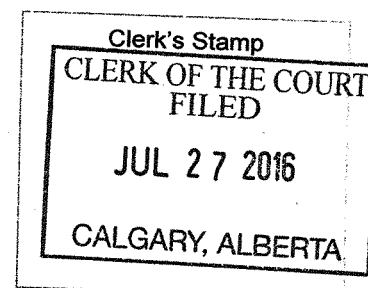


Form 49
[Rule 13.19]

COURT FILE NUMBER 1601 06765
 COURT COURT OF QUEEN'S BENCH OF
 JUDICIAL CENTRE ALBERTA
 CALGARY
 PLAINTIFF(S) **IN THE MATTER OF THE
 COMPANIES' CREDITORS
 ARRANGEMENT ACT, RSC 1985, c.
 C-36, as amended**
**AND IN THE MATTER OF
 ENDURANCE ENERGY LTD.**



DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE
 AND
 CONTACT INFORMATION
 OF
 PARTY FILING THIS
 DOCUMENT

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Attention: Robert I. Thornton / Leanne Williams / Rachel Bengino
 File No: 1751-001

AFFIDAVIT OF STEVEN VANSICKLE

Sworn (or Affirmed) on July 27, 2016

I, Steven VanSickle, of Calgary, Alberta, SWEAR/AFFIRM AND SAY THAT:

- I am the President and Chief Executive Officer of Endurance Energy Ltd. ("**Endurance**" or the "**Company**"). Through my involvement with the Company, I have knowledge of the matters to which I hereinafter depose. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe such information to be true.

INTRODUCTION

2. As described in my affidavit sworn in support of the Initial Order (the “**Initial Affidavit**”) and supplementary affidavit sworn on June 6, 2016 (the “**Supplementary Affidavit**”), Endurance was experiencing serious liquidity needs and required immediate and continued funding in order to conduct the Sale Process (as defined below) in an attempt to sell the Company as a going concern for the general benefit of its stakeholders or, in the alternative, complete a safe and proper shutdown of its operations.
3. On May 30, 2016, Endurance was granted an Order, as amended and restated (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the “**CCAA**”) for relief including, *inter alia*, (i) a stay of proceedings until June 29, 2016 (the “**Stay of Proceedings**”), (ii) the appointment of FTI Consulting Canada Inc. as Monitor (the “**Monitor**”), (iii) approving certain charges, (iv) approving the Interim Facility Commitment Letter between the Company and WP Private Equity XI Inc. for interim funding during these CCAA proceedings (the “**Interim Funding**”) and (v) the approval of BMO Nesbitt Burns Inc. as the Applicant’s financial advisor (the “**Financial Advisor**”).
4. Also on May 30, 2016, this Honourable Court granted an Order approving a sale process in respect of the assets of the Company, which was subsequently revised by way of further Court Order on June 22, 2016 (the “**Sale Process**”).
5. On June 27, 2016, this Honourable Court granted an Order extending the Stay of Proceedings until August 5, 2016.

6. The purpose of this Affidavit is to support the relief requested by the Applicant for an Order approving (i) the proposed key employee retention plan (the “**KERP**”), (ii) the proposed key employee incentive plan (the “**KEIP**”), and (iii) an extension of the Stay of Proceedings from August 5, 2016 to August 31, 2016 (the “**Stay Extension Period**”).

ACTIVITIES SINCE CCAA FILING

7. Since the date of the Initial Order, the Company has commenced and implemented the Sale Process in conjunction with the Monitor and the Financial Advisor and in consultation with the Lenders (as defined in the Initial Order). The Sale Process is intended to maximize stakeholder value through a sale of all or part of the assets of the Company.
8. The deadline for receipt of binding expressions of interest in accordance with the Sale Process was July 25, 2016. The Applicant anticipates seeking an Order of this Honourable Court approving one or more sale transactions for all or part of the assets of the Company in the near future.

KEY EMPLOYEE RETENTION PLAN AND KEY EMPLOYEE INCENTIVE PLAN

9. Endurance is an exploration and production company focused on the acquisition and development of natural gas assets. Endurance has approximately 900 producing wells. Endurance currently has 76 employees. Endurance does not offer a pension plan to its employees nor are its employees unionized.
10. Endurance relies on its employees to safely and properly manage and operate its business and assets. The Company, with the assistance of the Monitor, has reviewed the role of its

employees and determined that the Sale Process and restructuring efforts of the Company would be significantly impaired if certain employees sought employment elsewhere. These employees have significant experience and specialized expertise that cannot be easily replicated or replaced. Endurance has already experienced the departure of certain of its key employees, which has caused issues with the continued effective running of its operations.

11. As such, the Company with the assistance of the Monitor, has developed a key employee retention plan (the “**KERP**”) and a key employee incentive plan (“**KEIP**”) for certain key employees in order to ensure their continued participation in these CCAA proceedings. A copy of the proposed KERP and KEIP is attached hereto as Confidential Exhibit “A”.
12. The KERP includes 13 of the Company’s current employees (the “**KERP Employees**”), who will receive the specific cash retention payments as set out in the KERP on the earlier of (i) the date on which they are terminated without cause or (ii) the date on which there is a sale of all or a material portion of the Company’s assets. The maximum aggregate amount of cash retention payments to the KERP Employees is \$386,304.
13. The KEIP is comprised of myself and six (6) other designated members of the senior management team (the “**KEIP Employees**”, together with the KERP Employees, the “**Employees**”). The KEIP has a minimum threshold and is based on a sliding scale dependent on the ultimate sale price obtained for the Company’s assets in the Sale Process.

14. The KERP and KEIP are designed to incentivize the Company's key employees to remain with the Company during its restructuring efforts and the completion of the Sale Process. Maintaining these employees is critical to the Company's ability to continue to operate the business during these proceedings and to complete a sale of all or a part of its assets. The KERP and KEIP will help maximize the Company's asset value, which is in the interest of all stakeholders.
15. It is unlikely that the Company could replace the Employees if they were to find employment elsewhere. Further, there is a reasonable risk that the Employees would search for employment elsewhere without the proposed KERP and KERP Charge (as defined below) given their expertise.
16. The Company is seeking a fourth priority charge to secure the KERP and KEIP (the "**KERP and KEIP Charge**"), in the amount of \$386,304 plus any amounts that become payable under the KEIP, which would rank immediately behind the Directors' Charge (as defined in the Initial Order) to secure all obligations owing under the KERP and KEIP.
17. The Company believes that the KERP and KEIP are fair and reasonable in the circumstances and are integral to the successful completion of the Sale Process for the benefit of the stakeholders. The Company's Board of Directors is supportive of the KERP and KERP Charge.
18. The KERP and KEIP were provided to the Lenders in advance of this motion and have advised the Company that they do not object to the KERP, KEIP and KERP and KEIP Charge.


STAY EXTENSION

19. The Company has continued to operate its business in the normal course with the benefit of the stay of proceedings which has provided stability to the business. The Company has acted, and is continuing to act, in good faith and with due diligence in these proceedings.
20. The current Stay of Proceedings expires on August 5, 2016. The Company requires an extension of the Stay of Proceedings up to and including August 31, 2016, in order to allow the Company sufficient time to complete the Sale Process and move towards finalizing one or more transactions resulting therefrom.
21. The Company, with the assistance of the Monitor, have prepared an updated cash flow forecast in respect of the proposed Stay Extension Period. The updated cash flow forecast demonstrates that the Company has sufficient liquidity, including pursuant to the Interim Funding, to fund its operations through the proposed Stay Extension Period. Further, no creditors will be materially prejudiced by the proposed extension of the Stay of Proceedings.

PURPOSE OF THE AFFIDAVIT

22. I hereby swear this Affidavit in support of the KERP, the KEIP, the KERP and KEIP Charge and the extension of the Stay of Proceedings and for no other or improper purpose.

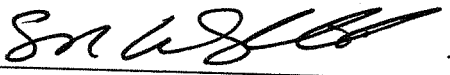
SWORN (OR AFFIRMED) BEFORE ME at)
Calgary, Alberta, this 27th day of July, 2016.)


(Commissioner for Oaths in and for the)
Province)
of Alberta))

Carol Hunter)

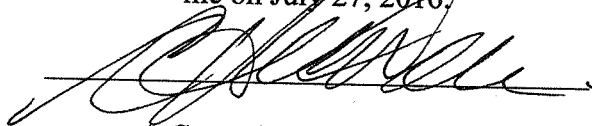
PRINT NAME AND EXPIRY/LAWYER)
/STUDENT-AT-LAW)

CAROLE J. HUNTER
Barrister & Solicitor


(Signature)

STEVEN R. VANSICKLE
(Print Name)

This is Confidential Exhibit "A" referred to in the affidavit of Steven VanSickle sworn before
me on July 27, 2016



A Commission of Oaths for
the Province of Alberta

Carol Hunter

PRINT NAME AND EXPIRY/LAWYER
/STUDENT-AT-LAW

CAROLE J. HUNTER
Barrister & Solicitor