



COURT FILE NUMBER

1601-06765

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C. 1985,
c. C-36, as amended

AND IN THE MATTER OF ENDURANCE
ENERGY LTD.

DOCUMENT

APPLICATION (SECOND DIP EXTENSION)

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

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**Attention: Robert I. Thornton /
Leanne Williams / Rachel Bengino**

Client File No: 1751-001

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: Thursday, October 6, 2016
Time: 3:00 p.m.
Where: Calgary Courts Centre
601 5th Street S.W., Calgary, Alberta
Before Whom: The Honourable Mr. Justice Yamauchi

Go to the end of this document to see what else you can do and when you must do it.

This Application is being made by Endurance Energy Ltd. (the "**Applicant**").

Remedy claimed or sought:

1. An Order abridging the time for service of this Application and supporting materials and declaring service to be good and sufficient.
2. An Order in substantially the form of the proposed Order attached hereto as Schedule "A":
 - (a) approving the Second Amending Agreement to the Amended and Restated DIP Facility Loan Agreement dated as of June 14, 2016 (the "**Second Amending Agreement**"); and
 - (b) such further and other relief as counsel may request and this Honourable Court may deem appropriate in the circumstances.

Grounds for making this Application

3. The Applicant was granted protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the "**CCAA**") pursuant to the Initial Order granted on May 30, 2016, as amended and restated (the "**Initial Order**"). FTI Consulting Canada Inc. was appointed as monitor of the Applicant (the "**Monitor**"). The Court granted interim funding during the CCAA proceedings (the "**DIP Facility**") pursuant to the DIP Facility Loan Agreement (the "**DIP Agreement**"), as amended and restated by Court Order on June 22, 2016, between the Company and WP Private Equity XI Inc. (the "**Interim Lender**").
4. Any capitalized terms not otherwise defined herein have the meanings ascribed to them in the Initial Order.

5. The Initial Order granted the Stay of Proceedings until June 29, 2016, which was extended by this Honourable Court until November 25, 2016 on September 27, 2016 (the “**Stay Period**”).
6. On September 2, 2016, the Court granted an order amending the terms of the DIP Agreement, which, amongst other things, extended the maturity date therein to September 30, 2016 (the “**DIP Maturity Date**”).
7. On September 27, 2016, the Court approved and authorized the sale transactions with respect to the Company’s assets (the “**Transactions**”). The Company anticipates that the closing of the Transactions will occur before the end of October 2016 (the “**Closing**”).

First DIP Amending Agreement

8. Pursuant to the DIP Agreement, the DIP Maturity Date was initially September 1, 2016. The DIP Maturity Date was extended to September 30, 2016 pursuant to the Order of this Court dated September 2, 2016.

Second DIP Amending Agreement

9. Pursuant to the terms of the DIP Agreement, an event of default has occurred as a result of the Company’s failure to repay the amounts outstanding thereunder by the DIP Maturity Date. The Interim Lender is in a position to accelerate its indebtedness under the DIP Agreement and move for an Order permitting it to enforce its rights and remedies.
10. The Company does not require further funding under the DIP Agreement during the current Stay Period.

11. The Second DIP Amending Agreement, among other things, extends the DIP Maturity Date to the earlier of (a) the Closing, or (ii) October 30, 2016.
12. The amendment fee for the further extension of the DIP Maturity Date is \$120,000. the Monitor and the Lenders consent to the terms of the Second DIP Amending Agreement.

Material or evidence to be relied on:

13. The pleadings and proceedings had and taken in this Action;
14. The Affidavit of Steven VanSickle sworn October 4, 2016
15. The Eighth Report of the Monitor, to be filed; and
16. Such further or other material or evidence as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

17. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended; and
18. Such further and other Acts and Regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

19. None.

How the application is proposed to be heard or considered:

20. In person before the Honourable Justice Yamauchi.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes.

If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

PROPOSED FORM OF SECOND DIP EXTENSION ORDER

CLERK'S STAMP

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**Attention: Robert I. Thornton /
Leanne Williams / Rachel Bengino**

Client File No: 1751-001

DATE ON WHICH ORDER WAS PRONOUNCED: October 6, 2016

LOCATION OF HEARING OR TRIAL: Calgary Courts Centre

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Mr. Justice Yamauchi

UPON THE APPLICATION of Endurance Energy Ltd. ("**Endurance**") filed October 4, 2016 (the "**Application**"); AND UPON reading the pleadings and proceedings filed herein; AND UPON hearing the submissions of counsel for Endurance, and the other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than other than those persons served is entitled to service of the Notice of Application.
2. Any terms not defined herein have the meaning ascribed to them in the Initial Order granted May 30, 2016, as amended and restated, pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended.
3. The Second Amending Agreement to the Amended and Restated DIP Facility Loan Agreement dated as of June 14, 2016 (attached as Schedule "A" to this Order) is hereby approved.

J.C.Q.B.A. or Clerk of the Court