



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 (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: Friday, September 2, 2016  
Time: 10:30 am  
Where: Calgary Courts Centre  
601 5<sup>th</sup> Street S.W., Calgary, Alberta  
Before Whom: The Honourable Madam Justice Romaine

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 Amending Agreement to the Amended and Restated DIP Facility Loan Agreement dated as of June 14, 2016 (the "**Amending Agreement**");
  - (b) authorizing BMO Nesbitt Burns Inc. (the "**Financial Advisor**"), *nunc pro tunc*, to deliver information to the Interim Lender (as defined below) regarding the sale process in respect of the assets of the Company, which was approved by this Court on May 30, 2016 and subsequently revised by way of further Court Order on June 22, 2016 (the "**Sale Process**") upon the consent of the Applicant, the Monitor and the Lenders (each as defined below); and
  - (c) 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 "**Interim Funding**") 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 or Sale Process.
5. The Initial Order granted the Stay of Proceedings until June 29, 2016, which was extended by this Honourable Court until September 30, 2016 on August 26, 2016 (the “**Stay Period**”).
6. Since the date of the Initial Order, the Applicant has been working diligently, in consultation with its Financial Advisor and the Monitor, to advance the restructuring proceedings. This includes, but is not limited to, commencing and continuing the Sale Process in an attempt to sell the Applicant’s operations as a going concern.

#### **DIP Agreement**

7. Pursuant to the DIP Agreement, the Interim Funding is set to mature on September 1, 2016 (the “**Maturity Date**”), upon which, all amounts due and owing to the Interim Lender under the Interim Funding become due and payable.
8. The Applicant has entered into discussions with the Interim Lender to extend the Maturity Date, with the consultation of the Lenders and the Monitor. The Interim Lender agreed that it would consider extending the Maturity Date if it received information regarding the status of the Sale Process, which was previously prohibited as the Interim Lender is a credit bidder in the Sale Process.

9. With the consent of the Applicant, the Lenders and the Monitor, the Financial Advisor provided the Interim Lender with information regarding the Sale Process, which allowed the Interim Lender to make a decision on whether to extend the Interim Funding.
10. Accordingly, the Interim Lender has agreed to extend the Maturity Date to September 30, 2016 (the "**Dip Extension Period**"), which is consistent with the Stay Period, in accordance with the terms of the Amending Agreement.
11. The Applicant believes that the terms of the Amending Agreement are reasonable in the circumstances.
12. The Amending Agreement will provide the Applicant with the necessary time to finalize the Sale Process and work towards completing any sale transaction resulting therefrom.
13. The Applicant's cash flow projections demonstrate that the Applicant does not require further funding from the Interim Lender during the current Stay of Proceedings. As such, it is not anticipated that the Company will require any additional advances during the DIP Extension Period.

**Material or evidence to be relied on:**

14. The pleadings and proceedings had and taken in this Action;
15. The Affidavit of Steven VanSickle sworn August 31, 2016;
16. The Sixth Report of the Monitor, to be filed; and
17. Such further or other material or evidence as counsel may advise and this Honourable Court may permit.

**Applicable Acts and Regulations:**

18. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended; and
19. 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:**

20. None.

**How the application is proposed to be heard or considered:**

21. In person and via teleconference before the Honourable Madam Justice Romaine.

**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 DIP EXTENSION ORDER**

SCHEDULE "A"

CLERK'S STAMP

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JUDICIAL CENTRE CALGARY

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*CREDITORS ARRANGEMENT ACT*, R.S.C. 1985,  
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AND IN THE MATTER OF ENDURANCE  
ENERGY LTD.

DOCUMENT **ORDER (DIP EXTENSION)**

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**Attention: Robert I. Thornton /  
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**DATE ON WHICH ORDER WAS PRONOUNCED: September 2, 2016**

**LOCATION OF HEARING OR TRIAL: Calgary Courts Centre**

**NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madam Justice  
Romaine**

UPON THE APPLICATION of Endurance Energy Ltd. ("**Endurance**") filed August 31,  
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 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.
4. The Financial Advisor is hereby authorized, *nunc pro tunc*, upon the consent of the Applicant, the Monitor and the Lenders, to deliver information to the Interim Lender regarding the sale process in respect of the assets of the Company, which was approved by this Court on May 30, 2016 and subsequently revised by way of further Court Order on June 22, 2016.

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