Court No. ______
Estate No. ______

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
IN BANKRUPTCY AND INSOLVENCY
JUDICIAL DISTRICT OF MONCTON

IN THE MATTER OF THE BANKRUPTCY OF LANDDRILL INTERNATIONAL INC.

BETWEEN:

NORREP CREDIT OPPORTUNITIES FUND, LP

APPLICANT CREDITOR

– AND –

LANDDRILL INTERNATIONAL INC.

RESPONDENT

AFFIDAVIT OF TRUTH OF STATEMENTS IN APPLICATION

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

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 loans to Landdrill International Inc. ("**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 on 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 am authorized to make this Affidavit on behalf of Norrep, and to present the Application on its behalf.

Particulars of the Indebtedness Owing to Norrep by Landdrill BC

3. Norrep advanced to Landdrill BC a loan (the "**Landdrill Loan**") in the original principal amount of Eight Million ($8,000,000.00) Dollars on or about March 21,

2012. The purpose of the Landdrill Loan advanced by Norrep to Landdrill BC was to provide Landdrill BC with operating credit.

4. In order to secure the repayment to Norrep of the Landdrill Loan, a Credit Agreement dated as of March 21, 2012 (the "**Credit Agreement**") was entered into between:

   a. Landdrill BC (as Borrower);

   b. Landdrill Atlantic Ltd. (a New Brunswick Corporation), Landdrill International Ltd. (a New Brunswick corporation) ("**Landdrill NB**"), Landdrill Contract Mining Ltd. (a New Brunswick corporation), Landdrill International Company Limited (a Hong Kong corporation), Landdrill International LLC (a Mongolian 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., Landdrill International SARL (a Mali corporation) and LLC Landdrill International (a Russia corporation) (such eleven entities hereinafter collectively described as the "**Guarantors**") (as Guarantors); and

   c. Norrep (as Lender).

5. By means of Article 7.1 of the Credit Agreement, each of the Guarantors:

   a. unconditionally guaranteed the repayment of the Landdrill Loan to Norrep; and

   b. granted to Norrep a continuing and perfected 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, movable or immovable and wherever now or hereafter located.

6. As at April 10, 2013, the indebtedness owed by Landdrill BC to Norrep pursuant to the Credit Agreement amounted to $9,355,794, particulars of which are 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.

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

8. As at April 10, 2013, the amount of indebtedness owed by Landdrill BC in regard to the Sprott Indebtedness amounted to $2,858,431.63, particulars of which are as follows, namely:

a.	Original Principal:	$2,500,000.00
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.

9. The total aggregate amount of indebtedness owed by Landdrill BC to Norrep is therefore $12,214,225.63.

Cessation of Landdrill BC Meeting its Liabilities Generally as they Become Due

10. Landdrill BC has defaulted on its obligations under the Credit Agreement by, among other things:

    a. failing to pay to Norrep the interest payments payable pursuant to Article 4 of the Credit Agreement;

    b. failing to maintain and keep in force and effect the financial covenants prescribed by section 10.1(t) of the Credit Agreement in relation to Minimum Cumulative Consolidated EBITDA, Minimum Net Working Capital and Capital Expenditures (as such terms are defined in the Credit Agreement);

    c. materially breaching certain of the Representations and Warranties contained at Article 8 of the Credit Agreement (including, without limitation, failure by the Debtor to furnish timely financial reporting to Norrep); and

    d. the occurrence of one or more events which has caused Norrep to deem itself insecure or to believe that the prospect of payment by the Debtor or the performance of any obligation to Norrep under the Credit Agreement is, or is about to be, impaired.

11. As a result of these acts of default, by letter dated August 21, 2012, Norrep formally demanded from Landdrill BC repayment of the portion of the Indebtedness then owing to Norrep by Landdrill BC (the "**Demand Letter**").

12. As at the date of this Affidavit, Landdrill BC has failed, neglected and/or refused to pay any amount of the indebtedness owing to Norrep.

13. By reason of the facts and matters described above, it is the position of Norrep that Landdrill BC has ceased to meet its liabilities generally as they become due, namely, on the basis of its failure to pay the Indebtedness owing by Landdrill BC to Norrep.

Security Held by Norrep for Payment of the Indebtedness

14. Norrep holds security on the property of Landdrill BC pursuant to the Credit Agreement. I estimate the value of that security to be $10,500,000. Norrep does not intend to give up its security, but rather claims as an applicant unsecured creditor for the balance of the debt due to it (over and above the $10,500,000 value of its security), namely $1,714,225.63.

15. I make this Affidavit in support of an Application on behalf of Norrep Credit Opportunities Fund, LP for a Bankruptcy Order in respect of Landdrill International Inc.

Sworn to at the City of Toronto, in the Province of Ontario, this 24th day of May, 2013 before me)

A NOTARY PUBLIC in and for the Province of Ontario

Christopher Johnson

Kelly Ann Barker
Barrister & Solicitor
Notary Public and Commissioner of Oaths
in and for the Province of Ontario.
My Commission is of unlimited duration.
No legal advice given.

RED SEAL NOTARY INC.
66 WELLINGTON ST. WEST
PO BOX 240
SUITE 4501
TORONTO ON M5K 1J3
(888) 922-7325
www.redsealnotary.com