

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)**

**NOTICE OF MOTION
(FORM 37A)**

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

Landdrill International Inc., a British
Columbia corporation, ("**Landdrill BC**"),
Landdrill International Ltd., a New Brunswick
corporation, ("**Landdrill NB**"), Landdrill
Atlantic Ltd., a New Brunswick corporation,
Landdrill Contract Mining Ltd., a New
Brunswick corporation, Landdrill Mexico S.A.
de C.V., a Mexican corporation, ("**Landdrill**

COUR DU BANC DE LA REINE DU
NOUVEAU-BRUNSWICK

DIVISION DE PREMIERE INSTANCE

CIRCONSCRIPTION JUDICIAIRE DE

**AVIS DE MOTION
(FORMULE 37A)**

DESTINATAIRE:

Le Demandeur _____
demandera à la Cour à
_____ le _____ 20_____, à
_____ h _____, d'ordonner

Mexico”), Landdrill International LLC, a Mongolian corporation, and Landdrill International Inc., a Barbados corporation, (collectively, the “**Applicants**”) will make a motion to the Court on the 27th day of September 2012 at 8:30 a.m. or as soon after that time as a motion can be heard, at the Moncton Court House, 145 Assumption Blvd., Moncton, New Brunswick for an Order:

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 on Motion is dispensed with;
2. granting super-priority to the Administration Charge, the Critical Supplier Charge, the DIP Lender’s Charge and the Directors’ Charge (as these terms are defined below);
3. extending the Stay Period (as defined in the Initial Order) to November 1, 2012;
4. approving the sale by Landdrill Mexico of obsolete, redundant and non-material assets known as “Buggy Rig” (the “**Buggy Rig**”) for a sum to be communicated to the Court on or before the hearing of this motion;
5. approving such amendments to the DIP Agreement as may be agreed between the Applicants and the DIP Lender with the consent of Ernst & Young Inc. in its capacity as Court-appointed Monitor of the Applicants;
6. approving the first report and the activities described therein of Ernst & Young Inc. in its capacity as Court-appointed Monitor of the Applicants; and
7. 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 operate an international drilling business providing industrial drilling services to mineral exploration companies in Canada, Mexico, Mongolia, Nicaragua and Russia;
2. The Applicants are facing severe liquidity issues and do not have the liquidity required to meet their ongoing payment obligations;
3. The Applicants were granted protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to an Initial Order dated the 31st day of August 2012 (the "**Initial Order**");
4. Pursuant to the Initial Order, the Court granted the Administration Charge, the Critical Supplier Charge, the DIP Lender's Charge and the Directors' Charge (the "**Priority Charges**");
5. Pursuant to the Initial Order, the Priority Charges rank behind all security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, the "**Encumbrances**") in favour of the Senior Lenders or of any person who had not been served with notice of the application for the Initial Order;
6. The Applicants seek an Order granting priority to the Priority Charges over the Encumbrances;
7. The Applicants and the Monitor have been working diligently towards a sale of their business and are proceeding in accordance with the Timelines For Sale Process attached to the Initial Order as Schedule "B" (the "**Timelines**");

8. Non-binding written expressions of interest have been received by the Applicants and the Monitor as contemplated by stage 5 of the Timelines.
9. An extension of the Stay Period to November 1, 2012 is necessary to give the Applicants and the Monitor sufficient time to evaluate the non-binding expressions of interest received under stage 5 of the Timelines, to negotiate the definitive agreements contemplated by stage 6 of the Timelines (as amended) and the APA contemplated by stages 7 and 8 of the Timelines (as amended) and to obtain approval of the APA by the Court as contemplated by stage 9 of the Timelines, while providing stability to continue their daily operations and restructuring efforts;
10. The Buggy Rig is obsolete and redundant, requiring significant repairs, and is not safe to operate in the field;
11. The Applicants have acted and continue to act in good faith and with due diligence.

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

- (a) the provisions of the CCAA and, particularly, sections 2, 9, 10 and 11 thereof;
- (b) Rules 1.03, 2.01, 2.02, 3.01, 38 and 39 of the *Rules of Court*;
- (c) the inherent jurisdiction of this Honourable Court; and
- (d) 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 Affidavit of Ronald Goguen sworn to on the 25th day of September 2012;
2. the Report of the Monitor to be filed with the Court (the “**First Report**”);
3. the Initial Order of this Honourable Court in these proceedings;
4. all materials filed with this Honourable Court in these proceedings;
5. the Order of this Honourable Court issued on September 17, 2012 in these proceedings; and
6. such further and other affidavits or documentary and other evidence as counsel may advise and this Honourable Court may permit.

You are advised that:

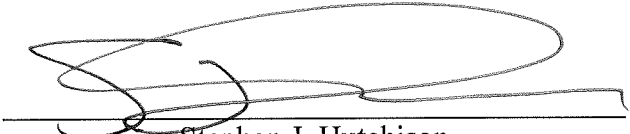
- (a) you are entitled to issue documents and present evidence at the hearing in English or French or both;
- (b) the Applicant intends to proceed in the English language; and
- (c) if you intend to proceed in the other official language, an interpreter may be required and you must so advise the Clerk at least 5 days before the hearing.

Sachez que:

- (a) vous avez le droit d'émettre des documents et de présenter votre preuve à l'audience en français, en anglais ou dans les deux langues;
- (b) le demandeur a l'intention d'utiliser la
- (c) si vous avez l'intention d'utiliser l'autre langue officielle, les services d'un interprète pourront être requis et vous devrez en aviser le greffier au moins 5 jours avant l'audience.

DATED at Saint John, New Brunswick, this 25th day of September 2012

STEWART McKELVEY
Solicitors the Applicants


Stephen J. Hutchison

Stewart McKelvey
Barristers & Solicitors
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Schedule "A"

ERNST & YOUNG INC. Ernst & Young Tower, 222 Bay Street Toronto, Ontario M5K 1J7 Monitor	Paul D. Hickey Tel: 709.570.5404 Fax: 709.722.1758 Email: paul.d.hickey@ca.ey.com COUNSEL: STIKEMAN ELLIOTT LLP 5300 Commerce Court West 199 Bay Street Toronto, ON M5L 1B9 Ashley John Taylor Tel: 416.869.5236 Fax: 416.947.0866 Email: ataylor@stikeman.com
NORREP CREDIT OPPORTUNITIES FUND, LP CROWN CAPITAL PARTNERS INC. 1704, 95 Wellington Street West Toronto, ON M5J 2N7 175, 601-10 Avenue SW Calgary, AB T2R 0B2 Attention: Chris Johnson Tel: 416.640.6715 Fax: 416.640.6722 Email: chris.johnson@crowncapital.ca	COUNSEL: MacPHERSON LESLIE & TYERMAN LLP 150, 410-22 nd Street East Saskatoon, SASK S7K 5T6 D. Jeff Lee Tel: 306.975.7136 Fax: 306.975.7145 Email: jmlee@mlt.com
SPROTT RESOURCE LENDING CORP. SPROTT LENDING CONSULTING GP INC. SPROTT LENDING CONSULTING LP SPROTT RESOURCE LENDING PARTNERSHIP 550 Burrard St., Suite 1028 Vancouver, BC V6C 2B5 200 Bay Street, Suite 2750 Toronto, ON M5J 2J2 Attention: Andrew Steuter Tel: 416.945.3305 Fax: 46.943.6497 Email: asteuter@sprottlending.com	COUNSEL: DAVIS LLP 2800 Park Place 666 Burrard Street Vancouver, BC V6C 2Z7 Mary I.A. Buttery Tel: 604.643.6478 Fax: 604.605.3768 Email: mbuttery@davis.ca

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 René-Lévesque 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
ROGERS, ROGER 53 Berkshire Crescent Quispamsis, NB E2E 6B2 TRIPP, MICHAEL 41 Irene Crescent Dieppe, NB E1A 7V4	COUNSEL: LAWSON CREAMER LAWYERS 133 Prince William Street, Suite 801 P.O. Box 6787, Station A Saint John, New Brunswick E2L 4S2 Kelly VanBuskirk Tel: 506.633.3535 Fax: 506.633.0465 Email: kvanbuskirk@lawsoncreamer.com
INFLIGHT DRILLING, S DE. R.L. DE C.V. and HD DRILLING, S DE R.L. DE C.V.	COUNSEL: COX & PALMER 644 Main Street, Suite 500 Moncton, NB E1C 1E2

	Christian E. Michaud Tel: 506.856.9800 Fax: 506.856.8150 Email: cmichaud@coxandpalmer.com
GOLD CANYON RESOURCES INC. 810-809 Granville St. Vancouver, BC V6Z 1K7	COUNSEL: COX & PALMER 644 Main Street, Suite 500 Moncton, NB E1C 1E2 George L. Cooper Tel: 506.863.0793 Fax: 506.856.8150 Email: gcooper@coxandpalmer.com Josh McElman Tel: 506.633.2708 Fax: 506.632.8809 Email: jmcelman@coxandpalmer.com

CRITICAL SUPPLIERS	
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M. BEAUREGARD EQUIPMENT INC. 8910 Boul. Industriel Chambly, Quebec J3L 4X3	Mario Beauregard Tel: 450.447.9009 Fax: 450.477.5284
HYDRAULIC VAL d'OR 1050 Rue Leo Fournier Val D'Or, Quebec J9P 6X7	Tel: 819.825.8501 Fax: 819.825.2085
DETOUR MACHINING Box 1597, Highway 652 East Cochrane, Ontario P0L 1C0	Tel: 705.272.4890 Fax: 705.272.4895
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PENSION PLAN	
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ROBINWELLS HOLDINGS INC. c/o Chris Robinson 10 Hansen Place Three Island Pond, Paradise NL PO Box 39032 St. John's, NL A1E 5Y7	Lisa Wells Tel: 709.781.2119
NORTHERN PROPERTIES (NPR LIMITED PARTNERSHIP) PO BOX 13426, Station A St. John's NL	Karen Ghaney Tel: 709.757.2787
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ROBERT SMITH 813 Hudson Drive Labrador City, NL	Robert Smith Tel: 709.944.3781
DEPARTMENTS OF THE ENVIRONMENT	
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Ministère du Développement durable, de l'Environnement et des Parcs QC Édifice Marie-Guyart, 29th Floor 675, boulevard René-Lévesque Est Québec (Québec), G1R 5V7 Tel: 418.521.3830 Fax : 418.646.5974	
PARTIES INVOLVED WITH THE APPLICANTS' INSURANCE PROGRAM	
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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 slirette@goguenchamplain.com Luc Caissie Tel: 506-857-0064

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