RECORD	
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GE CANADA EQUIPMENT FINANCING G.P. GE CANADA ASSET FINANCING HOLDING COMPANY GE CANADA EQUIPMENT FINANCING & LEASING SERVICES GENERAL ELECTRIC CANADA EQUIPMENT FINANCE G.P. GENERAL ELECTRIC CANADA EQUIPMENT GE CANADA LEASING SERVICES COMPANY GE CAPITAL CANADA EQUIPMENT FINANCING & LEASING COMPANY GE TECHNOLOGY FINANCE GE VFS CANADA LIMITED PARTNERSHIP 1 Place Ville-Marie, Suite 1401 **Montreal, PQ H3B 2B2** 1100-1250 Rene-Levesque W. Montreal, QC H3B 4W8 239 Brownlow Avenue, Suite 204 Dartmouth, NS B3B 2B2 (collectively, the"**GE Group of Companies**")	***COUNSEL:*** **MILLER THOMSON** One London Place 255 Queens Avenue, Suite 2100 London, ON N6A 5R8 **Alissa K. Mitchell** Tel: 519.931.3500 Fax: 519.858.8511 Email: Amitchell@millerthomson.com
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NATIONAL LEASING GROUP INC. 1525 Buffalo Place Winnipeg, MB R3T 1L9	Tel: 888.599.1966 Fax: 800.882.0560 Email: manitoba@nationalleasing.com
WILSON CHEVROLET LIMITED 100 Wilson Ave. New Liskeard, ON POJ 1P0	Tel: 705.647.4373 Fax: 705.647.3062
PENSION PLAN	
ASSUMPTION LIFE 770 Main Street Moncton, NB E1C 8L1	**Justin Belliveau** Tel: 506.869.9751 Fax: 506.853.5433 Email: justin.belliveau@assumption.ca
REAL PROPERTY/LEASING	
656970 N.B. Inc. / KLC Holdings 1199 Peter Avenue Bathurst, NB E2A 3A1	**Kevin Comeau** Tel: 506.548.9795 Email: klc@nb.aibn.com
GLENN MACDONALD PO Box 306 Gogama, ON POM 1W0	**Glenn MacDonald** Tel: 705.365.8904
TNG HOLDINGS LTD. 709 Richards Cres. Labrador City, NL A2V 1P4	**Tom Delaney** Tel: 709.282.6200
NORTHERN PROPERTIES (NPR LIMITED PARTNERSHIP) PO BOX 13426, Station A St. John's NL A1B 4B7	**Karen Ghaney** Tel: 709.757.2787

SUBASH RAMKARAN 864 Tamarak Drive Labrador City, NL A2B 2V6	**Subash Ramkaran** Tel: 709.282.5559
ROBERT SMITH 813 Hudson Drive Labrador City, NL A2V 1M4	**Robert Smith** Tel: 709.944.3781
PARTIES INVOLVED WITH THE APPLICANTS' INSURANCE PROGRAM	
Goguen Champlain Insurance/Assurance Goguen Champlain 1040 rue Champlain Street Suite 200 Dieppe, NB E1A 8L8	**Sonia Lirette, CAIB** Tel: 506.869.8239 Fax: 506-857-1809 Email: slirette@goguenchamplain.com Luc Caissie Tel: 506-857-0064
Strategic Underwriting Manager	serge.melanson@suminsurance.ca

GOVERNMENT AGENCIES AND MUNICIPALITIES	
Department of Justice Atlantic Regional Office Department of Justice Canada Suite 1400, Duke Tower 5251 Duke Street Halifax, NS B3J 1P3	
Ministry of the Attorney General (New Brunswick) Centennial Building P. O. Box 6000 Fredericton, NB E3B 5H1	
Ministry of the Attorney General (British Columbia) PO Box 9290 Stn Prov Govt Victoria, BC V8W 9J7	

Ministry of the Attorney General (Ontario) McMurtry-Scott Building 720 Bay Street, 11th Floor Toronto, ON M7A 2S9	**Ananthan Sinnadurai** Tel: 416-325-7982 Fax: 416-326-4181 Email: ananthan.sinnadurai@ontario.ca
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Department of Justice, Civil Division Government of Newfoundland and Labrador	**Todd Stanley** Tel: 709.729.2597 Fax: 709.729.2129 Email: toddstanley@gov.nl.ca
Canada Revenue Agency Moncton Tax Services Office P.O. Box 1070 Moncton, NB E1C 8P2	
Her Majesty the Queen in Right of the Province of New Brunswick as Represented by the Minister of Finance Centennial Building Room: 371, Floor: 3 P. O. Box 6000 Fredericton, NB E3B 5H1	
Her Majesty the Queen in Right of the Province of British Columbia as Represented by the Minister of Finance P.O. Box 9417 Stn Prov Govt Victoria, BC V8W 9V1	
Her Majesty the Queen in Right of the Province of Ontario as Represented by the Minister of Finance 33 King Street West, 6th Floor PO Box 620 Oshawa, ON L1H 8E9	Kevin J. O'Hara Email: kevin.ohara@ontario.ca
Her Majesty the Queen in Right of the Province of Quebec as Represented by the Minister of Finance 12, rue Saint-Louis Québec (Québec) G1R 5L3	

Ministry of the Environment P. O. Box 5001 Moncton, NB E1C 8R3	
Her Majesty the Queen in Right of the province of British Columbia as Represented by the Ministry of the Environment PO Box 9339 Station Prov Govt Victoria, BC V8W 9M1	
Her Majesty the Queen in Right of the province of Ontario as Represented by the Ministry of the Environment 720 Bay Street, 8th Floor Toronto, ON M7A 2S9	**Jacqueline L. Wall** Tel: (416) 325-8435 Fax:(416) 326-4181 Email: jacqueline.wall@ontario.ca **Ananthan Sinnadurai** Tel: (416) 326-4576 Email: ananthan.sinnadurai@ontario.ca

TAB 2

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)

TENTH REPORT OF THE MONITOR

April 3, 2013

INTRODUCTION

1. On August 31, 2012, Landdrill International Inc. ("**Landdrill Inc.**"), a British Columbia corporation, Landdrill International Ltd. ("**Landdrill Ltd**"), a New Brunswick corporation, Landdrill Atlantic Ltd., a New Brunswick corporation, Landdrill Contract Mining Ltd., a New Brunswick corporation (collectively "**Landdrill Canada**"), Landdrill Mexico S.A. de C.V., a Mexican corporation ("**Landdrill Mexico**"), Landdrill International LLC, a Mongolian corporation ("**Landdrill Mongolia**"), and Landdrill International Inc., a Barbados corporation, (collectively, the "**Applicants**" or the "**Companies**"), filed an application with the Court of Queen's Bench of New Brunswick (Trial Division) in the judicial district of Moncton (the "**Court**") to initiate proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, (the "***CCAA***").

2. On August 31, 2012, this Court made an order (the "**Initial Order**") granting various relief including the appointment of Ernst & Young Inc. as *CCAA* Monitor of the Applicants (the "**Monitor**") and imposing a stay of proceedings against creditors of the Companies until September 28, 2012. By Order (Re: Comeback/Extension Motion) dated September 27, 2012 (the "**Comeback Order**"), the Initial Order was amended to, *inter alia*, extend the Stay Period (as defined in the Initial Order) until November 2, 2012. The Stay Period was further extended by the Court from November 2, 2012, until November 13, 2012. On November 13, 2012, the Stay Period was extended until February 15, 2013, subject to the Applicants filing a revised cash flow projection by December 9, 2012, demonstrating that the Applicants would have sufficient liquidity to continue to operate during the Stay Period. The revised cash flow projection was filed on December 7, 2012, and demonstrated sufficient liquidity to operate during the Stay Period. On February 15, 2013, the Stay period was further extended until and including April 8, 2013.

PURPOSE

3. This Tenth Report of the Monitor (the "**Tenth Report**") is being filed in support of a request for an extension of the Stay Period.

4. The Tenth Report is organized as follows:

   (a) Introduction;
   (b) Purpose;
   (c) Terms of Reference;
   (d) Operational Update;
   (e) Update on Sale Process;
   (f) Updated Cash Flow Projection;
   (g) Non-Payment of Professional Fees;
   (h) Request to Extend the Stay Period;
   (i) Sealing of the Confidential Appendix; and
   (j) Monitor's Conclusions and Recommendations.

TERMS OF REFERENCE

5. In preparing the Tenth Report, the Monitor has been provided with, and has relied upon unaudited historical financial statements, other unaudited financial information and projections prepared by the Companies, the books and records of the Companies, discussions with the management of the Companies ("**Management**") and employees of the Companies and other information from various sources. The Monitor has assumed that the information it has been provided is accurate and complete. Except as noted in the body of this Tenth Report, the Monitor did not audit, review or otherwise attempt to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance with respect to the information provided to the Monitor and presented in the Tenth Report or relied upon by the Monitor in preparing the Tenth Report. Further, the nature of the Monitor's work completed in these *CCAA* proceedings will not necessarily disclose errors, misstatements, irregularities or illegal acts, if such exist, on the part of the Companies, or its officers or employees or in the information.

6. All references to monetary amounts in the Tenth Report are in Canadian dollars unless otherwise noted.

7. Capitalized terms not defined in the Tenth Report are as defined in the Initial Order and/or the Monitor's previous reports.

8. Copies of the Tenth Report and other court materials in these CCAA proceedings may be obtained from the Monitor's website at www.ey.com/ca/landdrill (the "**Monitor's Website**").

OPERATIONAL UPDATE

9. As of the date of this Tenth Report, Landdrill Canada continues to employ 15 employees including the manager of Landdrill Mexico's drilling operations, eight employees working in Mexico and six head office employees.

10. With the recent expiry of two drilling contracts, Landdrill Mexico now has seven drills operating on customer sites in Mexico. No rigs are operating in any other country.

11. As discussed in the Sixth Report, LLC Landdrill International ("**Landdrill Russia**") currently employs three staff in its office in Khabarovsk, Russia. Landdrill Inc. utilizes the services of a consultant to travel to Russia to liaise with Landdrill Russia's staff and to assist with various business matters. The Monitor understands that there are no ongoing operations in Landdrill Russia.

UPDATE ON SALE PROCESS

Landdrill Mexico

12. The Monitor understands that Norrep has purchased the debt owing by Landdrill Mexico to Sprott (the "**Sprott Secured Debt**") and all security held by Sprott in relation to the Sprott Secured Debt. The Monitor understands that Norrep and the Applicants are in discussions regarding the future of the CCAA proceedings and the future of Landdrill Mexico.

Sale and/or Collection on Remaining Assets

13. The Monitor and the Applicants have been working cooperatively to realize, for the benefit of the Applicants' stakeholders, the value of the Companies' remaining assets. A brief outline of these efforts follows.

Notre Dame Building

14. The Monitor, with the assistance of the Applicants, listed the Notre Dame Building with a local real estate agent in Notre-Dame, Quebec on January 2, 2013. As described in the Eighth Report, on the advice of the real estate agent, and in consultation with the Applicants, the Monitor instructed the real estate agent to reduce the price with a view to attracting interested buyers. An offer was received for the Notre-Dame Building. The Monitor, with the concurrence of the Applicants, responded with a counter-offer which was accepted by the proposed buyer (the "**Notre-Dame Purchaser**").

15. The agreement of purchase and sale provides that the Notre-Dame Purchaser has until Thursday, April 19, 2013, to obtain confirmation of financing and the Monitor has until May 15, 2013, to obtain the approval of this Court.

The Canadian Trade Accounts Receivable

16. The remaining book value of the Canadian Trade Accounts Receivable is approximately $400,000 comprised entirely of pre-filing amounts. The Monitor understands from discussions with Management that the trade account debtors dispute the validity of the invoices. Therefore collection of these pre-filing amounts is challenging and in certain cases the customers do not have liquidity to finance the payment of the invoices. Landdrill Canada, with assistance from the Monitor, is continuing its collection efforts on the remaining balances. All of the post-filing Canadian Trade Accounts Receivable balances have been collected by Landdrill Canada.

The Mongolian Tender Process

17. As described in the Seventh Report, the Monitor, on behalf of Landdrill Ltd. (the "**Seller**"), and the Purchaser executed a Share Purchase Agreement on February 13, 2013. A copy of the Share Purchase Agreement, redacted for certain financial information, was attached as Appendix "**B**" to the Seventh Report. An unredacted copy of the Share Purchase Agreement was contained in Confidential Appendix "**A**" to the Seventh Report.

18. All undefined capitalized terms used in this section of the Tenth Report have the meanings given to them in the Share Purchase Agreement.

19. Pursuant to Section 1 of the Share Purchase Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the Mongolian Shares for the Purchase Price. Section 3.2 provides, among other things, that the Mongolian Shares are purchased and sold on an "as is, where is" basis.

20. Section 2 of the Share Purchase Agreement provides that the Purchaser shall pay a deposit in the amount of 10% of the Purchase Price upon execution of the Share Purchase Agreement but not later than February 13, 2013. The balance of the Purchase Price is payable at Closing. The Monitor received the Deposit from the Purchaser on February 27, 2013.

21. As described in greater detail in Section 5 of the Share Purchase Agreement, Closing is subject to receipt by the Seller of an order issued by this Court approving the Share Purchase Agreement and the Transaction and vesting in the Purchaser all of the right, title and interest of the Seller in the Mongolian Shares, free and clear of all encumbrances (the "**Court Order**"). Closing was scheduled to take place promptly in accordance with Mongolian law following receipt by the Seller of the Court Order and in any event prior to March 29, 2013, or such other date as the parties may agree to in writing. On February 15, 2013, this Court issued the Court Order.

22. The Transaction was scheduled to close on March 14, 2013. Immediately prior to the time of the scheduled closing and notwithstanding that the deadline for the Purchaser to conduct due diligence had expired and that the Purchaser had agreed to purchase the Shares on an "as-is, where-is" basis, the Purchaser advised the Monitor it would not close the transaction until it was aware of and satisfied with the results of the tax audit.

23. The Monitor is informed that on or about March 15, 2013, Mr. Ron Goguen Sr. directed Mr. Peter Shortus to inform the Purchaser that Landdrill International Inc. would pay any liability resulting from the tax audit. This commitment was communicated to the Purchaser by Mr. Shortus.

24. Sections 4 and 5 of the Court Order provide:

> *"4. The Monitor, for and on behalf of the Applicants, and the applicable Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Mongolian Shares to the Purchaser, including any steps necessary or desirable to satisfy and/or comply with any applicable laws, regulations or orders of any courts, tribunals, regulatory bodies or administrative bodies in any jurisdiction in which the Mongolian Shares may be located.*
>
> *5. THIS COURT ORDERS that the Monitor may make such amendments to the Share Purchase Agreement as it considers necessary or desirable, provided that it shall not make any material negative changes to any economic terms including, without limiting the generality of the foregoing, any terms dealing with the Purchase Price or Deposit."*

25. On March 28, 2013, the Monitor agreed with the Purchaser that upon receipt of the Purchase Price, the Monitor will place US$25,000 of the Purchase Price in escrow until the earlier of the completion of the tax audit and two months following closing. If the tax audit is concluded within such two month period and results in a finding of liability in respect of Landdrill Mongolia then the Seller and the Purchaser will share such liability 50/50, subject to a cap of $25,000 on any obligation of the Seller, which shall be paid from the escrowed funds. Any amount remaining in escrow following satisfaction of any such liability will be released to the Monitor. Any liability over $50,000 shall be the sole responsibility of the Purchaser. If the tax audit is not completed within such two month period then the escrowed funds shall be released to the Monitor. Also on March 28, 2013, the Purchaser informed the Monitor that he would wire the Purchase Price to the Monitor's trust account. On March 29, 2013, the Purchaser informed the Monitor that due to the Easter holiday the money would not be wired until April 2, 2013.

26. On the morning of April 2, 2013, the Monitor was informed by Mr. Shortus that he had met with the Purchaser and committed to provide the Purchaser with Landdrill's assistance in completing the tax audit, which assistance did not form part of the agreement reached between the Monitor and the Purchaser on March 28, 2013. The Monitor is informed by Mr. Shortus that he did not repeat the commitment of Landdrill International Inc. to indemnity the Purchaser for any tax liability.

27. Later that morning, the Purchaser confirmed that he had caused the Purchase Price to be wired pursuant to two separate wires to the Monitor's trust account. During the evening of April 2, 2013, the Monitor received a "payment advice" from the Purchaser's bank that the larger of the two wires had been sent. The Monitor has not yet received confirmation that the second smaller wire has been sent. The Monitor expects the funds to hit its account within a few business days.

<u>Russian Equipment & Inventory</u>

28. As described in the Sixth Report, the Monitor, with the assistance of the Applicants, conducted a sale by tender (the "**Russian Tender**") of the Russian Equipment and

Inventory. The Russian Tender states that any sale would be subject to approval of this Court.

29. No tenders were received by the tender receipt deadline of February 22, 2013. The Monitor, in consultation with the Applicants, is attempting to locate a liquidator in Russia to liquidate the Russian Equipment and Inventory.

Russian Trade Accounts Receivable

30. The Monitor is informed that Landdrill Russia and the Applicants have negotiated the terms of a settlement of the Russian Trade Accounts Receivable of approximately US$500,000 owing from Prognoz, a Russian subsidiary of Silver Bear Resources Inc., a Canadian company listed on the TSX Venture Exchange. The Monitor is informed that Applicants' counsel is in the process of documenting the settlement. The Monitor will update this Court on this matter as new information becomes available.

Russian Judgment

31. As previously reported, on August 30, 2012, Landdrill Russia obtained a US$1,744,512 court award relating to a dispute with PD RUS, a customer of Landdrill Russia (the "**Russian Judgment**"). The Russian Judgment was subject to a number of potential appeals. The Monitor is informed that the Russian Court of Cassation heard the most recent appeal on February 12, 2013, and upheld the original Court Award and confirmed the rejection of the original appeal, with one exception - that being the exclusion of the requirement to include VAT (18% tax rate) on the largest part of the award. This exception has not affected the net result for Landdrill Russia. Currently the award stands at approximately US$1,605,000 of which approximately $3,300 is for VAT on the demobilization portion of the claim.

32. The Monitor understands that Landdrill Russia has applied for a Writ of Execution and the Execution Office confirmed that PD RUS has only seven bank accounts in Russia. The Execution List was presented to the bank in Khabarovsk, Russia which holds four of PD RUS's seven bank accounts. There was less than US$6,000 on deposit in those four accounts which has been transferred to Landdrill Russia's bank account.

33. The Monitor understands that Landdrill Russia is planning to present the Execution List to the bank holding the other three PD RUS bank accounts in St. Petersburg, the location of PDRUS's head office. The Monitor is informed that if Landdrill Russia is unsuccessful in its attempts to collect through PD RUS's bank accounts, then it will file a petition for bankruptcy against PD RUS in the court in Khabarovsk, Russia. Information available to Landdrill Russia is that PD RUS is proceeding with a $9,000,000 drilling program under a non-transferable license extension with work expected to start almost immediately.

34. The Monitor understands that PD RUS has one final avenue of appeal available through the courts, that being an appeal to the Supreme Court of Russia. The Monitor further understands that the rules in Russia are similar to those in Canada in that the Supreme Court can decide to "hear" or "not to hear" any appeal. Should PD RUS file an appeal to the Supreme Court of Russia, Landdrill Russia expects that the Writ of Execution will be suspended pending determination of the appeal.

UPDATED CASH FLOW PROJECTION

35. The Applicants, with the assistance of the Monitor, have prepared an updated consolidated cash flow projection to June 2, 2013, including ten weeks of actual results (the "**Updated Projection**") for the purpose of projecting the estimated results of their planned operations and other activities of the Applicants during the Period (as defined in the Updated Projection). In accordance with paragraph 50 of the Initial Order, which orders that any cash-flow statement or part of a cash-flow statement filed with this Court shall not be released to the public and shall be kept confidential, the Updated Projection is attached hereto as **Confidential Appendix "A"** to this Tenth Report.

36. The Updated Projection is presented on a weekly basis during the Period and represents the estimates of Management of the projected cash-flow during the Period.

37. The Updated Projection has been prepared by Management using the probable and hypothetical assumptions set out in Notes 1 to 19 of the Updated Projection.

38. The Updated Projection projects that the Applicants will have sufficient liquidity to continue operating during the Period without the need for DIP financing.

39. The Canadian Association of Insolvency and Restructuring Professionals Standards of Professional Practice include a standard for monitors fulfilling their statutory responsibilities under the CCAA in respect of a monitor's report on a Cash-Flow Statement. A copy of Standard 09-1 Cash Flow Statement was attached as an appendix to the Pre-filing Report of the Proposed Monitor (the "**Standard**").

40. Pursuant to the Standard, the Monitor's review of the Updated Projection consisted of inquiries, analytical procedures and discussion related to information supplied to the Monitor by certain key members of Management and employees of the Applicants. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Projection.

41. The Monitor also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Updated Projection.

42. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

    (a) the hypothetical assumptions are not consistent with the purpose of the Updated Projection;
    (b) as at the date of this Tenth Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Updated Projection, given the hypothetical assumptions; or
    (c) the Updated Projection does not reflect the probable and hypothetical assumptions.

43. Since the Updated Projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no

assurance as to whether the Projection will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Tenth Report, or relied upon by the Monitor in preparing this Tenth Report.

NON-PAYMENT OF PROFESSIONAL FEES

44. Paragraph 35 of the Initial Order directs the Applicants to pay the accounts of the Monitor, the Monitor's counsel and the Applicants' counsel (the **"Professional Firms"**) on a weekly basis. As reported in the Fourth Report, the Sixth Report and the Eighth Report, the Applicants have failed to make regular payments of the weekly invoices of the Professional Firms.

45. Since the date of the Eighth Report, the Applicants continue to not pay the invoices of the Professional Firms on a weekly basis as required by the Initial Order. The Monitor understands that invoices totalling $239,961.45 were outstanding and payable to the Professional Firms as at March 26, 2013, as follows:

(a) Ernst & Young Inc. – Five invoices totalling $88,743.06

(b) Stikeman Elliott LLP – Six invoices totalling $132,033.61

(c) Stewart McKelvey Stirling Scales – One invoice in the amount of $19,184.78

46. Since March 26, 2013, the Applicants have made payments by wire transfer totalling $195,836.66, including $64,010.19 to the Monitor, $112,641.69 to the Monitor's counsel and $19,184.78 to Applicants' counsel in respect of the invoices listed above but have short-paid certain of those invoices by a total of $44,124.79, which amounts remain outstanding as at the date of this Tenth Report.

REQUEST TO EXTEND THE STAY PERIOD

47. Paragraph 28(j) of the Initial Order provides that the Monitor shal**l:**

> *"have and exercise sole and exclusive authority (in the name of and on behalf of the Applicants, but in consultation with the Senior Lenders), to determine*

whether and to what extent an extension of the Stay Period will be sought from the Court (and, if so, the length of any such extension request);"

48. The current stay of proceedings under the Initial Order expires on April 8, 2013. An extension of the Stay Period is required in order to: (a) close the sale of the Mongolia Shares; (b) close the sale of the Notre-Dame Building; (c) sell the Russian Equipment and Inventory, complete the settlement of the Russian trade accounts receivable and the recovery efforts in respect of the Russian Judgment; (d) permit the hearing of the distribution/allocation motions scheduled for April 19, 2013; and (e) permit Norrep and the Applicants to continue their discussions regarding the future of Landdrill Mexico and these CCAA proceedings. After consulting with the Applicants and the Senior Lenders, the Monitor has determined that an extension of the Stay Period until May 31, 2013, is appropriate.

49. The Updated Projection indicates that the Applicants will have sufficient liquidity to operate during the proposed Stay Period without the need for DIP financing.

SEALING OF THE CONFIDENTIAL APPENDIX

50. If considered appropriate by the Court, the Monitor requests that this Court seal Confidential Appendix "A" to this Tenth Report.

MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

51. Other than as disclosed in the reports of the Monitor filed with this Court or otherwise reported to this Court, including the Tenth Report, the Monitor is not specifically aware of any actions taken by the Applicants that would demonstrate that the Applicants are not acting in accordance with the Initial Order, in good faith and with due diligence. In the Monitor's opinion, circumstances exist which make the extension of the stay appropriate.

52. For the reasons enumerated in the Tenth Report, the Monitor recommends that this Court approve:

    (a) The extension of the Stay Period to May 31, 2013; and

    (b) The sealing of the Confidential Appendix **"A"** to the Tenth Report.

ALL OF WHICH is respectfully submitted this 3rd day of April, 2013.

ERNST & YOUNG INC.
In its capacity as the Court-appointed Monitor of Landdrill International Inc., a British Columbia corporation, Landdrill International Ltd., a New Brunswick corporation, Landdrill Atlantic Ltd., Landdrill Contract Mining Ltd., a New Brunswick corporation, Landdrill Mexico S.A. de C.V., Landdrill International LLC, a Mongolian corporation, and Landdrill International Inc., a Barbados corporation,

Per:

Paul D. Hickey, CA•CIRP
Senior Vice President

Christopher Mediratta, CA, CIRP
Vice President

TAB 3

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)

(the "**Applicants**")

ORDER FOR STAY EXTENSION

WHEREAS the motion of Ernst & Young Inc., the Court-appointed Monitor of the Applicants (the "**Monitor**"), seeking an extension of the Stay Period (as defined below) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this 8th day of April, 2013 at 145 Assomption Blvd., Moncton, New Brunswick.

ON READING the Monitor's Tenth Report and the Brief on Motion of the Monitor;

AND UPON HEARING:

Ashley John Taylor, Counsel for the Monitor;

Stephen J. Hutchison, Counsel for the Applicants;

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

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

no one appearing for any other person on the Service List, although properly served as appears from the affidavit of service, filed:

SERVICE

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

STAY EXTENSION

2. THIS COURT ORDERS that the Stay Period (as defined in paragraph 13 of the Initial Order of the Honourable Mr. Justice Smith dated August 31, 2012) is hereby extended until and including ~~June 14,~~May 31, 2013.

SEALING ORDER

3. THIS COURT ORDERS that Confidential Appendix "A" to the Tenth Report be kept sealed, confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice which sets out the title of these proceedings and a

statement that the contents are subject to a sealing order and shall only be opened upon further order of the Court.

APPROVAL OF TENTH REPORT

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

AID AND RECOGNITION

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