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JUDICIAL CENTRE OF CALGARY

COURT FILE NUMBER	1601 - 12571
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD, LTS RESOURCES PARTNERSHIP, 1863360 ALBERTA LTD AND BAKKEN RESOURCES PARTNERSHIP
APPLICANTS	LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD AND 1863360 ALBERTA LTD
PARTIES IN INTEREST	LTS RESOURCES PARTNERSHIP AND BAKKEN RESOURCES PARTNERSHIP
DOCUMENT	**AFFIDAVIT (Stay Extension Order, Transition Order and Approval and Vesting Order)**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**BLAKE, CASSELS & GRAYDON LLP** Barristers and Solicitors 3500 Bankers Hall East 855 – 2nd Street SW Calgary, Alberta T2P 4J8 Attention: Kelly Bourassa / Milly Chow Telephone No.: 403-260-9697 / 416-863-2594 Email: kelly.bourassa@blakes.com / milly.chow@blakes.com Fax No.: 403-260-9700 File: 89691/8

AFFIDAVIT OF PETER D. SCOTT

Sworn on November 29, 2016

I, PETER D. SCOTT, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Senior Vice President and Chief Financial Officer of Lightstream Resources Ltd. ("**LTS**"). LTS is the parent company to 1863359 Alberta Ltd. ("**1863359**"), 1863360 Alberta Ltd. ("**1863360**" and together with LTS and 1863359, collectively, the "**Applicants**"), LTS Resources Partnership ("**LTS Partnership**") and Bakken Resources Partnership ("**Bakken Partnership**" and together with LTS Partnership, the "**Partnerships**"). I am also a director of 1863359 and 1863360. As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information, in which case I believe the same to be true.

2. The Applicants and the Partnerships are collectively referred to in this Affidavit as the "**CCAA Parties**".

3. I have previously sworn three affidavits in these proceedings and one supplemental affidavit, including on September 21, 2016 (the "**Initial Order Affidavit**") in support of an Initial Order pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). Capitalized terms used herein but not otherwise defined have the meaning ascribed to them in the Initial Order Affidavit, the initial order granted September 26, 2016 (the "**Initial Order**") or the sale procedures (the "**Sale Procedures**") attached thereto as Appendix "A".

4. This Affidavit is sworn in support of the CCAA Parties' application (the "**Application**"), filed in conjunction with this Affidavit, for the approval of Orders, substantially in the forms attached to the Application as Schedule "**A**" (the "**Stay Extension Order**"), Schedule "**B**" (the "**Transition Order**") and Schedule "**C**" (the "**Approval and Vesting Order**"), granting relief, including but not limited to:

   (a) extending the Stay Period (as defined below) to and including May 31, 2017 (the "**Extension Period**");

   (b) approving the purchase and sale transaction (the "**Transaction**") for the Purchased Assets, as defined and contemplated in the asset purchase agreement (the "**Purchase Agreement**") dated as of November 29, 2016 by and between the

CCAA Parties, as sellers, and 1090247 B.C. Ltd., as buyer (the "**Buyer**"), on the terms and conditions set forth in the Purchase Agreement;

(c) authorizing the CCAA Parties to take such corporate and other actions required to comply with section 3.5 of the Purchase Agreement and the potential reorganization, transactions or actions contemplated thereby, to complete the Transaction;

(d) ordering that upon the delivery of the Monitor's certificate by the Monitor to the Buyer, all of the CCAA Parties' right, title and interest in and to the Purchased Assets shall vest absolutely in the Buyer, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances;

(e) as described in greater detail below, transitioning these proceedings at the appropriate time from debtor-directed proceedings under the supervision of the Court and the Monitor to proceedings directed by the Monitor exercising enhanced powers under the supervision of the Court; and

(f) sealing the confidential supplement (the "**Confidential Supplement**") to the Third Report of the Monitor (as defined below) and Exhibit "**E**" to this Affidavit.

5. A detailed background on the CCAA Parties and the circumstances leading up to these proceedings is fully set out in the Initial Order Affidavit. A background overview of these proceedings to date is set out below.

I. BACKGROUND ON THESE PROCEEDINGS TO DATE

6. The CCAA Parties were provided protection from their creditors under the CCAA pursuant to the Initial Order granted by the Honourable Mr. Justice A.D. Macleod on September 26, 2016.

7. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed as Court-appointed monitor of the CCAA Parties and a stay of proceedings was granted for an initial period of 30 days, to and including October 26, 2016 (the "**Stay Period**").

8. In addition, the Initial Order, among other things, approved the Sale Procedures and authorized and directed the Monitor, the CCAA Parties and the Sale Advisor to perform their obligations thereunder.

9. Certain relief granted in the Initial Order, including the approval and commencement of the Sale Procedures, was opposed at the application for the Initial Order by Mudrick Capital Management, LP and by FrontFour Capital Corp. and FrontFour Group LLC (collectively, the "**Plaintiffs**"), who are plaintiffs in certain litigation (the "**Oppression Litigation**") commenced against LTS in the Court. As a result of the objections raised by the Plaintiffs, the Court scheduled a comeback hearing (the "**Comeback Hearing**") for October 11, 2016, where various stakeholders could provide additional comments and make further submission in respect of the relief granted in the Initial Order on a *de novo* basis.

10. At the Comeback Hearing, the Honourable Mr. Justice A.D. Macleod upheld the relief granted in the Initial Order, including the Sale Procedures, and granted an Order that extended the Stay Period to and including December 16, 2016 (the "**First Stay Extension Period**").

11. The Sale Procedures contemplated that the *Ad Hoc* Committee of Secured Noteholders would make (or direct) a credit bid of the full amount of claims outstanding in respect of the Secured Notes (the "**Secured Noteholder Credit Bid**") through a newly formed entity.

12. As a result of the marketing and sales efforts of the Sale Advisor pursuant to the Sale Procedures, numerous non-binding indications of interest were received by the Phase I Bid Deadline, including the Secured Noteholder Credit Bid.

13. On November 7, 2016, the Honourable Madam Justice K.M. Horner granted an Order approving the commencement of a claims process (the "**Claims Process**") for the purpose of reviewing the validity, priority and quantum of potential claims against the CCAA Parties.

14. On November 15 and November 16, 2016, full argument on certain threshold issues (the "**Threshold Issues**") in the Oppression Litigation was heard by the Honourable Mr. Justice A.D. Macleod. A decision on the Threshold Issues was rendered on November 25, 2016 (the "**Decision**"), and the Court found that the Plaintiffs are bound to fail and there is no issue to be tried in respect of their request for an Order recognizing their claim as a secured claim and varying the transaction for the issuance of the Secured Notes that occurred in July 2015. The Court held that to grant the remedy sought by the Plaintiffs would be contrary to law. The decision of the Honourable Mr. Justice A.D. Macleod is attached hereto as Exhibit "**A**".

15. On November 28, 2016, the Plaintiffs' counsel advised that they would be seeking leave to appeal the Decision and on November 29, 2016, the Plaintiffs' counsel advised that the Court of Appeal is available to hear the Plaintiffs' application for leave to appeal on December 7, 2016.

16. The Phase II Bid Deadline was November 21, 2016. Following the Phase II Bid Deadline, the CCAA Parties, in consultation with the Monitor and the Sale Advisor, have determined that the Secured Noteholder Credit Bid is the Successful Bid.

17. The CCAA Parties are now seeking to move forward with the Transaction and transition these proceedings from being debtor-directed proceedings under the supervision of the Court and the Monitor to proceedings directed by the Monitor exercising enhanced powers under the supervision of the Court.

II. GROUNDS FOR RELIEF SOUGHT

The Stay Extension Order

18. Since the First Stay Extension Order was granted, the CCAA Parties have taken significant steps to advance these proceedings, including, but not limited to:

    (a) continuing to work with the Monitor and providing the Monitor with full cooperation and complete access to their property, premises and books and records;

(b) implementing procedures for the monitoring of their operations and financial circumstances, including receipts and disbursements;

(c) communicating with stakeholders, including creditors, customers and employees;

(d) advancing the Oppression Litigation, including advancing the hearing on November 15 and 16, 2016 of the Threshold Issues;

(e) carrying out the Sale Procedures in accordance with the Initial Order;

(f) negotiating and executing the Purchase Agreement for the sale of the Purchased Assets;

(g) continuing to manage the business and operations of the CCAA Parties in the ordinary course; and

(h) continuing to work with the Monitor to implement and carry out the Claims Process.

19. The CCAA Parties are working diligently and in good faith in these proceedings.

20. The CCAA Parties intend to use the requested Extension Period to advance the following initiatives:

(a) close the Transaction;

(b) conclude the Claims Process;

(c) transition from debtor-directed proceedings under the supervision of the Court and the Monitor to proceedings directed by the Monitor exercising enhanced powers under the supervision of the Court; and

(d) continue to cooperate with the Monitor to allow the Monitor to conduct an orderly wind-down of the remainder of the CCAA Parties' businesses and operations.

21. Unless otherwise defined herein, capitalized terms in paragraphs 22-24 and 41-52 of my Affidavit have the meanings given to them in the Purchase Agreement.

22. The Purchase Agreement contemplates the provision of a Wind-Down Amount to fund post-closing matters, which include among other things:

(a) amounts owing by the CCAA Parties in respect of goods and services provided to them prior to the commencement of these CCAA proceedings (other than in respect of Excluded Assets) or post-filing amounts, that are not otherwise assumed by the Buyer;

(b) fees and expenses of the CCAA Parties' advisors and the Monitor and its advisors;

(c) the D&O Reserve (up to a maximum amount of $2.5 million); and

(d) costs of winding down the CCAA Parties' estates after the closing of the Transaction.

23. The Wind-Down Amount is to be held in trust and administered by the Monitor in accordance with the Purchase Agreement, provided that any remaining portion of the Wind-Down Amount not required to fund the costs of winding-down the CCAA Parties' estates as determined in accordance with the Purchase Agreement, shall be delivered by Monitor to the Buyer.

24. In addition, the Purchase Agreement provides for a Reserve Payment Amount, which amount shall be used: (i) to pay any Priority Claims as defined in the Purchase Agreement, and (ii) as an amount to be held in trust to be administered by Monitor in accordance with the Purchase Agreement for any Priority Claims that have not yet been finally determined, resolved or settled pursuant to the Claims Process. Any remaining amount of the Reserve Payment Amount not required to fund the payment of Priority Claims after the closing of the Transaction as determined in accordance with the Purchase Agreement, shall be delivered by Monitor to the Buyer.

25. I am advised by Dustin Olver of the Monitor that the Monitor will file its third report (the "**Third Report of the Monitor**") which will include, among other things, the Monitor's recommendation in respect of the requested Extension Period.

26. I am further advised by Dustin Olver of the Monitor that the Third Report of the Monitor will include the CCAA Parties' revised cash flow forecast demonstrating that, subject to the underlying assumptions contained therein, the CCAA Parties will have sufficient funds with the Wind-Down Amount to continue their operations and fund these CCAA proceedings through May 31, 2017, which is the projected outside date to complete the orderly wind-down of the CCAA Parties' businesses and operations.

27. I do not believe that any creditor will suffer any material prejudice if the Stay Period is extended for the Extension Period and I do believe that the Extension Period is appropriate in the present circumstances.

28. The *Ad Hoc* Committee of Secured Noteholders is supportive of extending the Stay Period for the Extension Period.

The Approval and Vesting Order

A. The marketing of the CCAA Parties

29. As set out in detail in the Initial Order Affidavit beginning at paragraph 85, on July 13, 2016, the CCAA Parties commenced a sale and investor solicitation process in the Arrangement Proceedings with the assistance of TD Securities Inc. acting as sale advisor.

30. The sale and investor solicitation process was continued throughout the Arrangement Proceedings, which involved TD Securities Inc. contacting more than 600 parties, both domestic and international, including 1,200 individual contacts. Of those over 600 parties contacted, 37 (including 36 strategic parties and 1 financial party) executed a non-disclosure agreement.

31. The CCAA Parties continued the sale and investor solicitation process through these CCAA proceedings by way of the Sale Procedures, which were designed to thoroughly canvas the market to solicit, explore, assess and negotiate possible transactions for the sale of the CCAA Parties or a combination of one or more of their three business units, with a view to the best interests of the CCAA Parties and their stakeholders.

32. Following the granting of the Initial Order, the Sale Advisor distributed a broad notification to the approximately 600 parties originally contacted in the pre-CCAA sale and investor solicitation process (the "**Sale Procedure Approval Notification**"). The Sale Procedure Approval Notification included, among other things:

(a) confirmation that the CCAA Parties had entered CCAA proceedings and that the Sale Procedures have been approved by the Court;

(b) a link to the Monitor's website and the Initial Order;

(c) a copy of the Teaser and the form of Confidentiality Agreement (as each term is defined in the Sale Procedures); and

(d) notification of the Phase I Bid Deadline.

33. In addition to the broad distribution of the Sale Procedure Approval Notification, the Sale Advisor made outbound calls to parties that had been identified by the Sale Advisor as key parties in the Sale Procedures, to provide them with an opportunity to seek any clarification that they desired regarding the Sale Process under the supervision of the Court. Such key parties were identified by the Sale Advisor with reference to a number of factors, including: access to capital, interest in the assets of the CCAA Parties and a history of acquiring similar assets.

34. The Sale Advisor provided a bid procedures letter (the "**Bid Procedures Letter**"), which summarized the Sale Procedures, including the bid deadlines, to 61 parties who signed a confidentiality agreement in the Sale Procedures. Attached hereto and marked as Exhibit "**B**" is a copy of the Bid Procedures Letter.

35. The Sale Procedures provided for broad marketing to all potential purchasers of the CCAA Parties' businesses, offered a fair and transparent process run by the CCAA Parties under the oversight of the Monitor with the assistance of the Sale Advisor and were intended to maximize value for the CCAA Parties and all of its stakeholders.

B. The Successful Bid

36. As a result of the marketing and sales efforts of the Sale Advisor pursuant to the Sale Procedures, numerous non-binding indications of interest were received by the Phase I Bid Deadline on October 21, 2016, either by way of *en bloc* offers for all of the Lightstream Property or for certain Parcels. The CCAA Parties, with the assistance of the Sale Advisor and the Monitor, subsequently proceeded into Phase II of the Sale Procedures.

37. In accordance with the Sale Procedures, in the event that no binding bids were received by the Phase II Bid Deadline that would be sufficient to repay (on their own, or in combination with one or more non-overlapping bids for different business units), the indebtedness owing to the First Lien Lenders and the Second Lien Noteholders in full, in cash and immediately on closing, the Secured Noteholder Credit Bid is to be deemed the Successful Bid.

38. Following the Phase II Bid Deadline on November 21, 2016, in consultation with the Monitor and the Sale Advisor, the CCAA Parties determined that (i) no binding bids were received by the Phase II Bid Deadline that would be sufficient to repay (on their own, or in combination with one or more non-overlapping bids for different business units), the indebtedness owing to the First Lien Lenders and the Second Lien Noteholders in full, in cash and immediately on closing, and therefore (ii) the Secured Noteholder Credit Bid was the Successful Bid.

39. As discussed in detail in the Initial Order Affidavit at paragraph 58, the CCAA Parties received a revolving facility commitment letter (the "**Commitment Letter**") dated August 26, 2016 from certain lenders, and which provides for a new revolving credit facility with an aggregate commitment of $400 million (the "**Replacement Credit Facility**"), which Replacement Credit Facility is available to the Buyer. The proceeds from the Replacement Credit Facility will be used to pay out in full, in cash and immediately on closing the obligations owing under the Credit Facility and to fund certain capital expenditures and operating costs of the Buyer. The Commitment Letter

contemplates that if a transaction is to be implemented pursuant to CCAA proceedings, the closing shall have occurred by no later than December 31, 2016.

40. In accordance with the Sale Procedures, the CCAA Parties are proceeding to implement the Secured Noteholder Credit Bid made pursuant to the Purchase Agreement and seek Court approval of the same.

C. The Purchase Agreement

41. Following the Phase II Bid Deadline and the identification of the Secured Noteholder Credit Bid as the Successful Bid, the CCAA Parties and the Buyer finalized and executed the Purchase Agreement. A copy of the executed Purchase Agreement, without Schedules due to their size, is attached hereto and marked as Exhibit "**C**". A complete copy of the executed Purchase Agreement with Schedules will be provided to the Court.

42. The following are the key terms of the Purchase Agreement:

(a) the Purchase Price for the Purchased Assets, exclusive of all applicable Transfer Taxes, is the aggregate of the following:

(i) the Credit Facility Payout Amount;

(ii) the Assumed Liabilities;

(iii) the Credit Bid Amount; and

(iv) the Deficiency Payment, if any.

(b) the Closing of the sale of the Purchased Assets and the assumption of the Assumed Liabilities is no later than three (3) Business Days after the conditions to Closing have been satisfied or waived, but in any event no later than December 31, 2016, unless otherwise agreed by the Parties in writing;

(c) on the Closing Date, the Buyer shall deliver to the CCAA Parties the Assumption Agreement pursuant to which the Buyer shall assume and agree to discharge, when due (in accordance with their respective terms and subject to the respective

conditions thereof), the Assumed Liabilities as set out and defined in Section 2.2 of the Purchase Agreement;

(d) subject to the mutual agreement of the Buyer and the CCAA Parties to terminate one or more of the current employees of the CCAA Parties, prior to Closing, the Buyer is to provide written offers of employment, effective as of and conditional upon Closing, to all the CCAA Parties' current employees, on substantially similar terms as the terms that currently exist and recognizing the past service of such employees;

(e) the material conditions precedent to Closing (which may be waived at or prior to Closing) include, among other things, that:

(i) the Approval and Vesting Order will have been granted and shall be in full force and effect and not have been vacated, set aside or stayed or reversed, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appeal court;

(ii) the Buyer shall have received all qualification requirements of Governmental Authorities necessary to complete the Licence Transfers and to consummate the Transaction, provided that such requirements do not require the posting of security or other financial assurances in amounts in the aggregate that exceed that provided by the CCAA Parties by twelve and one half percent (12.5%) or more, including as set forth in (a) the AER Directive 006: Licensee Liability Rating Program and Licence Transfer Process issued by the Alberta Energy Regulator, (b) the Government of Saskatchewan's Ministry of Economy (ECON) Guideline: Licensee Liability Rating (LLR) Program Guideline, and (c) the British Columbia Oil & Gas Commission's Liability Management Rating Program Manual;

(iii) the Replacement Credit Facility shall be in force and effect in accordance with its terms;

(iv) no aspect of the Oppression Litigation shall have had any Material Adverse Effect on the Purchased Assets or Business, the ability of the CCAA Parties to complete the Transaction or any impact on the priority or composition of the holders of the Second Lien Indebtedness as of the Filing Date; and

(v) Investment Canada Act Approval (if required) and any other material Governmental Authorization required in connection with the Transaction shall have been obtained,

(f) both the CCAA Parties and the Buyer have given a number of representations and warranties that are typically found in an asset purchase agreement in similar circumstances, including an acknowledgement by the Buyer that it is acquiring the Purchased Assets on an "as is, where is" basis. Except for any claims arising from negligent misrepresentation or fraud, the CCAA Parties' representations and warranties do not survive the Closing; and

(g) during the period prior to Closing, the CCAA Parties are to maintain and operate the Purchased Assets that are currently being operated by the CCAA Parties in the ordinary course of Business and obtain the Buyer's consent for any material changes in operations, including any material terminations, amendments modifications to any Assigned Contract or Lease.

43. In addition, the Purchase Agreement provides that upon closing of the Transaction, the Buyer and LTS shall enter into an occupancy agreement (the "**Occupancy Agreement**") in respect of the leased premises subject to the Office Lease, pursuant to which LTS shall provide and make available, at no cost or expense to the Buyer, certain occupancy rights with respect to such premises, subject to the Buyer agreeing to, among other things, comply with all provisions of the Office Lease applicable to the exercise of such occupancy rights and indemnify LTS and its representatives under the Office Lease in respect of any liabilities that may be incurred as a result of the exercise of such occupancy rights. A draft copy of the form of Occupancy Agreement is attached hereto and marked as Exhibit "**D**".

44. The Purchase Agreement was negotiated in good faith and at arm's-length.

45. The Purchase Agreement was submitted in compliance with the requirements of the Court-approved Sale Procedures and provides significant benefits to stakeholders, including:

(a) the Purchased Assets, which consist of all or substantially all of the property used by the CCAA Parties in carrying on their businesses, including assets in Alberta, Saskatchewan, British Columbia, Manitoba and Northwest Territories, will be managed and operated by a new owner, being the Buyer;

(b) the Transaction provides all or substantially all of the current employees of the CCAA Parties, which consists of 289 individuals, with the opportunity for new employment with the Buyer on substantially the same terms as employees' current employment terms;

(c) the Buyer is creditworthy and will provide the stability necessary to insulate the business of the CCAA Parties from the continued weak oil and gas commodity prices;

(d) the suppliers and customers of the CCAA Parties (except in respect of Excluded Assets) will remain unaffected and will be able to continue to transact business with strong and credible counterparties; and

(e) the First Lien Lenders will be paid out in full.

46. The Transaction contemplates that it will be completed in a tax efficient manner and that the CCAA Parties will undertake any reorganization, transactions or actions directed by the Buyer and permitted under Applicable Law at or prior to closing, to maximize Tax Pools (as defined in the Purchase Agreement) of the CCAA Parties that may be utilized by the Buyer. The Transaction may involve a transfer of the interests of 1863359, 1863360 and the Partnerships to LTS, such that all legal and beneficial interests in the business units and assets of these parties will be held by LTS immediately prior to closing and thereby transferred from LTS to the Buyer on closing.

47. The Monitor was kept apprised of the progress and status of the Sale Procedures and the subsequent negotiations of the Purchase Agreement, is supportive of the transaction contemplated by the Purchase Agreement and is satisfied sufficient effort was made to get the best price for the Purchased Assets and that further marketing efforts are not required.

48. The First Lien Lenders have been apprised of the progress and status of the Sale Procedures and the subsequent negotiations of the Purchase Agreement and are supportive of the CCAA Parties entering into the Purchase Agreement and moving forward with closing the Transaction.

D. Release and Reduction of Charges

49. Upon the closing of the Transaction, the Wind-Down Amount and the Reserve Payment Amount will be deducted from the CCAA Parties' cash on hand and held in trust and administered by the Monitor in accordance with the Purchase Agreement. As a result, certain charges granted in the Initial Order will no longer be required or the amounts provided for can be reduced.

50. The CCAA Parties are working to get replacement credit cards in advance of Closing, and upon Closing, the obligations under the existing credit cards will either be satisfied or assumed by the Buyer.

51. Further, the Purchase Agreement provides that on or prior to December 7, 2016, the CCAA Parties and the Buyer may mutually agree that one or more Seller Employee shall be terminated and not receive Employment Offers from the Buyer. It is anticipated that all Seller Employees will be offered new employment with the Buyer on substantially similar terms as those currently existing and recognizing past service for all purposes, including common law and statutory notice of termination (or pay in lieu thereof). Therefore, the CCAA Parties do not anticipate any Seller Employees will have claims under the KERP or the KEIP as approved in the Initial Order.

52. To the extent any Seller Employees do not receive Employment Offers, the Monitor will reserve sufficient funds in the Reserve Payment Amount to satisfy any claims under the

KERP or the KEIP. As a result, it is appropriate that the KERP Charge and the KEIP Charge be released upon delivery of the Monitor's Certificate to the Buyer.

53. As such, the CCAA Parties request that upon delivery of the Monitor's Certificate to the Buyer:

(a) the Credit Card Charge be released, expunged and discharged; and

(b) the Administration Charge be reduced to the maximum aggregate amount of $500,000;

(c) the KERP Charge be released, expunged and discharged; and

(d) the KEIP Charge be released, expunged and discharged.

The Transition Order

54. The CCAA Parties request that, upon the Monitor filing the Monitor's Certificate confirming the closing of the Transaction for the sale of the Purchased Assets, that these proceedings be transitioned from being advanced by the CCAA Parties under the supervision of the Court and the Monitor to proceedings directed by the Monitor exercising enhanced powers under the supervision of the Court.

55. It is anticipated that all directors of the CCAA Parties will resign concurrently with closing of the Transaction and all employees (including officers of the CCAA Parties) are expected to be offered positions with the Buyer. Therefore, following closing of the Transaction, the CCAA Parties will no longer have any officers or directors and such a transition is appropriate following the closing of the Transaction.

56. For the forgoing reasons, the CCAA Parties are seeking the Transition Order, which is supported by the Monitor, the First Lien Lenders and the *Ad Hoc* Committee of Secured Noteholders.

Miscellaneous

A. The Settlement Agreement

57. Pursuant to a mandatory mediation held pursuant to *The Queen's Bench Act, 1998,* RSS 2000, c Q-1.01 on September 15, 2016, LTS and Bakken Partnership entered into a settlement agreement (the "**Settlement Agreement**") on September 26, 2016 with respect to certain litigation in Saskatchewan Q.B. Action No. 134 of 2015 and Saskatchewan Q.B. Action No. 231 of 2015 (collectively, the "**Saskatchewan Actions**").

58. Pursuant to the Settlement Agreement, all parties involved in the Saskatchewan Actions agreed to a settlement of all claims, whereby for LTS' and Bakken Partnership's purposes, LTS will receive a net payment and certain liens filed against the CCAA Parties' Crown mineral lease interests in Saskatchewan will be discharged.

59. Although the settlement contemplated by the Settlement Agreement had been agreed to, in advance of the Initial Order, the Settlement Agreement was not formally entered into until the date of the Initial Order. Further, the implementation of the Settlement Agreement, including the discharge of the liens filed against the interests of the CCAA Parties and the payment of the settlement funds, were not fully concluded until November 25, 2016.

60. The Monitor, counsel to the First Lien Lenders and counsel to the *Ad Hoc Committee* of Secured Noteholders have been apprised of the Settlement Agreement and have not objected to LTS proceeding with the completion of the Settlement Agreement. A copy of the Settlement Agreement is marked as Exhibit "**E**" hereto, but is not attached due to the confidential and commercially sensitive nature of its contents.

B. The Hudson Action

61. LTS is co-defendant in an action brought by a group of plaintiffs in in respect of Court of Queen's Bench Action 1001-11801 (the "**Hudson Action**").

62. All evidence has closed with respect to the Hudson Action and the matter was in the process of being set down for trial at the commencement of these CCAA proceedings.

63. LTS has entered into a consent order (the "**Stay Consent Order**") that was granted by the Honourable Madam Justice B.E.C. Romaine on November 21, 2016, which temporarily lifted the stay of proceedings granted pursuant to the Initial Order for the sole and limited purpose of allowing the plaintiffs in the Hudson Action to apply for a trial date, on the terms of the Trial Consent Order (defined below) attached as a schedule thereto. Attached hereto and marked as Exhibit "**F**" is a copy of the Stay Consent Order.

64. In addition to the Stay Consent Order, the CCAA Parties entered into a consent order (the "**Trial Consent Order**") that was granted by the Honourable Madam Justice B.E.C. Romaine on November 21, 2016, which, among other things, directed the Clerk of the Court to set the Hudson Action down for a 20 day trial, and set certain deadlines for LTS and the plaintiffs to the Hudson Action to complete certain pre-trial matters. Attached hereto and marked as Exhibit "**G**" is a copy of the Trial Consent Order.

III. CONCLUSION

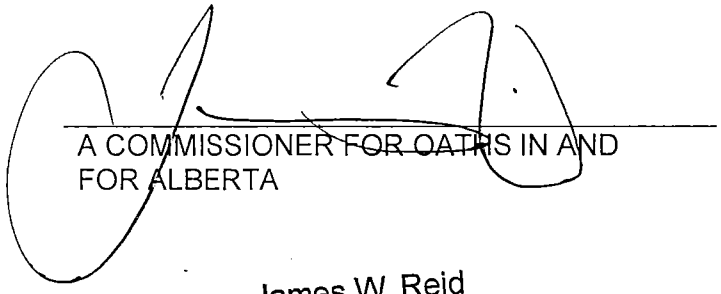
65. I swear this Affidavit in support of the Stay Extension Order, the Transition Order and the Approval and Vesting Order.

SWORN (OR AFFIRMED) BEFORE ME)
at Calgary, Alberta this 29th)
day of November, 2016.)
)
)
)
A Commissioner for Oaths)
in and for Alberta)
)

James W. Reid
Barrister & Solicitor

PETER D. SCOTT

This is Exhibit "A" referred to in the Affidavit of Peter D. Scott sworn before me this 29th day of November A.D. 2016



A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor

Court of Queen's Bench of Alberta

Citation: Lightstream Resources Ltd (Re), 2016 ABQB 665

Date:
Docket: 1601 12571
Registry: Calgary

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 Lightstream Resources Ltd, 1863359 Alberta Ltd, LTS Resources Partnership, 1863360 Alberta Ltd and Bakken Resources Partnership

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Decision of the
of the
Honourable Mr. Justice A.D. Macleod

Introduction

[1] Lightstream Resources Ltd and its subsidiaries ("Lightstream") are under creditor protection pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") by virtue of an Order of this Court dated September 26, 2016. Lightstream is an oil producer which sought creditor protection because of protracted low oil prices which it, like many others, has found financially challenging.

[2] On October 11, 2016 a comeback hearing took place and with respect to claims by Mudrick Capital Management ("Mudrick") and FrontFour Capital Corp ("FrontFour") I directed that this hearing be held, the purpose of which is to answer two preliminary questions related to their claims. Mudrick and FrontFour are sophisticated investment firms.

[3] Their oppression claims invoke Section 242 of the *Alberta Business Corporations Act*, RSA 2000, c B-9 (the "*ABCA*"). They are both asking this Court to order an exchange of securities with Lightstream as if they had participated in an earlier transaction with two other creditors who had exchanged unsecured notes for secured notes and provided $200 million US dollars to Lightstream in July 2015 (the "Secured Notes Transaction").

[4] Mudrick and FrontFour seek the Order pursuant to subsection (3)(e) of section 242 which provides that, to rectify oppressive conduct, the Court may order an issue or exchange of securities.

[5] The two questions are:

1. In the context of CCAA proceedings is there jurisdiction in the Court to recognize the Plaintiffs' claim as secured claims after the granting of the Initial Order and to make an order varying the Secured Notes Transaction and requiring Lightstream to issue additional Secured Noted to remedy alleged oppressive conduct?

2. If there is jurisdiction to make an Order recognizing the Plaintiffs' claim as a secured claim and varying the Secured Notes Transaction, would the Court exercise its discretion to do so based upon the facts as pleaded and supplemented to represent the highest and best factual case of the Plaintiffs?

[6] Some of the ground work necessary to achieve a compromise and an arrangement under the *CCAA* had been done prior to commencing the *CCAA* proceedings. Secured creditors had tentatively agreed to an arrangement which might see Lightstream survive provided that certain matters fell into place by the end of December 2016. Accordingly, time is in short supply as it often is in proceedings of this type.

[7] The oppression proceedings had been commenced in July of 2015 and documents have been produced and questioning is complete. The matter was virtually ready for trial at the time of the Stay Order.

[8] It is useful at this stage to review the chronology of events which give rise to the claim for oppression. When reviewing the chronology as it relates to Lightstream's representations, it is important to understand that it is primarily the evidence of Mudrick and FrontFour because for the purpose of this application I am to take the best view of the Plaintiffs' cases. Lightstream witnesses take issue with much of the evidence alleging misrepresentation but that evidence is left out of the chronology. If I answer both of the questions put forward in the affirmative, a trial will take place in December 2016 in which I will have a full opportunity to assess all of the evidence.

Chronology

[9] On January 30, 2012 Lightstream issued $900 million in unsecured notes pursuant to an Indenture agreement. Lightstream repurchased $100 million in unsecured notes in 2014, leaving $800 million outstanding.

[10] FrontFour met with Lightstream in January of 2014 to discuss the unsecured notes and the state of Lightstream's balance sheet. In December of 2014 an internal email in FrontFour discussed the risk of being "primed" (which means having secured debt added to Lightstream's

balance sheet, which would rank ahead of the unsecured notes) FrontFour believed the risk was minimal.

[11] On January 21, 2015, Lightstream held a conference call with Mudrick in which Lightstream explained that it had the capacity to carry $1.5 billion in total secured debt, but that liquidity was not an issue, so Lightstream did not need or intend to restructure its debt at that time.

[12] On January 22, 2015 Mudrick purchased a series of Lightstream's unsecured notes on the secondary market. All told, Mudrick purchased $32,200,000 of unsecured notes between January 22, 2015 and the date of the July 2015 exchange transaction.

[13] FrontFour followed suit with its first purchase of unsecured notes on February 2, 2015. FrontFour currently holds $31,750,000 worth of unsecured notes.

[14] On February 3, Lightstream's CFO prepared an internal email identifying a number of transaction alternatives to restructure Lightstream's debt, including an exchange transaction involving unsecured notes. In respect of the exchange transaction, the CFO noted that such a transaction "might require to be a tender for fairness to all note holders".

[15] On February 11, 2015, FrontFour held a conference call with Lightstream in which the parties discussed the possibility of a third party unsecured note holder initiating an exchange transaction. Lightstream advised that, while they had the capacity to issue additional debt securities, no such transaction had been contemplated and Lightstream had ample liquidity.

[16] Mudrick met with Lightstream on February 18, 2015 to discuss Lightstream's liquidity situation. Lightstream maintained that they had sufficient liquidity.

[17] In an internal email dated February 22, 2015, FrontFour managers discussed a conversation with Lightstream's CFO advising that nothing in the Indenture prevented Lightstream from issuing additional senior unsecured notes.

[18] On March 8, 2015 an internal memorandum circulated FrontFour which stated that Lightstream's ability to issue senior debt securities was "limited" and that the current trading price of the unsecured notes presented an opportunity for "equity-like returns".

[19] In early March of 2015, unsecured note holders, Apollo Management LP ("Apollo") and GSO Capital Partners ("GSO"), approached Lightstream about a possible exchange transaction of their unsecured notes for secured notes.

[20] On March 13, 2015 FrontFour met with Lightstream. FrontFour emphasized that if Lightstream was planning on an exchange transaction of unsecured notes for secured notes with selective note holders, all unsecured note holders should have the opportunity to participate in the transaction. Lightstream maintained that it did not intend a debt exchange because of its favorable liquidity situation, and if a transaction were to occur, the transaction would be offered to all unsecured noteholders.

[21] In May of 2015, Lightstream retained a division of Royal Bank of Canada ("RBC") as financial advisor for the purposes of a potential debt exchange transaction.

[22] On May 9, 2015, Apollo sent Lightstream a term sheet proposal containing the proposed terms for a secured notes exchange transaction. Apollo and GSO both advised Lightstream that they were not prepared to have other unsecured noteholders participate in any exchange

transaction, beyond certain follow-on exchanges. Apollo and GSO collectively held $465 million in unsecured notes, and Lightstream's view was that any transaction without their participation would not likely have a material upside for Lightstream.

[23] Lightstream held its Annual General Meeting on May 14, 2015. Lightstream executives were asked about the company's capacity to layer secured debt on top of the unsecured notes. Lightstream stated that it would be possible to layer additional secured debt, but that this debt would have a higher cost, and at this point Lightstream was not "enamoured" about adding on additional debt to add liquidity that was not necessary.

[24] On May 19, 2015 an internal FrontFour email circulated acknowledging an awareness that Lightstream was in talks with its creditors. The email posed the question: "shouldn't we work to insert ourselves into creditor talks?"

[25] On May 26, 2015, RBC told Lightstream that it would need to seek incremental liquidity in 2016 and that Lightstream should consider the Apollo and GSO transaction against the importance of maintaining senior secured financing flexibility.

[26] Lightstream spoke to Mudrick on May 27, 2015 to the effect that it was comfortable with its liquidity. Lightstream also said that any issuance of secured notes in exchange for the existing unsecured notes was unlikely. After this meeting, Mudrick circulated an internal email indicating that although Lightstream did not say an exchange transaction was likely, Lightstream did seem more inclined to do one than before.

[27] On May 29, 2015 an internal email at FrontFour outlined secured note issuances carried out in the energy sector in recent months, and posed the question "how much debt can be put ahead of us in [Lightstream]?"

[28] By the end of May, Mudrick considered selling its position in the unsecured notes to avoid the negative consequences of an exchange transaction of unsecured for secured notes. Based on assurances from Lightstream, Mr. Kirsch, a managing director of Mudrick decided not to sell. FrontFouralso says that it did not sell its position as a result of the assurances it had received from Lightstream that such an exchange transaction would not occur without them.

[29] In June 2015 all the parties were in New York and FrontFour and Mudrick each received assurances that while the company had been receiving more reasonable financing offers, that there was no contemplated debt exchange, and if there were such an exchange, Lightstream would offer it to all of the unsecured noteholders. Indeed Mudrick was assured that to do otherwise would be an "un- Canadian" way of doing business.

[30] On June 4, 2015, RBC emailed Lightstream a presentation in which it addressed Apollo and GSO's proposal for an exclusive secured note exchange. The presentation highlighted some of Lightstream's 2017 liquidity issues, and advised that Lightstream make efforts to rectify the liquidity shortfall.

[31] On June 5, 2015, Lightstream emailed Apollo and GSO its comments respecting the proposed exchange transaction. The parties agreed on June 10, 2015 that the terms for any follow-on deal could not be offered on terms more favorable than those accepted by Apollo and GSO.

[32] On June 10, 2015, Mudrick emailed Lightstream and asked that he be kept apprised of any debt exchange proposals so that Mudrick could participate in the discussions. That same day,

Mudrick circulated an internal email indicating Mudrick's confidence in Lightstream but also with an awareness of the risk to the value of Mudrick's position if a debt exchange transaction were to occur.

[33] On June 11, 2015 RBC provided Lightstream with an assessment of the proposed exchange transaction by Apollo and GSO. They concluded that the deal would provide liquidity through 2016, and up to the end of 2017. Later that day, Lightstream sent Apollo and GSO a signed letter of agreement with the final term sheet.

[34] On July 2, 2015 Lightstream entered into a note purchase and exchange agreement with Apollo and GSO. The deal exchanged $465 million of unsecured notes for $395 million of secured second lien notes, and issued an additional $200 million of secured notes. The press release associated with the exchange stated that the transaction would provide Lightstream with the ability to reduce its outstanding borrowing under its credit facility, give the company financial flexibility in the low-price commodity environment, and potentially accelerate its drilling program in the event commodity prices recover.

[35] On July 6, 2015 Mudrick circulated an internal email in which members of the firm stated that Lightstream "just did the exchange we thought might be coming."

[36] Before the end of July 2015, Mudrick and FrontFour both filed actions claiming oppression by Lightstream in relation to the debt exchange transaction executed with Apollo and GSO. Both Mudrick and FrontFour alleged that they were oppressed because it was improper to offer the debt exchange transaction exclusively to Apollo and GSO, and to leave them out, particularly in light of the alleged misrepresentations made by Lightstream management. In addition, the exchange transaction was allegedly in breach of the unsecured note Indenture agreement.

[37] Among the remedies sought by FrontFour and Mudrick to rectify the alleged oppression was an order by the court compelling Lightstream to allow FrontFour and Mudrick the opportunity to participate in the debt exchange transaction on the same terms negotiated by Apollo and GSO.

[38] Since then, Mudrick has purchased approximately $36 million US dollars worth of the unsecured notes on the market.

[39] On September 26, 2016 Lightstream brought an application seeking *CCAA* protection, including a stay of all proceedings against it. Mudrick and FrontFour brought an application seeking an order to exclude their claims against Lightstream from the stay, and to have the issues raised in their claims heard before any proceedings under the *CCAA*. This court granted the stay but on October 11 ordered the threshold issues referenced above be determined in the *CCAA* proceedings.

Framework of Analysis

[40] Because of the obvious time constraints under which we are working, this is a pragmatic exercise. We often refer to this as "real time litigation" which does not give us the luxury of time for extended reflection.

[41] While this was not framed as a summary dismissal application it proceeded like one. Lightstream, Mudrick and FrontFour along with Apollo and GSO put forward that part of the

record upon which they rely. This included affidavits by representatives of Mudrick and FrontFour, excerpts from questioning, and documents produced as well as answers to undertakings. I received extensive briefs and was favored with oral presentations over two days.

[42] I think it is appropriate to apply the same test with respect to the two questions as the Court would apply in a summary judgment application. That test has been variously described as whether there is a genuine issue to be tried or whether the plaintiffs are bound to fail. As was appropriate, I am confident that each side put its best foot forward with respect to the existence or non-existence of material issues to be tried. ***Papaschase Indian Band No 136 v Canada (Attorney General)***, 2008 SCC 14 see also ***Windsor v Canadian Pacific Railway***, 2014 ABCA 108 and ***Pembina Pipeline Corp v CCS Corp***, 2014 ABCA 390.

[43] I will outline the requirements necessary to apply the oppression remedy recognizing this Court is being asked to grant a particular remedy in the context of ongoing *CCAA* proceedings.

[44] The function of the supervising judge in this context is to supervise matters during the course of the stay of proceedings and this includes adjudicating with respect to claims such as the ones advanced here by Mudrick and FrontFour. They argue that as of the date of the exchange transaction in July 2015 and before the *CCAA* proceedings they were entitled to the remedy sought, i.e. to participate in the secured notes transaction on the same basis as those which did. Implicit in their arguments is that, if successful on this application and the subsequent trial, their claims as secured creditors can be dealt with under section 19(1) of the *CCAA*.

CCAA Process

[45] The *CCAA* is a broadly worded remedial piece of legislation. The Supreme Court in ***Ted Leroy Trucking [Century Services] Ltd,*** 2010 SCC 60 wrote about the broad scope of the *CCAA* at paragraph 59:

> The remedial purpose I referred to in the historical overview of the Act is recognized over and over again in the jurisprudence. To cite one early example:
>
> > The legislation is remedial in the purest sense in that it provides a means whereby the devastating social and economic effects of bankruptcy or creditor initiated termination of ongoing business operations can be avoided while a court-supervised attempt to reorganize the financial affairs of the debtor company is made.
> >
> > (*Nova Metal Products Inc. v. Comiskey (Trustee of)* (1990), 41 O.A.C. 282 (Ont. C.A.), at para. 57, *per* Doherty J.A., dissenting)

[46] The *CCAA's* general language provides the Court with discretion to make orders to further the *CCAA's* purpose. The source of much of the Court's discretion originates from section 11 of the *CCAA* and is supplemented by other statutory powers that may be imported into the section 11 discretion by way of section 42: ***Re Stelco Inc***, [2005] OJ No 1171 (ONCA) at para 33.

[47] Section 11 states:

> **11** Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may,

> subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

[48] Under section 11, the court may issue any order that it considers appropriate in the circumstances. Our Supreme Court addresses appropriateness in this context in ***Century Services*** at para 70:

> Appropriateness under the *CCAA* is assessed by inquiring whether the order sought advances the policy objectives underlying the *CCAA*. The question is whether the order will usefully further efforts to achieve the remedial purpose of the *CCAA* — avoiding the social and economic losses resulting from liquidation of an insolvent company.
>
> ...

[49] The Ontario Court of Appeal addressed the scope of section 11 in ***Re Stelco***, at para 44. The Court acts as a referee and maintains a level playing field while the company and its creditors attempt to achieve a compromise. While the Court has much discretion, it is limited by the remedial object of the *CCAA* and the Court must not usurp the roles of the directors or management.

[50] The Ontario Court of Appeal revisited the discussion of the scope of section 11 in ***US Steel Canada Inc, Re***, 2016 ONCA 662 and made the following comment, at para 82:

> There is no support for the concept that the phrase "any order" in s. 11 provides an at-large equitable jurisdiction to reorder priorities or to grant remedies as between creditors. The orders reflected in the case law have addressed the business at hand: the compromise or arrangement.

[51] An essential element of negotiating a compromise or arrangement is the stay of proceeding associated with the initiation of a *CCAA* proceeding. This allows for a status quo as between creditors so that the insolvent company has an opportunity to reorganize itself without any creditor having an advantage over the company or any other creditor: ***Woodward's Ltd, Re***, [1993] BCWLD 769 (BCSC) at para 17. Any order under section 11 should be made with the view to facilitating a fair compromise or an arrangement.

The Oppression Remedy under the *CCAA*

[52] Section 42 of the *CCAA* allows for the import of remedies from other statutory schemes:

> **42** The provisions of this Act may be applied together with the provisions of any Act of Parliament, or of the legislature of any province, that authorizes or makes provision for the sanction of compromises or arrangements between a company and its shareholders or any class of them.

[53] FrontFour and Mudrick take the position that the oppression remedy pursuant to section 242 of the *ABCA* may be imported into a *CCAA* proceeding by way of section 42 of the *CCAA*. ***Re Stelco*** describes this proposition in detail at paragraph 52:

> The CBCA is legislation that "makes provision for the sanction of compromises or arrangements between a company and its shareholders or any class of them". Accordingly, the powers of a judge under s. 11 of the CCAA may be applied

> together with the provisions of the CBCA, including the oppression remedy provisions of that statute. I do not read s. 20 [now s. 42] as limiting the application of outside legislation to the provisions of such legislation dealing specifically with the sanctioning of compromises and arrangements between the company and its shareholders. The grammatical structure of s. 20 [now s. 42] mandates a broader interpretation and the oppression remedy is, therefore, available to a supervising judge in appropriate circumstances. [emphasis added]

[54] While the Ontario Court of Appeal in ***Re Stelco*** addresses the *CCAA* in the context of the *CBCA*, the same logic applies to the *ABCA*. I also agree that, while the oppression remedy *can* be a tool under the *CCAA*, it should be utilized in only the appropriate circumstances. Circumstances that qualify as appropriate will be those that accord with the purpose and objectives of the *CCAA* process. Thus, while this Court has jurisdiction to apply the oppression remedies the exercise of this discretion is limited to cases in which the remedy serves the purpose and scheme of the Court's function under the *CCAA*. This analysis will usually involve two questions. Was the conduct oppressive and, if so, what is the appropriate remedy in the context of the *CCAA*?

The Oppression Claim

[55] FrontFour and Mudrick assert that because they held identical notes and they were so assured, they had a reasonable expectation that they would be included in the transaction executed among Lightstream and Apollo and GSO. FrontFour and Mudrick argue that by failing to include them in the exchange transaction, Lightstream acted oppressively.

[56] Under the *ABCA* the oppression remedy is set out in section 242. The Supreme Court of Canada in ***BCE Inc, Re***, 2008 SCC 69 provided a two-part framework for analysing an oppression claim (at para 68):

1. Does the evidence support the reasonable expectation asserted by the claimant?

2. Does the evidence establish that the reasonable expectation was violated by conduct, and falls within the terms "oppression", "unfair prejudice" or "unfair disregard" of a relevant interest?

[57] The Alberta Court of Appeal outlined three governing principles under which a court is subject to when exercising its broad equitable jurisdiction under the oppression remedy: ***Shefsky v California Gold Mining Inc***, 2016 ABCA 103, at para 22:

> • First: not every expectation, even if reasonably held, will give rise to a remedy because there must be some wrongful conduct, causation and compensable injury in the claim for oppression: *BCE* at paras 68, 89-94.
>
> • Second: not every interest is protected by the statutory oppression remedy. Although other personal interests may be connected to a particular transaction, the oppression remedy cannot be used to protect or advance, directly or indirectly, these other personal interests. "[I]t is only their interests as shareholder, officer or director as such which are protected": *Naneff v. Con-Crete Holdings Ltd.* at para 27. Furthermore, "the oppression remedy protects only the interests of a shareholder *qua* shareholder. Oppression remedies are not intended to be a

substitute for an action in contract, tort or misrepresentation": *Stahlke v. Stanfield*, 2010 BCSC 142 (B.C. S.C.) at para 23, aff'd 2010 BCCA 603 (B.C. C.A.) at para 38, (2010), 305 B.C.A.C. 18 (B.C. C.A.).

• Third: courts must not second-guess the business judgment of directors of corporations. Rather, the court must decide whether the directors made decisions which were reasonable in the circumstances and not whether, with the benefit of hindsight, the directors made perfect decisions. Provided the directors acted honestly and reasonably, and made a decision in a range of reasonableness, the court must not substitute its own opinion for that of the Board. If the directors have chosen from one of several reasonable alternatives, deference is accorded to the Board's decisions: *Stahlke* at para 22; *Pente Investment Management Ltd. v. Schneider Corp.* (1998), 42 O.R. (3d) 177 (Ont. C.A.) at para 36, (1998), 44 B.L.R. (2d) 115 (Ont. C.A.); *BCE* at para 40.

(i) Reasonable Expectations

[58] The claimant must identify the expectation they had and must demonstrate that such expectations are reasonable in all of the circumstances. Evidence of an expectation will depend upon the facts of each case. In the context of this case, the basis of FrontFour and Mudrick's alleged reasonable expectation derives from Lightstream's representations and assurance, and the Indenture agreement governing the unsecured notes.

[59] ***BCE*** sets out factors helpful in determining whether a reasonable expectation exists. These factors are:

- general commercial practice
- the nature of the corporation
- the relationship between the parties
- past practice
- steps the claimant could have taken to protect himself
- any representations and agreements, and
- the fair resolution of conflicts between corporate stakeholders

General Commercial Practice

[60] A departure from the general commercial business practice that has the effect of undermining or frustrating a complainant's legal rights can give rise to a remedy: ***BCE*** at para 73.

[61] FrontFour and Mudrick argue that there is no evidence that debt exchanges done on a selective basis is the general commercial practice. It was their belief that such an exchange should be offered to all unsecured noteholders.

[62] Lightstream takes the position that the absence of a prohibition against selective debt exchanges is evidence that selective debt exchanges are permissible. Lightstream points to an internal email sent by FrontFour on May 29, 2015 which listed recent secured note issuances in the energy industry and posed the question "how much debt can be put ahead of us?" in respect of FrontFour's Lightstream unsecured notes. This, according to Lightstream, is evidence of FrontFour's knowledge that an exchange transaction was possible and in accordance with general commercial practice. There is little doubt that the Plaintiffs were aware that a selective exchange transaction was a possibility.

The Nature of the Corporation

[63] This factor carries more weight in instances where a small, closely held corporation deviates from corporate formalities. In the context of this case, Lightstream is a large public company and it is presumed that such a company would comply with corporate norms and formalities.

[64] Lightstream takes the view that it is relevant to consider that FrontFour and Mudrick are also sophisticated firms that are in the business of managing significant amounts of money by, among other things, buying and trading securities on the secondary market. If FrontFour and Mudrick were nervous about a potential debt exchange, they could have sold their position.

Relationship between the Parties

[65] The parties had some familiarity with one another. FrontFour and Mudrick held a sizable enough position in Lightstream's unsecured debt that it allowed them access to Lightstream's CFO and other executives on a regular basis. FrontFour and Mudrick claim that such a relationship implied a reasonable expectation of honesty and candor. On the other hand, professional investors who work daily in a market rife with misinformation ought to beware.

Past Practice

[66] FrontFour and Mudrick claim that no transaction like the debt exchange transaction has occurred in the past. Lightstream points to the repurchase of $100 million in unsecured notes in 2014 as evidence of a transaction done selectively, and not on a pro-rata basis.

Preventative Steps

[67] FrontFour and Mudrick claim that by continually asking Lightstream for inclusion and any exchange transaction they took the appropriate preventative steps to avoid its loss.

[68] On the other hand, there is a significant amount of evidence which indicates that FrontFour and Mudrick were aware that in exchange transactions such as the one that took place was being considered by Lightstream. Despite that, they chose not to sell their notes, they say, because of the assurances both public and private

Representation and Agreements

[69] In addition to the assurances, FrontFour and Mudrick also claimed that the wording of the Indenture agreement supporting the original issue of the unsecured notes contributed to their reasonable expectation that they would participate in any exchange transaction.

[70] I was informed that if this issue does go to trial the interpretation of the Indenture agreement would be the subject of expert evidence. It is a complicated agreement with lengthy provisions and terms. In light of the fact the parties intend to call expert evidence, this hearing is

not the place to make a definitive finding as to what it says on this issue. Nevertheless, there is no evidence before me that anyone associated with the Plaintiffs ever raised the wording of the Indenture agreement with anyone associated with Lightstream prior to the exchange transaction in July 2015. Nor is there any evidence that either Plaintiff raised it internally. Finally, there is no evidence that anyone with Lightstream thought that the Indenture agreement was an obstacle to the transaction. Indeed, it is clear from the evidence that the Lightstream thought it could do so and so informed the Board of Directors in June 2015.

[71] Finally, the Indenture agreement contains a "no action" clause which prescribes specific steps as preconditions to initiating an action relating to the Indenture or notes. It required the Trustee of the Indenture to be notified so that the Trustee could take carriage of the action on behalf of the class. I will return to this clause later.

Fair Resolution of Conflicting Interests

[72] Lightstream asserts that its decision to execute the debt exchange transaction was a business decision done in the best interest of the corporation. As an overture to FrontFour and Mudrick, Lightstream offered them the opportunity to participate in the exchange of unsecured to secured notes. FrontFour and Mudrick rejected this opportunity because the terms of the exchange were less favorable than the terms of the first exchange transaction. Nevertheless, Lightstream points to this as an attempt at a fair resolution for conflicting interests.

Was there a Reasonable Expectation?

[73] Arguably on the evidence, Mudrick and FrontFour were repeatedly told by Lightstream that no exchange transaction was contemplated, but if there was one, all of the unsecured note holders would be able to participate. At the same time, the evidence is that both Mudrick and FrontFour were aware that a selective exchange transaction was in play. However, they each say that they did not take steps to sell their positions because of the repeated assurances given to them by Lightstream management. Moreover, those assurances continued while the impugned transaction was being negotiated. In the absence of hearing the evidence from those witnesses involved, I cannot conclude that the Plaintiffs are bound to fail on this issue. In other words I think that whether or not there was a reasonable expectation and whether it caused a loss as alleged, are genuine issues for trial.

(ii) Oppression, Unfair Prejudice, or Unfair Disregard

[74] The second part of the framework examines whether the evidence establishes that the alleged reasonable expectation was violated by Lightstream conduct, and falls within the terms "oppression", "unfair prejudice" or "unfair disregard" of a relevant interest?

[75] When a conflict between the interests of corporate stakeholders arises, it falls to the corporation to resolve the dispute in accordance with their fiduciary duty to act in the best interest of the company, viewed as a good corporate citizen: ***BCE*** at para 81.

[76] ***BCE*** also states, at paragraph 83:

> Directors may find themselves in a situation where it is impossible to please all stakeholders. The "fact that alternative transactions were rejected by the directors is irrelevant unless it can be shown that a particular alternative was definitely available and clearly more beneficial to the company than the chosen transaction": *Maple Leaf Foods* per Weiler J.A., at p. 192.

> There is no principle that one set of interests — for example the interests of shareholders — should prevail over another set of interests. Everything depends on the particular situation faced by the directors and whether, having regard to that situation, they exercised business judgment in a responsible way.

[77] FrontFour and Mudrick claim that Lightstream completely and unfairly disregarded their interests by going forward with the selective debt exchange transaction. They further assert that the exchange transaction was not necessary in light of Lightstream's available liquidity. To go forward with an unnecessary transaction to the exclusion of the rest of the unsecured noteholders qualifies as unfair disregard, according to FrontFour and Mudrick.

[78] Lightstream takes the position that the selective debt exchange transaction was a good faith business decision made with a view to the best interests of the corporation.

[79] Lightstream hired financial experts to evaluate the company's liquidity in the context of Apollo and GSO's term sheet. In May of 2015, the financial advisor made a presentation to Lightstream in which it recognized the need for incremental liquidity in 2016, and that the Apollo and GSO transaction should be viewed as a potential solution to this problem. On June 11, 2015, the financial advisor provided its assessment of the Apollo and GSO transaction and concluded that the deal would provide liquidity through 2016 and up to year end 2017.

[80] While there were representations made by Lightstream to FrontFour and Mudrick that it would be a fair business practice to offer the exchange transaction to all unsecured noteholders, Lightstream ultimately believed that there was no obligation to do so. At the June 11, 2015 meeting of Lightstream's Board of Directors, the meeting at which the debt exchange transaction was given the go-ahead, the directors discussed the need to offer the transaction to all unsecured noteholders. According to the meeting's minutes, "management confirmed that there was no requirement under either the unsecured note Indenture or applicable U.S. securities laws to make the same offer to all unsecured noteholders."

[81] Apollo and GSO held more than half of the outstanding unsecured notes. Apollo and GSO had said that they would proceed with the transaction only if it was done on a selective basis. The deal, according to Lightstream's financial advisors, would provide liquidity into 2017. Management of the company considered any obligation to offer the transaction to all unsecured noteholders and concluded that none existed.

[82] I would not second guess the Board of Directors on the issues of whether the transaction was necessary or whether it was in the best interest of Lightstream. I defer to their business judgment. Nevertheless, there is no evidence that the Board was told that Mudrick and FrontFour, holders of a significant amount of the unsecured notes, were repeatedly told by Lightstream that they would be included in the transaction. If indeed those assurances had been given, the Board should have been so informed. Had they been so informed the Board may have or maybe should have taken a different decision. Accordingly, on that issue too, I cannot conclude that the Plaintiffs are bound to fail.

Appropriate Remedy

[83] A finding of oppression may give rise to equitable remedies aimed at rectifying the oppression and putting the oppressed in the position they would have been had it not occurred. In this case the Plaintiffs assert that the oppression was the discriminatory way in which they were

treated in the face of the Indenture, the representations and the assurances. They argue that they had the right to expect that they would be included in any exchange transaction. In the end the exchange transaction which occurred was only with Apollo and GSO. It is argued that the only just way to rectify the oppression is to order Lightstream to issue them their pro rata share of secured notes and they have filed an undertaking to contribute their share of cash to Lightstream.

[84] On the other hand, Lightstream and Apollo and GSO argue that even if there is a basis for granting an oppression remedy, it would clearly be a case for damages and in any event, an order directing Lightstream to issue securities and incur further debt is a remedy which is extraordinary, inappropriate and contrary to the function of this Court in supervising the *CCAA* proceedings. They argue that if this action were outside of the *CCAA* proceedings an adequate and thus appropriate remedy would be damages. They further argue that within the *CCAA* proceedings the remedy sought is contrary to the scheme of the *CCAA*.

[85] I have reviewed the very excellent briefs filed the by the parties and listened carefully to their arguments. I agree with the position advanced by Lightstream, Apollo and GSO to the effect that even if a claim for oppression is made out the appropriate remedy is damages. It would not include the equitable remedy sought. Moreover, in the context of the *CCAA* proceedings, it would be inappropriate to grant the relief sought.

[86] Damages are adequate to compensate the Plaintiffs for their loss. Both Plaintiffs claim that if they had known about the transaction they would have sold their notes. The market consensus at that time was that an exchange transaction with existing unsecured noteholders would adversely affect the market price of the remaining notes and the market price at the relevant times is ascertainable. The Plaintiffs claim that because of the assurances received from Lightstream, publicly and privately, they chose not to sell the notes. Accordingly, an award of damages is adequate to compensate the Plaintiffs for their loss. Investments have no intrinsic value beyond their financial return.

[87] If the transaction is found to be oppressive as against the Plaintiffs, it may also be oppressive as against the remaining unsecured notes, the value of which is approximately $150 million US dollars. The remedy sought would apply only to the Plaintiffs and thus the remedy may itself amount to oppression against the remaining unsecured note holders as well as a breach of the Indenture. In those circumstances, the Court would not grant the equitable remedy sought, particularly where the Plaintiffs failed to notify the Trustee of Indenture as required.

[88] Section 242(3)(e) of the *ABCA* empowers the Court to order an exchange of securities but in doing so, the Court should consider all of the factors affecting fairness. Here, the remedy would adversely affect Appollo and GSO because they insisted on exclusivity and insisted that others could participate only later and on less favorable terms. Neither Appollo nor GSO is alleged to have wronged the Plaintiffs. The remedy would also adversely affect the remaining unsecured note holders who have done nothing wrong. Finally, the remedy would impose debt upon Lightstream unilaterally.

[89] To grant the remedy sought would also be contrary to the scheme and object of the *CCAA*. I accept the argument that Lightstream's insolvency is an inappropriate reason to grant an equitable remedy in favor of two creditors particularly when it affects others and Lightstream. I agree with the Ontario Court of Appeal in ***Barnabe v Touhey***, [1995] OJ No 3456 where it said:

> While a constructive trust, if appropriately established, could have the effect of the beneficiary of the trust receiving payment out of funds which would otherwise become part of the estate of a bankrupt divisible among his creditors, a constructive trust, otherwise unavailable, cannot be imposed for that *purpose*. This would amount to imposing what may be a fair result as between the constructive trustee and beneficiary, to the unfair detriment of all other creditors of the bankrupt.

[90] In other words, the appropriate remedy is damages and, accordingly, it would be contrary to the purpose of the *CCAA* to grant an equitable remedy which would adversely affect other creditors.

[91] The Plaintiffs argue that the policy of the *CCAA* argues in their favor because to not grant it will encourage aggressive creditors to jockey for position prior to *CCAA* proceedings. First of all, there is nothing before me to suggest what occurred before the exchange transaction in July 2015 was "jockeying" as opposed to a bona fide transaction. Indeed, no claim is made against Apollo or GSO. More importantly, what is being sought here by the Plaintiffs is an order of this Court that would put them in a better position than the remaining unsecured note holders. I am mindful of the words of Farley, J in ***Lehndorff General Partner Ltd (Re)***, [1993] OJ No 14 where he said at para 6:

> It has been held that the intention of the *CCAA* is to prevent any maneuvers for positioning among the creditors during the period required to develop a plan and obtain approval of creditors. Such maneuvers could give an aggressive creditor a advantages to the prejudice of others who are less aggressive and would undermine the company's financial position making it even less likely the plan will succeed...

In my view, that would be the effect of granting the order sought.

[92] In the result, I answer the questions as follows:

1. In the context of CCAA proceedings is there jurisdiction in the Court to recognize the Plaintiffs' claim as secured claims after the granting of the Initial Order and to make an order varying the Secured Notes Transaction and requiring Lightstream to issue additional Secured Noted to remedy alleged oppressive conduct?

   Yes. The Court has jurisdiction but a limited one. It is defined by the scheme of the CCAA. Whether oppression occurred and whether the Plaintiffs suffered a loss are triable issues.

2. If there is jurisdiction to make an Order recognizing the Plaintiffs' claim as a secured claim and varying the Secured Notes Transaction, would the Court exercise its discretion to do so based upon the facts as pleaded and supplemented to represent the highest and best factual case of the Plaintiffs?

   No. On this question, the Plaintiffs are bound to fail and there is no issue to be tried. To grant the remedy sought would be contrary to law.

[93] The parties may speak to costs.

Heard on the 15th and 16th day of November, 2016.

Dated at the City of Calgary, Alberta this 25th day of November, 2016.

A.D. Macleod
J.C.Q.B.A.

Appearances:

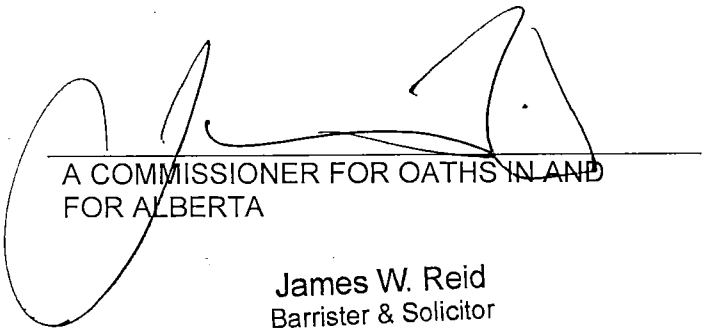
M. Barrack, R. Bell & K. Bourassa
for Lightstream

T. Pinos & C. Simard
S. Voudouris & S. Kerzne
for FrontFour & Mudrick

K. Kashuba
for First Lien Creditors

J. Wadden & D. Conklin
for Apollo Management LP & GSO Capital Partners

This is Exhibit "B" referred to in the Affidavit of Peter D. Scott sworn before me this 29th day of November A.D. 2016



A COMMISSIONER FOR OATHS ~~IN AND~~ FOR ALBERTA

James W. Reid
Barrister & Solicitor

TD Securities Inc.
TD Canada Trust Tower
Suite 3600, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

Lightstream Resources Ltd.
2800 – 525 8th Avenue SW
Calgary, Alberta T2P 1G1

October 17, 2016
RE: Phase I Bid Deadline 5:00 PM MST October 21st, 2016

Thank you for your interest in the Lightstream Resources Ltd. ("**Lightstream**", **or the "Company"**) offering (the "**Offering**") pursuant to the sale procedures (the "**Sale Procedures**") attached as Appendix "A" to an initial order of the Court of Queen's Bench of Alberta (the "**Court**") dated September 26, 2016 (the "**Initial Order**") , which is currently being marketed by TD Securities Inc. (the "**Sale Advisor**"). The purpose of this letter is to outline the procedures and requirements (the "**Process**") under which you are invited to submit a non-binding proposal to acquire all of the Lightstream Property or any of the Parcels, or an investment proposal in respect of Lightstream or the Lightstream Business (a "**Sale Proposal**"). All capitalized terms not defined herein are as defined in the Initial Order and the Sale Procedures.

Sale Proposals are due at 5:00 PM MST on Friday, October 21st, 2016, or such later date or time as the Company may determine appropriate in consultation with the First Lien Agent, the Ad Hoc Committee of Second Lien Noteholders, the Sale Advisor and the Monitor, or as the Court may order, as it may be extended, as described in Section 14 of the Sale Procedures (the "**Phase I Bid Deadline** "). Any Sale Proposal received after the Phase I Bid Deadline may be rejected.

Sale Proposals should be marked "Strictly Confidential" and should be delivered via e-mail to mark.kuhn@tdsecurities.com. Original copies, in writing, signed and dated on behalf of your organization by a duly authorized officer thereof and on company letterhead, should be delivered and addressed to:

Lightstream Corporate Offering
Mark Kuhn, Managing Director, Head of TD Energy Advisors
TD Securities Inc.
TD Canada Trust Tower
Suite 3600, 421 – 7th Avenue SW
Calgary, Alberta T2P 4K9

Please note that your Sale Proposal and any subsequent discussions regarding a potential transaction are subject to the provisions of the Confidentiality Agreement between your company and Lightstream. For clarity, this process does not obligate Lightstream to accept the highest proposal, or any proposal at all.

Lightstream requests that Sale Proposals are delivered in the form of a non-binding, detailed Indication of Interest, with the following items, at a minimum, clearly addressed:

1. **Purchase Price:** The purchase price shall be expressed in Canadian dollars, assuming an economic effective date of December 27, 2016. The total consideration should be expressed as a single value and not a range or formula. Please also describe in sufficient detail all material assumptions, and an explanation of proposed adjustments, if any, to the final purchase price payable at closing that form the basis for your Sale Proposal. Please include a description of any liabilities to be assumed and the estimated value of such assumed liabilities.

2. **Asset Identification:** Please clearly identify the Lightstream Property or Parcels to be included in the Sale Proposal and a detailed listing of any assets to be excluded from the Sale Proposal. Please acknowledge that the contemplated Sale will be made on an "as is, where is" and "without recourse" basis.

3. **Consideration:** Details as to the form of consideration for the Sale Proposal, including, if non-cash consideration is being offered, supporting rationale for the value being ascribed to such consideration. Please indicate if you intend to effect the Sale Proposal through a special purpose vehicle.

4. **Financing:** The anticipated amount, timing, sources and certainty of any financing and evidence of the availability of such financing, including the names of any third party capital providers, as well as any additional due diligence requirements or financing conditions.

5. **Due Diligence:** A clear and detailed description of any outstanding confirmatory due diligence and your expected timing thereof. For greater clarity, it is expected that, prior to submitting your Sale Proposal, you will have completed all or substantially all due diligence which could reasonably be expected to impact bid valuation levels. Please include a detailed description of any additional due diligence required or desired to be conducted prior to 5:00 PM MST on Monday, November 21st, 2016 (which, including such later date or time as the Company may determine appropriate in consultation with the First Lien Agent, the Ad Hoc Committee of Second Lien Noteholders, the Sale Advisor and the Monitor, or as the Court may order, as it may be extended, as described in Section 21 of the Sale Procedures, is defined in the Sale Procedures and herein as the **"Phase II Bid Deadline"**), if any, and an estimated timeline for the completion of such due diligence (including with respect to any specific technical diligence matters relating to petroleum and natural gas rights or wells owned by the Company or any environmental due diligence).

6. **Conditions / Approvals:** Please provide a description of (a) all material conditions to closing and any other terms and conditions with you believe are material to the transaction; and (b) the approvals (including approvals from the board of directors, management or investment committee, as applicable) received to date authorizing

submission of the Sale Proposal and any required internal or external approvals or conditions to signing the definitive purchase and sale agreement to effect the Transaction (the "**Definitive Agreement**") and completing the Transaction, and the anticipated timing implications thereof (including any corporate, board or shareholder approvals, regulatory and/or government approvals). It is the expectation that once the Definitive Agreement is executed, the Transaction will not be subject to financing or any internal approvals.

7. **Treatment of Employees:** Please include specific statements concerning the treatment of employees and plans for the ongoing involvement and roles of the Company's employees.

8. **Timing:** If you are notified that you are a Qualified Phase II Bidder, in order to continue to participate in the Sale Procedures, the Company must receive a Qualified Bid complying with the requirements in Section 22 of the Sale Procedures by no later than the Phase II Bid Deadline. Additionally, your Sale Proposal should target signing of the final Definitive Agreement by December 2, 2016 and a timeline to closing with critical milestones and a statement with respect to your ability to consummate the contemplated transaction by December 31, 2016 (the "**Outside Closing Date**").

9. **Expiration:** In order to allow sufficient time to thoroughly evaluate your Sale Proposal, your Sale Proposal should indicate it is open for consideration in accordance with section 22(b) of the Sale Procedures until (i) 11:59 PM MST on the Business Day following the closing of a transaction with a Successful Bidder in respect of the Lightstream Property or the same Parcel, and (ii) thirty Business Days following the Phase II Bid Deadline (November 21, 2016), unless such Sale Proposal is selected as a Successful Bid, in which case, it shall remain irrevocable until 11:59 PM MST on the Business Day following the closing of the Successful Bid(s).

10. **Contact Information:** Please provide contact details for key contacts, including office and cell numbers, and email addresses.

11. **Bidder Advisors:** The names of any legal counsel, financial advisors and technical or other consultants who have been engaged by you in connection with the Transaction.

Lightstream and its Sale Advisor will review and consider all Sale Proposals received. Failure to comply with the Sale Proposal instructions outlined herein, and the specific terms of the Sale Procedures, including the Phase I Bid Deadline, may put you at a disadvantage relative to other bidders.

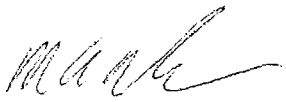
If you do not wish to submit a proposal, please return and/or destroy all documents and other materials which constitute Confidential Information (as defined in the Confidentiality Agreement) and confirm such return and destruction in accordance with the Confidentiality Agreement.

A copy of this letter will be posted in the Virtual Data Room, in the folder titled Bid Instructions (item 6.1).

On behalf of Lightstream we would like to thank you for your continued interest.

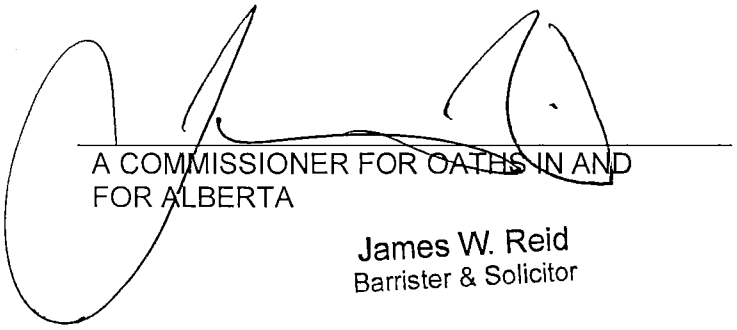
Regards,

TD Securities Inc.



Mark Kuhn
Managing Director
TD Securities Inc.

This is Exhibit "C" referred to in the Affidavit of Peter D. Scott sworn before me this 29th day of November A.D. 2016



A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor

Execution Version

ASSET PURCHASE AGREEMENT

DATED AS OF NOVEMBER 29, 2016

BETWEEN

LIGHTSTREAM RESOURCES LTD.

AND

LTS RESOURCES PARTNERSHIP

AND

BAKKEN RESOURCES PARTNERSHIP

AND

1863359ALBERTA LTD.

AND

1863360 ALBERTA LTD.,

AS SELLERS,

AND

1090247 B.C. LTD.

AS BUYER

TABLE OF CONTENTS

SCHEDULES

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "**Agreement**") is made as of November 29, 2016 between **LIGHTSTREAM RESOURCES LTD.**, an Alberta corporation ("**LTS**"), **LTS RESOURCES PARTNERSHIP**, an Alberta partnership ("**LTS Partnership**"), **BAKKEN RESOURCES PARTNERSHIP**, an Alberta partnership ("**Bakken Partnership**"), **1863359 ALBERTA LTD.**, an Alberta corporation ("**1863359**") and **1863360 ALBERTA LTD.**, an Alberta corporation ("**1863360**") (LTS, LTS Partnership, Bakken Partnership, 1863359 and 1863360, collectively, "**Sellers**"), and **1090247 B.C. LTD.**, a British Columbia corporation ("**Buyer**").

RECITALS

WHEREAS Sellers are engaged in the business of oil and natural gas exploration, development and production primarily in the provinces of Alberta, Saskatchewan and British Columbia, and own certain oil and gas leases and associated assets more particularly described herein;

AND WHEREAS Sellers desire to sell to Buyer all of the Purchased Assets, and Buyer desires to purchase from Sellers all of the Purchased Assets and assume all of the Assumed Liabilities, upon the terms and conditions hereinafter set forth;

AND WHEREAS pursuant to an initial order (as may be amended, restated or supplemented from time to time, the "**CCAA Initial Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated September 26, 2016 Sellers obtained protection from their creditors pursuant to proceedings under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") as Court File No. 1601-12571 (the "**CCAA Proceedings**") and FTI Consulting Canada Inc. was appointed as monitor in the CCAA Proceedings (in such capacity and not in its personal or corporate capacity, the "**Monitor**");

AND WHEREAS pursuant to the CCAA Initial Order, the Court approved a certain sales process to be continued in respect of the property, assets and undertaking of Sellers in accordance with the procedures, terms and conditions set out therein (as such process may be amended, restated or supplemented pursuant to the terms thereof, the "**Sale Procedures**");

AND WHEREAS Sellers' ability to consummate the Transaction is subject to, among other things, the entry of the Approval and Vesting Order by the Court;

NOW THEREFORE, in consideration of the premises, the mutual promises herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions

For purposes of this Agreement, the following terms have the meanings specified or referenced below.

(a) "**1863359**" has the meaning set forth in the recitals to this Agreement.

(b) "**1863360**" has the meaning set forth in the recitals to this Agreement.

(c) "**9817158**" means 9817158 Canada Ltd., a corporation formed under the federal laws of Canada.

(d) "**Abandonment and Reclamation Liabilities**" means all past, present and future obligations and liabilities to:

(i) abandon the Wells and close, decommission, dismantle and remove all structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities and Tangibles that are or were located in or on the Lands or lands used or previously used in connection with the Lands; and

(ii) restore, remediate and reclaim any surface and subsurface locations of the Lands on which the Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities described in Schedule A (including Wells, structures, foundations, buildings, pipelines, seismic lines, equipment, tanks and other facilities which were abandoned or decommissioned prior to the date hereof) are or were located and all lands used to gain access to any of them;

all in accordance with generally accepted industry practices in the province where the Purchased Assets are located and in compliance with all Applicable Law and the Title Documents.

(e) "**Accounts Receivable**" means, with respect to any Seller and without duplication, all accounts receivable, trade receivables, bills receivable, trade accounts, book debts, notes receivable, rebates, refunds and other receivables of Sellers, whether current or overdue, together with all interest accrued thereon.

(f) "**Action**" means any legal action, suit or arbitration, or any inquiry, proceeding or investigation, by or before any Governmental Authority.

(g) "**AFEs**" means authorized financial expenditures that have been approved by Sellers prior to the date of the CCAA Initial Order.

(h) "**Affiliate**" means with respect to a Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person where, for the purposes of this definition only, "control", "controlling" or "controlled" means the possession, direct or indirect, of the power to direct the management and policies of such other Person, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means.

(i) "**Agreed Claims**" has the meaning set forth in Section 13.3(c).

(j) "**Agreement**" has the meaning set forth in the introductory paragraph to this Agreement.

(k) "**Applicable Law**" means, in respect of any Person, asset, transaction, event or circumstance (i) statutes (including regulations enacted thereunder), (ii) judgements, decrees and orders of courts of competent jurisdiction (including common law), regulations, orders, ordinances and directives issued by Governmental Authorities, and (iii) the terms and conditions of all permits, licenses, approval and authorizations, in each case which are applicable to such Person, asset, transaction, event or circumstance.

(l) "**Approval and Vesting Order**" means an Order of the Court approving the sale by Sellers to Buyer of the Purchased Assets in accordance with the provisions of this Agreement, and vesting

all of Sellers' Interest in and to the Purchased Assets in Buyer free and clear of all Encumbrances (other than Permitted Encumbrances), substantially in the form attached hereto as Schedule C with such amendments as may be acceptable to the Parties, acting reasonably.

(m) "**Approval Orders**" means the Approval and Vesting Order and, if applicable, the Assignment Order.

(n) "**Asset Allocation Schedule(s)**" has the meaning set forth in Section 3.4.

(o) "**Assignment Order**" means an Order of the Court issued in the CCAA Proceedings, in form and substance satisfactory to the Parties, acting reasonably, assigning Sellers' Interest in and to the Assigned Contracts that require consent to assign to Buyer pursuant to Section 11.3 of the CCAA, which Order may form part of the Approval and Vesting Order.

(p) "**Assignable Contract**" has the meaning set forth in Section 2.5(e).

(q) "**Assigned Contracts**" means all Contracts including sales and purchase contracts, operating agreements, exploration agreements, development agreements, seismic licenses, balancing agreements, farmout agreements, services agreements, transportation agreements, surface use agreements and other surface or subsurface rights agreements, processing, treatment and gathering agreements, equipment leases and other contracts, agreements and instruments, insofar as they relate to the Purchased Assets, including the Marketing and Midstream Agreements and the Title Documents (other than the Leases).

(r) "**Assumed Liabilities**" has the meaning set forth in Section 2.2.

(s) "**Assumption Agreement**" has the meaning set forth in Section 2.2.

(t) "**Bakken Partnership**" has the meaning set forth in the introductory paragraph to this Agreement.

(u) "**Bid Direction Letter**" means the instruction letter attached hereto at Schedule F given to the Trustee by the Majority Noteholders.

(v) "**Business**" means the business of Sellers.

(w) "**Business Day**" means a day, other than a Saturday or Sunday, on which Canadian chartered banks are open for the transaction of domestic business in Calgary, Alberta.

(x) "**Business Information**" means all books, records, files, documentation and information owned by Sellers or in the possession or under control of Sellers that are used or held for use in connection with the Business, including information, policies and procedures, manuals and procedures and Tax records and filings in connection with the Business.

(y) "**Buyer**" has the meaning set forth in the introductory paragraph to this Agreement.

(z) "**Cash Flow Forecast**" shall mean the weekly cash flow forecast of Sellers for the period of October 1, 2016 to December 30, 2016 attached as Appendix B to the First Report of FTI Consulting Canada Inc., in its capacity as Proposed Monitor, dated October 7, 2016.

(aa) "**CCAA**" has the meaning set forth in the recitals to this Agreement.

(bb) "**CCAA Initial Order**" has the meaning set forth in the recitals to this Agreement.

(cc) "**CCAA Proceedings**" has the meaning set forth in the recitals to this Agreement.

(dd) "**Certificate**" has the meaning set forth in Section 13.3(a).

(ee) "**Claim**" means any claim, demand, complaint, grievance, action, cause or right of action, damage, loss, costs, liability, obligation or expense, assessments or reassessments, including, without limitation, reasonable professional fees and all reasonable costs incurred in investigating or pursuing any of the foregoing, or any proceeding, arbitration, mediation or other dispute resolution procedure relating to any of the foregoing, or any orders, writs, injunctions or decrees of any Governmental Authority.

(ff) "**Claims Bar Process**" means the claims bar process conducted pursuant to the Order of the Court dated November 7, 2016, calling for certain Claims against Sellers including, *inter alia*, certain Priority Claims and certain Claims against the directors and officers of Sellers, and which provides for a claims bar date of December 7, 2016.

(gg) "**Closing**" has the meaning set forth in Section 11.1.

(hh) "**Closing Date**" means the date and time as of which the Closing occurs as set forth in Section 11.1.

(ii) "**Conditions Certificates**" has the meaning set forth in Section 11.5.

(jj) "**Confidentiality Agreements**" means the (i) confidentiality agreement between Apollo Capital Management, L.P. and LTS on behalf of, among others, Sellers dated September 23, 2016, and (ii) confidentiality agreement between GSO Capital Partners, L.P. and LTS on behalf of, among others, Sellers dated September 23, 2016.

(kk) "**Consequential Damages**" has the meaning set forth in Section 14.6.

(ll) "**Contract**" means any agreement, contract, obligation, promise or undertaking (in each case, whether written or oral) that is legally binding.

(mm) "**Court**" has the meaning set forth in the recitals to this Agreement.

(nn) "**Credit Bid Amount**" means the full amount of the Second Lien Indebtedness.

(oo) "**Credit Facility**" means the credit facilities under the third amended and restated credit agreement dated May 29, 2015, as amended by a consent and first amending agreement made as of June 30, 2015, and as further amended by a second amending agreement made as of December 2, 2015, as it may be further amended, restated or supplemented, replaced or otherwise modified from time to time, among LTS, as borrower, the lenders party thereto, and The Toronto Dominion Bank, as administration agent.

(pp) "**Credit Facility Payout Amount**" means the amount required to fully satisfy and discharge all amounts owing under the Credit Facility as set out in the Payout Letter.

(qq) "**Cure Costs**" means, in respect of the Assigned Contracts, all amounts, costs and expenses required to be paid by Sellers at Closing to remedy all of Sellers' monetary defaults in relation to

the Assigned Contracts as may be required pursuant to the Assignment Order or otherwise required to secure a counterparty's or any other necessary Person's consent to the assignment of an Assigned Contract, and includes any other fees and expenses required to be paid to a counterparty or any other Person to effect an assignment of an Assigned Contract.

(rr) "**D&O Reserve**" a cash reserve to cover any post-Filing Date Claims that have been properly filed against the directors and officers of Sellers in the Claims Bar Process in an amount to be agreed to by Sellers and Buyer, up to a maximum amount of the Directors' Charge.

(ss) "**Deficiency Payment**" has the meaning set forth in Section 2.9(b).

(tt) "**Directors' Charge**" has the meaning set forth in the CCAA Initial Order.

(uu) "**Employee List**" has the meaning set forth in Section 7.1(a).

(vv) "**Employee Notice**" has the meaning set forth in Section 7.1(b).

(ww) "**Employee Plans**" means all plans, arrangements, agreements, programs, policies or practices (whether written or oral, formal or informal, funded or unfunded, insured or self-insured, registered or unregistered) to which Sellers are a party or by which Sellers are bound or under which Sellers have any liability or contingent liability or that has any application to the Employees (including directors, officers, retired employees, employees on leave, former employees, individuals working on contract with Sellers or other individuals providing services to Sellers of a kind normally provided by Employees) or their dependants or beneficiaries and consisting of or relating to, as the case may be, any one or more of the following:

(i) retirement savings or pensions, including without limitation any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan, or supplemental pension or retirement plan;

(ii) any bonus, incentive pay or compensation, performance compensation, deferred compensation, profit sharing or deferred profit sharing, share purchase, stock option, stock appreciation, stock purchase, phantom stock, vacation or vacation pay, sick pay, severance or termination pay, employee loans or separation from service benefits, or other type of plan or arrangement providing for compensation or benefits additional to base pay or salary; and

(iii) disability or wage continuation benefits during periods of absence from work (including short-term disability, long-term disability and worker's compensation benefits) or any other benefit, including without limitation supplemental unemployment, hospitalization, health, medical/dental, disability, life insurance, death or survivor benefits, employment insurance, vacation pay, severance or termination pay, and fringe benefits;

and includes all statutory plans with which a Seller is required to comply (including, without limitation, the Canada Pension Plan or other similar plans and plans administered pursuant to applicable provincial health tax, workers compensation and unemployment insurance legislation).

(xx) "**Employee Records**" means books, records, files or other documentation with respect to Seller Employees who accept employment with Buyer with the exception of books, records, files or other documentation relating to any Employee Plan that is not assumed by Buyer.

(yy) "**Employment Offers**" has the meaning set forth in Section 7.1(c).

(zz) "**Encumbrance**" means any and all right, title, benefits, priorities, claims (including claims provable in bankruptcy in the event that Sellers should be adjudged bankrupt), liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims, security interests (whether contractual, statutory or otherwise), liens, charges, hypothecs, mortgages, pledges, trusts, deemed trusts (whether contractual, statutory, or otherwise), assignments, judgments, executions, writs of seizure or execution, notices of sale, options, agreements, rights of distress, legal, equitable or contractual setoff, adverse claims, levies, taxes, disputes, debts, charges, options to purchase, rights of first refusal or other pre-emptive rights in favour of third parties, restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise.

(aaa) "**Environment**" means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that such components; and "**Environmental**" means relating to or in respect of the Environment.

(bbb) "**Environmental Laws**" means all Applicable Law relating to the protection of the Environment and related to employee and public health and safety and all requirements under Canada's Workplace Hazardous Materials Information System (WHMIS), and without restricting the generality of the foregoing, includes Applicable Law relating to the discovery, development, production, gathering, use, storage, transmission, transportation, treatment and disposal of Petroleum Substances, the emission, discharge, release or threatened release of substances into or onto the air, water or land and the clean-up and remediation of contaminated sites, in each case insofar as the protection of the Environment and related employee and public health and safety is concerned.

(ccc) "**Environmental Liabilities**" means all past, present and future obligations and liabilities of whatsoever nature or kind arising from or relating to, directly or indirectly:

(i) Environmental Matters;

(ii) past, present and future non-compliance with, violation of or liability under Environmental Laws relating to or arising in connection with the ownership or control of the Purchased Assets; or

(iii) Abandonment and Reclamation Liabilities,

whenever occurring or arising, but excluding any of the foregoing obligations to the extent such obligations relate to any of the Excluded Assets.

(ddd) "**Environmental Matters**" means any activity, event or circumstance in respect of or relating to:

(i) the storage, use, holding, collection, accumulation, containment, recycling, reclamation, remediation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling, transportation, preservation of, exposure to or Release of Hazardous Substances;

(ii) the protection, condition or quality of the Environment; or

(iii) pollution, reclamation, remediation or restoration of the Environment;

in each case relating to or arising in connection with the ownership or control of the Lands or the Purchased Assets or that has or have arisen or hereafter arise from or in respect of past, present or future operations, activities or omissions in or on the Lands or in respect of the Purchased Assets, including obligations to compensate Third Parties for Liabilities.

(eee) "**ETA**" means Part IX of the *Excise Tax Act* (Canada).

(fff) "**Excluded Assets**" means those assets set forth in Schedule B and the Excluded Contracts and includes any assets subject to a ROFR and sold to a Third Party holder of a ROFR pursuant to Section 2.12(f).

(ggg) "**Excluded Contracts**" means (i) those Contracts described as Excluded Contracts in Schedule B, and (ii) any Assignable Contract in respect of which (A) the required Third Party consent is not obtained within the one hundred and eighty (180) day period provided by Section 2.5(e), and (B) an Assignment Order is not obtained pursuant to Section 2.6.

(hhh) "**Excluded Liabilities**" has the meaning set forth in Section 2.3.

(iii) "**Facilities**" means the facilities identified in Schedule A.

(jjj) "**Filing Date**" means September 26, 2016, being the date the CCAA Initial Order was obtained.

(kkk) "**Financial Advisors**" means Evercore Capital L.L.C., RBC Dominion Securities Inc. and BMO Capital Markets.

(lll) "**Financial Advisors' Charge**" has the meaning set forth in the CCAA Initial Order.

(mmm) "**General Conveyance**" means the general conveyance agreement substantially in the form attached hereto as Schedule D.

(nnn) "**Governmental Authority**" means any federal, provincial, municipal, county or regional government or government authority or other law, regulation or rule making entity, including any court, department, commission, bureau, board, tribunal, administrative agency or regulatory body of any of the foregoing, that exercises jurisdiction over the Purchased Assets or the Parties.

(ooo) "**Governmental Authorization**" means any approval, consent, license, permit, waiver or other authorization issued, granted or otherwise made available by or under the authority of any Governmental Authority.

(ppp) "**Hazardous Substance**" means (i) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or animal life or harm or impair the health of any individual and includes any contaminant, waste or substance or material defined, prohibited, regulated or reportable pursuant to any Environmental Law in each case, whether naturally occurring or manmade, and (ii) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

(qqq) "**Identified ROFRs**" has the meaning set forth in Section 2.12(a).

(rrr) "**Indemnified Party**" has the meaning set forth in Section 13.3(a).

(sss) "**Indemnifying Party**" has the meaning set forth in Section 13.3(a).

(ttt) "**Interim Period**" means the period commencing on the date of execution of this Agreement by the Parties and ending on and including the Closing Date.

(uuu) "**Initial Consenting Noteholders**" has the meaning set forth in the Support Agreement.

(vvv) "**Intellectual Property**" means all intellectual property and industrial property related to the Purchased Assets and the Business, throughout the world, whether or not registerable, patentable or otherwise formally protectable, and whether or not registered, patented, otherwise formally protected or the subject of a pending application for registration, patent or any other formal protection, including all (i) trade-marks, corporate names and business names, (ii) inventions, (iii) works and subject matter in which copyright, neighbouring rights or moral rights subsist, (iv) industrial designs, (v) know-how, trade secrets, proprietary information, confidential information and information of a sensitive nature that have value to the Business or relate to Business opportunities for Sellers, in whatever form communicated, maintained or stored, (vi) telephone numbers and facsimile numbers, (vii) registered domain names, and (viii) social media usernames, emails and other internet identities and all account information relating thereto.

(www) "**KEIP**" means a Key Employee Incentive Plan approved by an Order of the Court in the CCAA Proceedings.

(xxx) "**KEIP Charge**" has the meaning set forth in the CCAA Initial Order.

(yyy) "**KERP**" means a Key Employee Retention Plan approved by an Order of the Court in the CCAA Proceedings.

(zzz) "**KERP Charge**" has the meaning given set forth in the CCAA Initial Order.

(aaaa) "**Investment Canada Act Approval**" means Buyer shall have received notification from the responsible Minister under the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.), (the "**Minister**") that the Minister is satisfied or is deemed to be satisfied that the Transactions contemplated by this Agreement are likely to be of net benefit to Canada.

(bbbb) "**Lands**" means all lands in the Whitemap Area, including the lands described in Schedule A and any lands pooled or unitized therewith.

(cccc) "**Leased Substances**" means Sellers' Interest in all Petroleum Substances or rights to Petroleum Substances in the Whitemap Area, including as are granted, reserved or otherwise conferred by or under the Title Documents, and including any and all Petroleum Substances in inventory that have been produced from the Lands prior to the Closing Date.

(dddd) "**Leases**" means all leases and licences of Petroleum Substances (or any of them) of Sellers in the Whitemap Area, including as are described in Schedule A.

(eeee) "**Liabilities**" means, in relation to a matter, any and all:

(i) losses, costs, damages, obligations, expenses and charges (including all penalties, assessments and fines) which a Person may suffer, sustain, pay or incur, directly or

indirectly, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, due or become due, executory, determined, undeterminable or otherwise, in connection with such matter and includes costs of legal counsel (on a full indemnity basis) and other professional advisors and reasonable costs of investigating and defending Actions arising from the matter, regardless of whether such Actions are sustained and includes taxes payable on any settlement payment or damage award in respect of such matter; and

(ii) liabilities and obligations (whether under common law, in equity, under Applicable Law or otherwise; whether tortious, contractual, vicarious, statutory or otherwise; whether absolute or contingent; and whether based on fault, strict liability or otherwise) which a Person may suffer, sustain, pay or incur as a result of or in connection with such matter;

and "**Liability**", "**liability**" and "**liabilities**" shall be construed accordingly.

(ffff) "**Licence Transfers**" means, other than the Specific Conveyances, any transfers or assignments of Licences.

(gggg) "**Licences**" means all governmental (whether federal, provincial or local) permits, licences, authorizations, franchises, grants, easements, variances, exceptions, consents, certificates, approvals and related instruments or rights of any Governmental Authority or other Third Party, and any writ, judgment, decree, award, order, injunction or similar order, writ, ruling, directive or other requirement of any Governmental Authority (in each such case whether preliminary or final) required of any Seller pertaining to or used in connection with, the Petroleum and Natural Gas Rights or the Tangibles, excluding the Excluded Assets.

(hhhh) "**LTS**" has the meaning set forth in the introductory paragraph to this Agreement.

(iiii) "**LTS Partnership**" has the meaning set forth in the introductory paragraph to this Agreement.

(jjjj) "**Majority Noteholders**" means Second Lien Noteholders holding more than fifty percent (50%) of the total outstanding principal amount of the aggregate Second Lien Notes.

(kkkk) "**Marketing and Midstream Agreements**" means those agreements described in Schedule A in respect of:

(i) the purchase or sale of gas, oil or other Petroleum Substances;

(ii) the dedication, transportation, processing, compression, treatment, gathering, disposal or storage of Petroleum Substances; and

(iii) other like agreements.

(llll) "**Material Adverse Effect**" means any change, development, effect, event, circumstance, fact or occurrence that individually or in the aggregate with other such changes, developments, effects, events, circumstances, facts or occurrences, is, or would be reasonably expected to be, material and adverse to the Business, condition, operations or results of operations of the Purchased Assets, taken as a whole, except any change, development, effect, circumstance, fact or occurrence resulting from or relating to: (i) any change in generally accepted accounting principles (including the International Financial Reporting Standards) as applied in the relevant jurisdiction; (ii) any natural disaster; (iii) conditions affecting the oil and gas exploration,

exploitation, development and production industry as a whole; (iv) any change in commodity prices or in currency exchange rates; (v) any adoption, proposal, implementation or change in Applicable Laws or any interpretation thereof by any Governmental Authority; provided that in the case of (iii), (iv) and (v) above, such conditions do not have a materially disproportionate effect on the applicable Seller(s) relative to other companies in its industry; (vi) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets; (vii) the execution, announcement or performance of the Support Agreement, this Agreement or any other related agreement and the completion of the Transactions contemplated hereby or thereby for any reason; (viii) the failure, in and of itself, of any Seller(s) to meet any internal or public projections, forecasts or estimates of revenues, production or earnings; (ix) any action taken (or omitted to be taken) by Sellers or any of them which is contemplated in the Support Agreement or is consented to or requested by the Initial Consenting Noteholders; or (x) the execution and delivery of this Agreement or the announcement thereof or consummation of the Transaction.

(mmmm) "**Minister**" has the meaning set forth in the definition of "Investment Canada Act Approval".

(nnnn) "**Miscellaneous Interests**" means Sellers' Interest in and to all property, assets and rights in the Whitemap Area (other than the Petroleum and Natural Gas Rights, the Tangibles, and the Excluded Assets) pertaining to or used in connection with, the Petroleum and Natural Gas Rights or the Tangibles to which Sellers are entitled on the Closing Date, including the following property, assets and rights:

(i) the Security Arrangements;

(ii) the Assigned Contracts;

(iii) the Leases;

(iv) to the extent transferable pursuant to Applicable Law, all Licences;

(v) the Surface Rights;

(vi) the Seismic Rights;

(vii) the Wells, including the related wellbores and casing;

(viii) the rig mats; and

(ix) all phone lines, satellite services, cellular modems, cell phones, computer hardware, printers, routers, software, copiers and other office machines, all as may be located at or attached to the Facilities;

but excluding any of the foregoing or any portion thereof in so far as it specifically relates to the Excluded Assets.

(oooo) "**Monitor**" has the meaning set forth in the recitals to this Agreement.

(pppp) "**Monitor's Certificate**" means the certificate, substantially in the form attached to the Approval and Vesting Order, signed by the Monitor.

(qqqq) "**Occupancy Agreement**" means an occupancy agreement substantially in the form of the occupancy agreement attached hereto as Schedule M with such amendments as the Parties may agree.

(rrrr) "**Oppression Litigation**" means the actions pending against LTS in the Court commenced by certain Unsecured Noteholders claiming, inter alia, oppression, misrepresentation and breach of contract, bearing Court File No. 1501-08782 and Court File No. 1507-07813.

(ssss) "**Order**" means any award, writ, injunction, judgment, order or decree entered, issued, made, or rendered by any Governmental Authority.

(tttt) "**Outside Date**" means December 31, 2016, unless otherwise agreed by the Parties in writing.

(uuuu) "**Payout Letter**" means a pay-out letter in respect of the Credit Facility satisfactory to Buyer, acting reasonably.

(vvvv) "**Party**" or "**Parties**" means, individually or collectively, Buyer and Sellers.

(wwww) "**Permitted Encumbrances**" means any of the following to the extent related to the Purchased Assets:

(i) any rights, obligations, or duties reserved to or vested in any municipality or other Governmental Authority to control or regulate any Purchased Asset in any manner including all Applicable Law;

(ii) the terms and conditions of the Assigned Contracts;

(iii) any Encumbrance related to an Environmental Liability or equipment lease which forms part of the Assumed Liabilities;

(iv) easements, rights-of-way, servitudes, permits, surface leases, and other similar rights on, over, or in respect of any of the Purchased Assets, as long as any such Encumbrances, individually or in the aggregate, do not interfere in any material respect with any Sellers' use or operation of the Purchased Assets (as currently used or operated) burdened thereby;

(v) all ROFRs;

(vi) all royalties, overriding royalties, production payments, net profits interests, reversionary interests, carried interests, and other burdens shown in Schedule A but only insofar as it relates to the Purchased Assets; and

(vii) the terms and conditions of the Leases, including any depth limitations or similar limitations that may be set forth therein and any liens or security interests reserved in the Leases for royalty, bonus, or rental, or for compliance with the terms of the Leases but only insofar as it relates to the Purchased Assets.

(xxxx) "**Person**" means any individual, corporation (including any non-profit corporation), partnership, limited liability company, joint venture, estate, trust, association, organization or other entity or Governmental Authority.

(yyyy) "**Petroleum and Natural Gas Rights**" means, other than the Excluded Assets, Sellers' Interest in and to the Lands and the Leased Substances.

(zzzz) "**Petroleum Substances**" means any and all of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas and all related hydrocarbons (including liquid hydrocarbons) and all other substances relating to any of the foregoing, whether liquid, gaseous or solid, and whether hydrocarbons or not, and all products derived from any of the foregoing (except coal but including sulphur).

(aaaaa) "**Post-Filing Period**" means the period from and including the Filing Date up to and including the Closing Date.

(bbbbb) "**Priority Claims**" means any claims or portion thereof that rank *pari passu* with, or senior in priority to, the Second Lien Indebtedness (other than the Credit Facility or the Replacement Credit Facility), including the following:

(i) any claims subject to a statutory deemed trust as described in Section 37(2) of the CCAA (inclusive of the statutory deemed trusts described in paragraph 9(a) of the CCAA Initial Order) or subject to a statutory lien as described in Section 38(3) of the CCAA;

(ii) any Success Fees;

(iii) any amounts owing under the KERP and KEIP, up to the maximum amount of the KEIP Charge and the KERP Charge;

(iv) any unpaid Sales Taxes (as defined in the CCAA Initial Order) required to be paid pursuant to paragraph 9(b) of the CCAA Initial Order;

(v) all municipal realty, municipal business or other taxes, assessments or levies of any kind or nature attributable to or in respect of the carrying on of the Business accrued and unpaid by Sellers accrued and unpaid to Closing required to be paid pursuant to paragraph 9(c) of the CCAA Initial Order; and

(vi) any accrued and unpaid amounts in respect of the type of claims (but not amounts) subject to Section 36(7) of the CCAA and Sections 6(5)(a) and 6(6)(a) of the CCAA in respect of Transferred Employees and Non-Transferred Employees up to and including the Closing Date (except for accrued vacation pay for Transferred Employees assumed by Buyer pursuant to Section 2.2(f)).

(ccccc) "**Proceeding**" means any Action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority.

(ddddd) "**Purchase Price**" has the meaning set forth in Section 3.1.

(eeeee) "**Purchased Assets**" means all assets, property and undertaking of Sellers and all books and records related thereto, including: (i) the Petroleum and Natural Gas Rights, (ii) the Tangible

Property, (iii) the Miscellaneous Interests, (iv) Sellers' Cash (less any cash used to fund the Reserve Payment Amount and the Wind-Down Amount but including amounts returned to Buyer under Sections 2.9(a)(v), 2.9(a)(vi)), 2.9(a)(viii), 2.10(a)(v) and 2.10(a)(vi), (v) the Accounts Receivable, (vi) the Intellectual Property, (vi) all Business Information; (vii) all Employee Records; (viii) the Wind-Down Amount and the Reserve Payment Amount to the extent not used by Monitor in accordance with this Agreement; (ix) all refunds due from, or payments on, claims with the insurers (excluding, for certainty, all directors' and officers' insurers) of any of Sellers in respect of losses arising prior to the Closing; (x) all rights, claims and Actions of Sellers against Third Parties arising out of events occurring prior to the Closing, including and, for the avoidance of doubt, arising out of events occurring prior to the date of this Agreement, and including (A) any rights under or pursuant to any and all warranties, representations and guarantees made by suppliers, manufacturers and contractors relating to products sold, or services provided to Sellers, (B) all rights, claims and Actions of Sellers in respect of the matters set forth in Schedule I, (C) any rights, claims or interests against any insurance policies of Sellers, other than the directors' and officers' insurance; and (D) any rights, claims or interests in any Action or Proceeding in which Sellers are a party as a plaintiff; (xi) all prepaid expenses of Sellers, including any deposits; (xii) all goodwill associated with the Business or the Purchased Assets, including (i) the right to carry on the Business under the names "Lightstream Resources", "Bakken Resources" and "LTS Resources", and (ii) all customer lists, files, data and information relating to past and present customers and prospective customers and suppliers of the Business; (xiii) all rights and assets under any Transferred Employee Plans; and (xiv) all other assets of Sellers, excluding the Excluded Assets.

(fffff) "**Release**" means any past or present spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance into the Environment (including the abandonment or discharging of barrels, containers and other closed receptacles containing any Hazardous Substance).

(ggggg) "**Reorganization Costs**" has the meaning set forth in Section 3.5.

(hhhhh) "**Replacement Credit Facility**" means the new revolving credit facility in favour of Buyer, on the terms and conditions satisfactory to Buyer, acting reasonably, the proceeds of which will be used in part to repay on Closing all of the indebtedness owing under the Credit Facility.

(iiiii) "**Replacement Employee Plans**" means those employee benefits plans required to be provided by Buyer to the Transferred Employees in the event that Buyer does not assume all of the Employee Plans as contemplated by Section 7.1(g).

(jjjjj) "**Representative**" means, with respect to a particular Person, any director, officer, employee, agent, consultant, advisor or other representative of such Person, including legal counsel, accountants and financial advisors.

(kkkkk) "**Reserve Payment Amount**" means the amount equal to the amount of the Priority Claims, which amount shall (i) be used to pay all Priority Claims, and (ii) be held in trust and administered by Monitor in accordance with Section 2.10, which estimated amount to be reserved on Closing is estimated by Sellers as at the date of this Agreement to be as set out in Schedule L (which estimate for greater certainty shall include any claims filed as a Priority Claim in the Claims Bar Process that has not been finally determined, resolved or settled pursuant to the Claims Bar Process at such time, subject to adjustment from time to time up to the time of Closing as such claims are finally determined, resolved or settled pursuant to the Claims Bar Process); provided, that, (A) any remaining amount of the Reserve Payment Amount not required

to fund the payment of Priority Claims after Closing in accordance with Section 2.10 shall be promptly delivered by Monitor to Buyer, and (B) the Reserve Payment Amount shall be reduced by the amount (I) which Buyer and the Sale Advisor agree to reduce the amount of the Success Fees to be paid to Sale Advisor, or (II) stipulated by an Order of the Court reducing the amount of the Success Fees to be paid to Sale Advisor.

(lllll) "**ROFR**" means a right of first refusal, pre-emptive right of purchase or similar right whereby any Third Party has the right to acquire or purchase any of the Purchased Assets as a consequence of the Parties entering into this Agreement or the Transaction.

(mmmmm) "**Sale Advisor**" means TD Securities Inc. in its capacity as sale advisor to Sellers.

(nnnnn) "**Sale Motion**" has the meaning set forth in Section 6.1(b).

(ooooo) "**Sale Procedures**" has the meaning set forth in the recitals to this Agreement.

(ppppp) "**Second Lien Credit Bid**" has the meaning set forth in Section 3.2(a)(iii).

(qqqqq) "**Second Lien Indebtedness**" means the full amount of all of the obligations and liabilities of any kind owed under or in connection with the Second Lien Note Indenture, including all outstanding principal, accrued and unpaid interest, premiums, make-whole, fees, costs and expenses (which, for clarity, shall be in an amount not less than US$650,000,000.00 in respect of principal, US$48,200,000.00 in respect of the make-whole obligation under the Second Lien Note Indenture (which make-whole amount shall be adjusted to the Closing Date in accordance with the Second Lien Indenture), and all other accrued interest (which as at December 27, 2016 will be US$•, which interest continues to accrue to Closing), fees, costs, expenses and other amounts of any kind owing in respect of the Second Lien Note Indenture to the Closing Date).

(rrrrr) "**Second Lien Note Indenture**" means that indenture dated as of July 2, 2015 among LTS, as issuer, and 1863359, 1863360, Bakken Partnership and LTS Partnership, as guarantors, and the Trustee.

(sssss) "**Second Lien Noteholders**" means the holders of the Second Lien Notes.

(ttttt) "**Second Lien Notes**" means the 9.875% secured second lien notes issued by LTS pursuant to the Second Lien Note Indenture.

(uuuuu) "**Security Arrangements**" has the meaning set forth in Section 2.7.

(vvvvv) "**Seismic Rights**" means all seismic data relating to or in respect of:

(i) Sellers' 100% proprietary seismic data lines related to the Purchased Assets; and

(ii) Sellers' non-proprietary seismic data lines in respect of which Buyer has agreed to pay any licencing or transfer fees payable to Third Parties in respect of the licensing or transfer thereof.

(wwwww) "**Sellers**" has the meaning set forth in the introductory paragraph to this Agreement.

(xxxxx) "**Seller Transaction Expenses**" means all fees, costs and expenses incurred by or on behalf of Sellers in connection with this Agreement or the consummation of the Transactions including: (a)

all brokers', finders' or investment bankers' fees incurred by or on behalf of Seller in connection with the negotiation, preparation, execution and consummation of the Transactions, excluding the Success Fees; and (b) fees and expenses of legal counsel or other professional advisors incurred by or on behalf of Sellers in connection with the consummation of the Transactions.

(yyyyy) "**Seller Employees**" means all the employees of Sellers as at the date of this Agreement.

(zzzzz) "**Seller Parties**" means Sellers and their directors, officers, employees, consultants and agents of Sellers.

(aaaaaa) "**Sellers' Cash**" means collectively and without duplication, all cash and cash equivalents, including bank balances, cheques, term deposits, supplier deposits and similar instruments, including restricted cash supporting letters of credits, with respect to each Seller, but for greater certainty, excludes (i) the Reserve Payment Amount, and (ii) the Wind-Down Amount.

(bbbbbb) "**Sellers' Interest**" means all of Sellers' right, interest, title and estate, whether absolute or contingent, legal or beneficial.

(cccccc) "**Sellers' Obligations**" has the meaning set forth in Section 2.7.

(dddddd) "**Senior Unsecured Notes**" means the 8.625% unsecured notes issued by LTS pursuant to the Unsecured Notes Indenture.

(eeeeee) "**Specific Conveyances**" means all conveyances, assignments, transfers, novations and other documents or instruments that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer the Purchased Assets to Buyer and to novate Buyer in the place and stead of a Seller with respect to the Purchased Assets, including change of operator forms, change of operator notices required under applicable operating agreements, and any other applicable forms and declarations required by federal and provincial agencies relative to Buyer's assumption of operations and plugging and abandonment Liabilities with respect to all of the Purchased Assets; provided however, that no Specific Conveyance shall confer or impose upon a Party any greater right or obligation than contemplated in this Agreement.

(ffffff) "**Subsidiary**" means any entity with respect to which a specified Person directly or indirectly (through one or more intermediaries) has the power, through the direct or indirect ownership of securities or otherwise, to elect a majority of the directors or similar managing body.

(gggggg) "**Success Fees**" means success fees payable to the Sale Advisor and the Financial Advisors on Closing up to the amount of the Financial Advisors' Charge.

(hhhhhh) "**Successful Bid**" has the meaning set forth in the Sale Procedures.

(iiiiii) "**Successful Bidder**" has the meaning set forth in the Sale Procedures.

(jjjjjj) "**Support Agreement**" means the Amended and Restated Support Agreement dated as of July 12, 2016 among LTS, 9817158, 1863359, 1863360, LTS Partnership, Bakken Partnership and the Second Lien Noteholders party thereto.

(kkkkkk) "**Surface Rights**" means all rights of Sellers or their Affiliates to use the surface of land in connection with the Purchased Assets and the operations thereon, including rights to enter upon,

use, occupy and enjoy the surface of lands upon which the Tangibles and the Wells are located or any lands which are or may be used to gain access to or otherwise use the Petroleum and Natural Gas Rights and the Tangibles, or either of them, but excluding those surface rights described in the definition of Excluded Assets.

(llllll) "**Tangible Property**" means Sellers' Interest in the Tangibles.

(mmmmmm) "**Tangibles**" means all tangible personal property of any kind of Sellers in the Whitemap Area, including the Facilities and any and all tangible equipment and facilities that are located within, upon, or in the immediate vicinity of the Lands, or that are used or intended to be used in producing, gathering, processing, treating, dehydrating, measuring, transporting, making marketable or storing Petroleum Substances, including:

(i) facilities for water injection or removal operations in respect of such Petroleum Substances;

(ii) equipment, machinery, fixtures and other tangible personal property and improvements located on, used or held for use or obtained in connection with the ownership or operation of the Lands, including tanks, boilers, plants, buildings, field offices and other structures, fixtures, injection facilities, saltwater disposal facilities, storage facilities, compressors and other compression facilities (whether installed or not), pumping units, flow lines, pipelines, gathering systems, treating or processing systems or facilities, meters, machinery, power and other utility lines, roads, computer and automation equipment, telecommunications equipment, field radio telemetry and associated frequencies and licences, pressure transmitters, central processing equipment, tools, spare parts, warehouse stock, and vehicles (and all equipment used in connection with such rolling stock, including safety equipment, special tools, dynamometers, hand tools and fluid level equipment), and other appurtenances, improvements and facilities; and

(iii) all pipes, casing, tubulars, fittings, and other spare parts, supplies, tools, and materials located on, used or held for use on or held as inventory in connection with the ownership or operation of the Lands and other Tangibles,

but excluding any tangible equipment, facilities or other tangible property included in the definition of Excluded Assets.

(nnnnnn) "**Tax**" or "**Taxes**" (and with correlative meaning, "**Taxable**" and "**Taxing**") means any federal, state, provincial, local, foreign or other income, alternative, minimum, add-on minimum, accumulated earnings, personal holding company, franchise, capital stock, net worth, capital, profits, intangibles, windfall profits, gross receipts, value added, sales, use, goods and services, harmonized sales, excise, customs duties, transfer, conveyance, mortgage, registration, stamp, documentary, recording, premium, severance, Environmental, natural resources, real property, personal property, ad valorem, intangibles, rent, occupancy, licence, occupational, employment, unemployment insurance, social security, disability, workers' compensation, payroll, health care, withholding, estimated or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis, or in any other manner, including any interest, penalty or addition thereto, whether disputed or not.

(oooooo) "**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time.

(pppppp) "**Tax Pools**" means any and all resource pools of each Seller for tax purposes that Buyer may lawfully assume under the Tax Act. For greater certainty, this may include "Canadian exploration expenses", "Canadian development expenses" and "Canadian oil and gas property expenses", each as defined in the Tax Act.

(qqqqqq) "**Tax Return**" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting estimates, elections, schedules, statements, or information) filed or required to be filed in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

(rrrrrr) "**Third Parties**" means any Person other than Seller, Buyer and their Affiliates.

(ssssss) "**Third Party Claim**" has the meaning set forth in Section 13.4(a).

(tttttt) "**Third Party Claim Notice**" has the meaning set forth in Section 13.4(a).

(uuuuuu) "**Title Documents**" means any and all Leases, unit agreements, assignments, trust declarations, operating agreements, royalty agreements, gross overriding royalty agreements, agreements for the construction, ownership and operation of facilities, contract operating agreements, participation agreements, farm-in agreements, sale and purchase agreements, pooling agreements and any other documents and agreements granting, reserving or otherwise conferring Working Interests and other rights to:

(i) explore for, drill for, produce, take, use or market Petroleum Substances;

(ii) share in the production of Petroleum Substances;

(iii) share in the proceeds from, or measured or calculated by reference to the value or quantity of, Petroleum Substances that are produced; and

(iv) acquire any of the rights described in subparagraphs (i) to (iii) above;

including those, if any, set out in Schedule A, but only to the extent that the foregoing subparagraphs (i) through (iv) pertain to Petroleum Substances within, upon or under the Lands, or the ownership or operation of the Tangible Property or Wells, but excluding any portion thereof that pertains to Excluded Assets.

(vvvvvv) "**Trade Payables**" means all costs and expenses incurred by Sellers (including those accrued but not yet invoiced and including any amounts owing under credit cards issued by Sellers), whether in respect of the period prior to the Filing Date or during the Post-Filing Period, arising from or related to the operation of the Business in the ordinary course, including payment obligations to Third Parties for the supply of goods and services to Sellers, service fees and payments, license fees, operator's fees, personal property and real property lease rentals, insurance premiums, property Taxes (including freehold mineral Taxes), royalty obligations and other periodic costs and payments, but excluding (i) any claims for damages arising from a breach of contract or tort, and (ii) Liabilities in respect of Excluded Assets.

(wwwwww) "**Transaction**" means the sale and purchase of the Purchased Assets by Sellers to Buyer and the assumption of the Assumed Liabilities by Buyer each as contemplated by this Agreement.

(xxxxxx) "**Transaction Documents**" means this Agreement, the Specific Conveyances and any other agreements, instruments or documents entered into pursuant to this Agreement.

(yyyyyy) "**Transfer Taxes**" has the meaning set forth in Section 8.1(a).

(zzzzzz) "**Transferred Employee**" has the meaning set forth in Section 7.1(f).

(aaaaaaa) "**Transferred Employee Plans**" all Employee Plans that are expressly assumed by Buyer in writing to Sellers prior to the Closing and all Replacement Employee Plans, as applicable.

(bbbbbbb) "**Transition Services Agreement**" has the meaning set forth in Section 2.5(g).

(ccccccc) "**Trustee**" means collectively, U.S. Bank National Association, as Trustee, and Computershare Trust Company of Canada, as Canadian trustee and collateral agent under the Second Lien Note Indenture.

(ddddddd) "**Unscheduled Assets**" has the meaning set forth in Section 2.8(a).

(eeeeeee) "**Unsecured Noteholders**" means the holders of the Senior Unsecured Notes.

(fffffff) "**Unsecured Notes Indenture**" means that indenture dated as of January 30, 2012 (as supplemented by the supplemental indenture dated as of February 25, 2015) among LTS (successor by amalgamation to Petrobakken Energy Ltd.), as issuer, 1863359, 1863360, LTS Partnership, Bakken Partnership, Wilmington Trust, National Association (as successor to U.S. Bank National Association), as trustee, and Computershare Trust Company of Canada, as Canadian trustee.

(ggggggg) "**Wells**" means all producing, non-producing, shut-in, water source, observation, disposal, injection, suspended and similar wells located on or within the Lands, whether or not completed, including oil, gas, water, disposal, observation and injection wells located on the Lands, including those described or identified in Schedule A but excluding those wells that are Excluded Assets.

(hhhhhhh) "**Whitemap Area**" means each of British Columbia, Alberta, Saskatchewan, Manitoba and the Northwest Territories.

(iiiiiii) "**Wind-Down Amount**" means the following amounts to be used to fund post-Closing matters:

(i) the amounts owing by Sellers in respect of goods and services provided to Sellers prior to the Filing Date (other than in respect of Excluded Assets) or during the Post-Filing Period, not otherwise assumed by Buyer pursuant to Sections 2.2(e) and 2.2(g);

(ii) fees and expenses of Sellers' advisors and Monitor and its advisors;

(iii) the Seller Transaction Expenses;

(iv) the Cure Costs;

(v) the D&O Reserve; and

(vi) the costs of winding down Sellers' estates after the Closing, including the cost of goods and services provided to Sellers post-Closing, in each case, as set out in the Wind-Down Budget,

which amounts shall be held in trust and administered by Monitor in accordance with Section 2.9; provided, that, any remaining amount of the Wind-Down Amount not required to fund the costs of winding-down such estates after Closing in accordance with Section 2.9 shall be promptly delivered by Monitor to Buyer.

(jjjjjjj) "**Wind-Down Budget**" means a budget for the post-Closing wind-down of Sellers' estates that is appended hereto as Schedule J and which details the estimated costs and expenses permitted to be paid from the Wind-Down Amount.

(kkkkkkk) "**Working Interest**" means an undivided percentage ownership interest, under a Lease, in the rights to explore and drill for, produce, take, win and remove the Petroleum Substances that are subject to the Lease, together with the associated liability for the said percentage of the costs and expenses of the said activities.

1.2 Other Definitions and Interpretive Matters

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a day other than a Business Day, the period in question shall end on the next succeeding Business Day.

(ii) Schedules. All Schedules attached or annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule but not otherwise defined therein shall be defined as set forth in this Agreement.

(iii) Gender and Number. Any reference in this Agreement to gender includes all genders, and words importing only the singular number include the plural and vice versa.

(iv) Headings. The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in the construction or interpretation of this Agreement. All references in this Agreement to any "Section" or "Article" are to the corresponding Section or Article of this Agreement unless otherwise specified.

(v) Herein. Words such as "herein," "hereof' and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear, unless the context otherwise requires.

(vi) Monetary References. Any reference in this Agreement to a monetary amount, including the use of the term "Dollar" or the symbol "$", shall mean the lawful currency of Canada,

unless the lawful currency of the United States of America is expressly specified, whether by reference to "US$" or otherwise.

(vii) Including. The word "including" or any variation thereof means "including, without limitation," and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(viii) No Strict Construction. Buyer, on the one hand, and Sellers, on the other hand, participated jointly in the negotiation and drafting of this Agreement. In the event that an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by Buyer, on the one hand, and Sellers, on the other hand, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement. Without limitation as to the foregoing, no rule of strict construction construing ambiguities against the draftsperson shall be applied against any Person with respect to this Agreement.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, pursuant to the Approval and Vesting Order, Sellers shall sell, transfer, assign, convey and deliver, or cause to be sold, transferred, assigned, conveyed and delivered, Sellers' Interest in and to the Purchased Assets to Buyer, and Buyer shall purchase the Purchased Assets from Sellers.

2.2 Assumed Liabilities

Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Buyer shall execute and deliver to Sellers the Assumption Agreement substantially in the form attached hereto as Schedule E (the "**Assumption Agreement**") pursuant to which Buyer shall assume and agree to discharge, when due (in accordance with their respective terms and subject to the respective conditions thereof), only the following Liabilities (collectively, the "**Assumed Liabilities**") and no others:

(a) subject to Section 2.2(b):

(i) all Liabilities under the Assigned Contracts; and

(ii) all Liabilities (excluding Environmental Liabilities and Cure Costs) in respect of the Purchased Assets (including the Surface Rights) or the operation, use or ownership thereto;

only to the extent that such Liabilities in the preceding (i) and (ii) arise or accrue on or after the Closing Date;

(b) all Environmental Liabilities regardless of when they arise or accrue;

(c) all Taxes with respect to the Purchased Assets which relate only to the period of time subsequent to the Closing Date;

(d) the Liabilities assumed by Buyer under Article 7;

(e) all Trade Payables and all pre-Closing incurred but not yet invoiced or paid Reorganization Costs;

(f) all accrued vacation pay obligations with respect to the Transferred Employees;

(g) all drafts or cheques outstanding at the Closing issued by Sellers in relation to the Business other than in respect of the Excluded Assets;

(h) subject to compliance with Section 2.10(a), all Priority Claims to the extent not paid from the Reserve Payment Amount; and

(i) to the extent not already described in Sections 2.2(a) through (h) above, all Liabilities arising from, related to, or associated with the Purchased Assets, to the extent that such Liabilities arise or accrue on or after the Closing Date.

Buyer shall pay, perform or satisfy the Assumed Liabilities from time to time and as such Assumed Liabilities become due and payable or are required to be performed or satisfied in accordance with their respective terms.

2.3 Excluded Liabilities

Notwithstanding any provision in this Agreement to the contrary, Buyer shall not assume and shall not be obligated to assume or be obliged to pay, perform or otherwise discharge any Liability of Sellers, and Sellers shall be solely and exclusively liable with respect to all Liabilities of Sellers, other than the Assumed Liabilities (such Liabilities other than Assumed Liabilities, collectively, the "**Excluded Liabilities**"). For purposes of clarity, and without limitation of the generality of the foregoing, the Excluded Liabilities shall include, without limitation, each of the following Liabilities of Sellers:

(a) all indebtedness for borrowed money of Sellers (excluding Trade Payables);

(b) except as covered by the Transferred Employee Plans, any Liability relating to the Purchased Assets based on events occurring prior to the Closing Date and connected with, arising out of or relating to: (i) claims related to employee health and safety, including claims for injury, sickness, disease or death of any Seller Employee or (ii) compliance with any Applicable Law relating to any of the foregoing;

(c) any Liability related to Taxes of Sellers (excluding Taxes included in Priority Claims);

(d) all Liabilities of Sellers with respect to or in connection with the Oppression Litigation and any other Actions and Proceedings in which any Seller is a defendant;

(e) the Liabilities retained by Sellers under Article 7;

(f) any Liability of Sellers or the Seller Parties arising out of, or relating to, this Agreement or the transactions contemplated by this Agreement, whether incurred prior to, at or subsequent to the Closing Date, including without limitation, all finder's fees or broker's fees and expenses and any and all fees and expenses of the representatives of Sellers;

(g) except for the Assumed Liabilities set out in 2.2(a) to (h), any Liability of Sellers relating to (i) events or conditions occurring or existing in connection with, or arising out of, the Business as operated prior to the Closing, or (ii) the ownership, possession, use, operation or sale or other

disposition prior to the Closing of any Purchased Assets (or any other assets, properties, rights or interests associated, at any time prior to the Closing, with the Closing);

(h) any Liability under any Employee Plans other than in respect of a Transferred Employee Plan;

(i) any Liability resulting from an Encumbrance that is not a Permitted Encumbrance;

(j) subject to Sections 2.5(e) and 2.12(g), any Liability of Sellers incurred by Sellers or their respective directors, officers, shareholders, agents or employees after the Closing;

(k) any Liability relating to or arising out of the ownership or operation of the Excluded Assets;

(l) any Liability relating to a non-Transferred Employee;

(m) with respect to Transferred Employees, (i) any Liabilities providing for the payment of retention bonuses (or similar payments) to any Transferred Employees, (ii) any Liabilities arising out of workers' compensation Claims duly filed prior to the Closing Date by or on behalf of any Transferred Employee, (iii) any Liabilities with respect to any human rights, harassment, pay equity or other similar claims in relation to any matter, incident or circumstance that occurred prior to the Closing Date, and (iv) any Liabilities providing for payments (such as change of control payments or other similar payments) to any Transferred Employees as a result of the transactions contemplated by this Agreement; and

(n) those items set forth in Schedule B, if any.

2.4 Licence Transfers

(a) Sellers and Buyer shall cooperate to prepare and where applicable, Sellers shall electronically submit an application to the applicable Governmental Authority for the Licence Transfers and Buyer or its nominee shall, where applicable, at the same time electronically ratify and sign such application, in each case within ten (10) Business Days following Closing.

(b) If a Governmental Authority denies any Licence Transfers because of mis-description or other minor deficiencies in the application, Sellers and Buyer shall cooperate to, within five (5) Business Days of such denial, correct the application and amend and re-submit the application for the Licence Transfers and Buyer or its nominee shall, where applicable, electronically ratify and sign such application.

(c) Buyer will use commercially reasonable efforts to ensure that Buyer, at Closing or following Closing in accordance with Section 2.4(a), meets all qualification requirements of Governmental Authorities necessary to complete the Licence Transfers and to consummate the Transaction provided that such requirements do not require the posting of security or other financial assurances in amounts in the aggregate that exceed that provided by Sellers on the date hereof as set forth in Schedule G by twelve and one half percent (12.5%) or more, including as set forth in (a) the AER Directive 006: Licensee Liability Rating Program and Licence Transfer Process issued by the Alberta Energy Regulator, (b) the Government of Saskatchewan's Ministry of Economy (ECON) Guideline: Licensee Liability Rating (LLR) Program Guideline, and (c) the British Columbia Oil & Gas Commission's Liability Management Rating Program Manual. Sellers shall cooperate with Buyer and provide all assistance reasonably requested by Buyer in connection with Buyer obligations under this Section 2.4(c) and shall use their commercially reasonable efforts to ensure that Buyer, at Closing, meets all necessary qualification requirements

of Governmental Authorities necessary to complete the Licence Transfers and to consummate the Transaction as noted above.

(d) Subject to Section 2.4(c), Buyer shall be responsible for and promptly pay all fees and related charges required to be paid by Governmental Authorities in connection with the License Transfers.

2.5 Specific Conveyances

(a) Sellers shall use commercially reasonable efforts to prepare the Specific Conveyances prior to Closing at their cost. If all Specific Conveyances are not prepared prior to the Closing Date, Sellers and Buyer shall cooperate to prepare the remaining Specific Conveyances as soon as practicable after Closing. It shall not be necessary for Specific Conveyances to have been executed prior to or at Closing by Third Parties. Promptly after Closing, Sellers and Buyer shall cooperate to deliver all Specific Conveyances to Third Parties and each applicable Governmental Authority in accordance with normal industry practices and the Approval and Vesting Order, and shall attend to the registration of Specific Conveyances with each applicable Governmental Authority in accordance with normal industry practices.

(b) Buyer and Sellers shall use all commercially reasonable efforts and take all such steps and actions required to have Buyer become, as soon as reasonably practicable following Closing, the recognized and beneficial holder of the Purchased Assets in the place and stead of the applicable Seller, and shall where a Seller is the registering party, promptly take whatever steps are necessary to verify such registrations.

(c) Subject to the requirements relating to Licence Transfers under Section 2.4, Buyer shall bear all fees and deposits of required to be paid by or deposited with a Third Party or Governmental Authority (whether by Sellers or Buyer) in registering any Specific Conveyances and registering any further assurances required to convey the Purchased Assets to Buyer.

(d) Any transfer or assignment of the legal interest of a Seller in the Leases or Assigned Contracts requiring notice to or consent from a Third Party shall not be assigned or transferred to Buyer until and unless the notice or consent requirements have been satisfied. Each Party shall use commercially reasonable efforts, as to matters within its control, to satisfy such requirements as of the Closing Date, and Buyer shall furnish any deposits or security reasonably required to complete such transfers and assignments in accordance with normal industry practices, the Approval and Vesting Order, the provisions of the Leases and the Assigned Contracts, and Applicable Law.

(e) If there are any Leases or Assigned Contracts or any of Sellers' rights, entitlements, benefits, remedies, duties or obligations thereunder, which, as a matter of law, or by their terms are not assignable by Sellers to Buyer without the consent of a Third Party, and such consent is not obtained by the Closing Date notwithstanding the performance by the Parties of their respective obligations under this Section 2.5 (any such Lease or Assigned Contract, an "**Assignable Contract**"), then until the earlier of one hundred and eighty (180) days following Closing and the date of effective transfer of each such Assignable Contract:

(i) the applicable Seller(s), as bare trustee and agent of Buyer, shall hold the particular Assignable Contracts in trust for the exclusive benefit of Buyer, and Buyer shall have all rights, entitlements, benefits and remedies, arising or accruing with respect to such Assignable Contracts from and after the Closing Date;

(ii) all costs, obligations, benefits and revenues of every kind and nature incurred, payable or paid in respect of the Assignable Contracts from and after the Closing Date, including capital costs, operating costs, lease rentals, royalty obligations and Taxes (other than income taxes), shall be for the sole account of Buyer. Where Sellers receive a bill, invoice or other request or demand for payment in respect of capital costs, operating costs, lease rentals, royalty obligations, Taxes (other than income taxes) or other Liabilities incurred or payable from or after the date of Closing with respect to any Assignable Contract, Sellers shall promptly forward such request or demand for payment to Buyer, and Buyer shall promptly make such payment on behalf of the Parties;

(iii) all monies receivable under such Assignable Contracts from and after the Closing Date shall be the property of Buyer and may be received by Buyer, and all rights, entitlements, benefits and remedies under such Assignable Contracts from and after the Closing Date may be exercised by Buyer in respect thereof; and

(iv) Sellers will promptly provide to Buyer all Third Party authorities for expenditures, notices, mail ballots, specific information, communications, invoices, cash calls, billings, and other documents Sellers receive in respect of such Assignable Contracts.

provided that no Seller shall have any liability as a consequence of or related to its undertakings under this Section 2.5(e), and Buyer shall be responsible and liable for, and, as a separate covenant, hereby agrees to save and hold harmless and indemnify Sellers and each other Seller Party from and against all Liabilities incurred by Sellers and/or any other Seller Party as a consequence of or related to Sellers' undertakings under this Section 2.5(e).

(f) Effective upon Closing, each of Sellers do hereby constitute and appoint any officer or director of Buyer as the true and lawful attorney for such Seller, and in the name, place and stead of such Seller, to execute on behalf of such Seller, any resolution or other document, agreement or other instrument in writing to be executed by such Seller after the Closing in order to effect any Licence Transfer or Specific Conveyance or discharge any Encumbrance from the Purchased Assets (except any amendment to this power of attorney) to give effect to Sellers' obligations under Sections 2.4, 2.5, 2.6, 2.7, 2.8, 2.11 and 2.12; provided, however, that such power of attorney shall only be used by Buyers if Sellers or Monitor (for or on behalf of Sellers) are unable to execute any such resolution, document, agreement or instrument because there are no directors or officers of Sellers able to do so and Monitor is not authorized to do so or has been discharged. Subject to Closing, this power of attorney is hereby coupled with an interest and shall be irrevocable by Sellers.

(g) Upon Closing, Buyer and Sellers shall enter into a transition services agreement (the "**Transition Services Agreement**") pursuant to which Buyer shall agree to provide and make available at no costs or expense to Sellers reasonable Buyer personnel, Books and Records, payroll systems and other systems to Sellers in order to assist Sellers in its wind-down of the CCAA Proceedings (including disposing or otherwise dealing with Excluded Assets) and to effect any Licence Transfer, Specific Conveyance or do any or thing or take any other action reasonably necessary to give timely effect to Sellers' obligations under Sections 2.4, 2.5, 2.6, 2.7, 2.8, 2.11 and 2.12.

(h) The costs and expenses in respect of the transfer, conveyance or assignment of any of the Purchased Assets to Buyer (whether by way of Specific Conveyances or otherwise), including all regulatory fees, transfer taxes, registration fees/charges, deposits, charges costs and expenses in connection therewith, shall be Buyer's responsibility and at its sole cost and expense.

2.6 Consents to Assignment

With respect to Assignable Contracts that may not be assigned without the consent of the counterparties to such Assignable Contracts, Sellers shall use commercially reasonable efforts, in consultation with Buyer, to obtain such consent(s). If Sellers are not able to obtain such consent in respect of one or more Assignable Contracts, Sellers shall seek to obtain an Assignment Order with respect to such Assignable Contracts that are necessary, in any material respects, either individually or in the aggregate, for the operation of the Business prior to Closing. In connection therewith, Buyer shall provide evidence of its ability as required under the CCAA to perform the future obligations under each such Assignable Contract. Buyer and Sellers shall use commercially reasonable efforts to obtain an Assignment Order with respect to such Assignable Contracts, such as furnishing timely requested and factually accurate affidavits, non-confidential financial information and other documents or information for filing with the Court and making Buyer's and Sellers' employees and Representatives available to testify before the Court.

2.7 Security Arrangements

The Parties acknowledge that various bonds, surety bonds, letters of credit, guarantees, and/or cash deposits, including those set forth in Schedule G (collectively the "**Security Arrangements**") have been provided by Sellers to secure the payment and/or performance of certain of Sellers' obligations related to the Purchased Assets. Buyer acknowledges that Sellers have no duty to maintain any Security Arrangements after the Closing. To the extent Sellers have any obligations pursuant to any Security Arrangement or have pledged or otherwise provided any property that secures any such Security Arrangement (collectively, "**Sellers' Obligations**"), Buyer shall, insofar as the Security Arrangements relates to any of the Purchased Assets, take such actions, as are necessary to cause Sellers' Obligations arising under such Security Arrangements to be released and terminated at Closing, and any of Sellers' property pledged or otherwise provided to secure such Security Arrangements shall be delivered to Buyer, as soon as practicable following Closing, to the extent not set-off against the amount owing under the Credit Facility. As to those Security Arrangements not listed in Schedule G, Buyer, insofar as the Security Arrangements relates to any of the Purchased Assets, shall take such actions as are necessary to cause Sellers' Obligations arising under such Security Arrangements to be released and terminated, and any of Sellers' property pledged or otherwise provided to secure such Security Arrangements shall be delivered to Buyer, to the extent not set-off against the amount owing under the Credit Facility, within thirty (30) days following Sellers' notifying Buyer (or if earlier, Buyer's otherwise becoming aware) of such Security Arrangement.

2.8 Unscheduled Assets

(a) The Parties acknowledge that although Sellers have prepared, and Buyer has reviewed, the Schedules attached hereto diligently and with good faith, they recognize that there may be unintended omissions or mis-descriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Purchased Assets included and specified in the Schedules hereto, the Purchased Assets shall include Sellers' Interest in and to all Petroleum and Natural Gas Rights, Tangibles and Miscellaneous Interests within the Whitemap Area, except to the extent such assets fall within the definition of Excluded Assets, any of such additional unscheduled Purchased Assets, if any, being the "**Unscheduled Assets**", and that the Purchase Price includes consideration for such Unscheduled Assets.

(b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Date, the Parties shall take such additional steps as are reasonably necessary to specifically convey Sellers' Interest in such Unscheduled Assets to Buyer.

2.9 Wind-Down Amount

(a) At Closing, Sellers will deliver the Wind-Down Amount to Monitor to be held in trust by Monitor for the benefit of Persons entitled to be paid costs covered by the Wind-Down Amount in accordance with the Wind-Down Budget and the following provisions:

(i) Subject to clauses (ii) and (viii) below, all claims for costs to be paid from the Wind-Down Amount pursuant to the Wind-Down Budget will be paid in accordance with the Wind-Down Budget.

(ii) To the extent that Monitor seeks to pay any cost which is not included within any category of costs in the Wind-Down Budget or is in excess of the budget for such category in the Wind-Down Budget, Monitor shall submit any such claims for costs to be paid from the Wind-Down Amount to Buyer, and Buyer shall have ten (10) days to object in writing to any such claim on the basis that it is not a reasonable quantum or that it is not reasonably necessary for the winding down of Sellers' estates.

(iii) In the event that an objection is made by Buyer and an agreement cannot be reached between the claimant and Buyer, the amount of any such payment still in dispute shall be determined, on application by Buyer or Monitor (on notice to Buyer) and any affected beneficiary of the Wind-Down Amount in each case, by Order of the Court. The costs of any such application shall be paid: (i) in the case of Monitor, Monitor's counsel and Sellers' counsel, from the Wind-Down Amount; (ii) in the case of the claimant, by the claimant; and (iii) in the case of Buyer, by Buyer.

(iv) Once the amount of any such claim has either been agreed to or determined by the Court, as set forth above, Monitor shall promptly pay such claim from the Wind-Down Amount.

(v) Subsequent to Closing, Monitor shall reduce the amount of the Wind-Down Amount as and to the extent that Monitor and Sellers may agree or a Court finally determines, and such amount reduced shall be distributed to Buyer.

(vi) Pursuant to the Approval and Vesting Order, all right, title and interest in and to any amounts in the Wind-Down Amount that are agreed to by Monitor, Sellers and Buyer, or by Order of the Court, to not be required to pay costs associated with winding down Sellers' estates shall vest absolutely in Buyer as at the Closing Date and shall promptly be distributed by Monitor to Buyer in accordance with this paragraph.

(vii) Notwithstanding any of the foregoing, in the event of any claims of the directors and officers of Sellers being asserted against the Directors' Charge under the Claims Bar Process, the adjudication or resolution of such claim shall be determined in accordance Claims Bar Process.

(viii) In the event that Sellers receive any monies post-Closing in respect of Tax refunds, Sellers shall promptly notify Buyer of receipt of such monies and such monies shall be used first to (I) fund Reorganization Costs pursuant to Section 3.5, or (II) to pay costs included in the Wind-Down Budget in accordance with this Section 2.9 instead of using funds in the Wind-Down Amount to pay for such costs, and in such event, any amounts that are agreed to by Monitor, Sellers and Buyer, or by Order of the Court, to no longer be required to be reserved in the Wind-Down Amount to pay for costs of winding down the estates of Sellers after Closing as a result of the payment of costs in the Wind-Down

Budget from proceeds of Tax refunds shall promptly be distributed by Monitor to Buyer in accordance with this paragraph.

(b) In the event that Sellers' Cash at Closing is insufficient to fund the full amount of the Wind-Down Amount and the Reserve Payment Amount to be delivered by Sellers to Monitor at Closing pursuant to Sections 2.9(a) and 2.10(a), Buyer shall pay to Monitor, in trust for Sellers, an amount equal to the difference between the aggregate amount of the Wind-Down Amount and Reserve Payment Amount to be delivered to Monitor at Closing and Sellers' Cash at Closing (the amount of such difference, the "**Deficiency Payment**"), which shall be allocated to the Wind-Down Amount and/or Reserve Payment Amount, as applicable. Such amount shall be funded from available funds under the Replacement Credit Facility or under any other credit facility Buyer has available at Closing within three (3) Business Days of Closing.

2.10 Reserve Payment Amount

(a) At Closing, Sellers will deliver the Reserve Payment Amount to Monitor, to be held in trust by Monitor for the benefit of Persons entitled to be paid Priority Claims in accordance with the following provisions:

(i) All claims for Priority Claims to be paid from the Reserve Payment Amount must be submitted by Sellers or Monitor, in consultation with the other, to Buyer in writing.

(ii) Upon the submission of any such Priority Claims to be paid from the Reserve Payment Amount, Buyer shall have ten (10) days to object in writing to any such claim on the basis that such claim or any portion thereof is: (i) not senior in priority to the Second Lien Indebtedness, (ii) not owing by Sellers in respect of obligations incurred by them in respect of goods and services provided to them pre- Filing Date or during the Post-Filing Period, or (iii) barred by an existing Order of the Court granted in the CCAA Proceedings.

(iii) In the event that an objection is made by Buyer and an agreement cannot be reached between the claimant, Sellers, Monitor and Buyer, the amount of any such payment still in dispute shall be determined, on application by Buyer or Monitor, on notice to the affected claimant, Sellers, Buyer and Monitor, as applicable, in each case, by Order of the Court. The costs of any such application shall be paid: (i) in the case of Monitor, Monitor's counsel and Sellers' counsel, from the Wind-Down Amount; and (ii) in the case of Buyer, by Buyer.

(iv) Once the amount of any such claim has either been agreed to or finally determined by the Court, as set forth above, Monitor shall promptly pay such claim from the Reserve Payment Amount.

(v) Subsequent to Closing, Monitor shall reduce the amount of the Reserve Payment Amount as and to the extent that Monitor and Sellers may agree or a Court determines, and such amount reduced shall be distributed to Buyer.

(vi) Pursuant to the Approval and Vesting Order, all right, title and interest in and to any amounts in the Reserve Payment Amount that are agreed to or determined by Order of the Court in accordance with this Section 2.9, not to be required to pay Priority Claims shall vest absolutely in Buyer as at the Closing Date and shall promptly be distributed to Buyer in accordance with this paragraph.

(vii) Subsections (i) to (vi) above do not apply to any Claim finally accepted, adjudicated, settled or otherwise determined to be a Priority Claim pursuant to the Claims Bar Process, and for greater certainty, Monitor shall be permitted, without notice to Sellers or Buyer or complying with the procedures set out in such subsections (i) to (vi) above, to pay the amount of any such Priority Claim to the holder thereof, from the Wind-Down Amount as soon as practicable after such final acceptance, adjudication, settlement or determination in accordance with the Claims Bar Process.

2.11 Further Assurances

The Parties agree to (a) furnish upon request to each other such further information, (b) execute, acknowledge and deliver to each other such other documents, and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction Documents, in each case at the requesting Party's expense, including executing any discharges of Encumbrances (other than Permitted Encumbrances) that are vested out under the Approval and Vesting Order; provided that nothing in this Section shall prohibit Sellers from ceasing operations or winding up their affairs (including through a bankruptcy) following the Closing.

2.12 ROFRs

(a) Within five (5) Business Days following the execution of this Agreement by the Parties, Buyer shall advise Sellers in writing of its bona fide allocations of value for the Purchased Assets subject to the ROFRs identified on Schedule H (the "**Identified ROFRs**"). If either Sellers or Buyer identifies any ROFRs in addition to the Identified ROFRs, Buyer shall promptly thereafter advise Sellers in writing of Buyer's bona fide allocations of value for the Purchased Assets to which each such additional ROFRs relate.

(b) Sellers shall issue notices to the Third Parties holding Identified ROFRs in accordance with the applicable provisions of such rights under the Title Documents no later than three (3) Business Days after Sellers receive from Buyer the value allocations relating to the Purchased Assets affected by each such Identified ROFR as provided in Section 2.12(a). Each such notice shall include relevant particulars of the Transaction, contain Buyer's allocations of value for the Purchased Assets to which the Identified ROFRs relate and request a waiver of the applicable ROFR. Sellers shall also issue notices to Third Parties for any ROFRs, in addition to the Identified ROFRs, identified by Sellers or Buyer in accordance with Section 2.12(a).

(c) Sellers shall notify Buyer in writing forthwith upon (i) receipt of notice from any Third Party exercising or waiving any ROFRs for which notices were issued pursuant to Section 2.12(b), and (ii) the expiry of each ROFR period where none of the applicable ROFR holders have exercised their ROFR within the ROFR period. No Purchased Assets subject to a ROFR shall be sold and conveyed to Buyer, whether at or after Closing, until all ROFR holders in respect of the applicable Purchased Assets have waived their ROFR and/or all applicable ROFR notice periods have expired without a ROFR having been exercised by an applicable ROFR holder, provided, however, that Closing shall not be conditional on, or in any manner delayed in connection with, the receipt of any ROFR waivers or the expiry of any ROFR periods.

(d) If, prior to Closing, either (i) Sellers have received a written waiver from each of the ROFR holders in respect of a ROFR, or (ii) the ROFR period in respect of the ROFR has expired without any of the applicable ROFR holders exercising their ROFR, then the Purchased Assets subject to the ROFR shall be sold and conveyed by Sellers to Buyer at Closing in accordance with this Agreement.

(e) Where on or after Closing, either (i) Sellers have received a written waiver from each of the ROFR holders in respect of a ROFR, or (ii) the ROFR period in respect of the ROFR has expired without any of the applicable ROFR holders exercising their ROFR, then the Purchased Assets subject to the ROFR shall be sold and conveyed by Sellers to Buyer as soon as reasonably practical following the satisfaction of such condition precedent (as applicable) pursuant to a general conveyance substantially in the form of the General Conveyance.

(f) Sellers shall comply with the terms of each of the ROFRs exercised by the holders thereof by selling and conveying to such holders the portion of the Purchased Assets which are subject to such exercised ROFR. If any ROFRs are exercised by the holders thereof, Buyer shall be obligated to accept, at the Closing Date, that portion of the Purchased Assets which are not subject to such ROFRs that have been exercised; and this Agreement shall be deemed to have been amended, effective as of the date of this Agreement, to exclude the applicable Purchased Assets upon which such ROFRs are exercised, from the definitions of "Purchased Assets", "Lands", "Leases", "Facilities", "Miscellaneous Interests", "Petroleum and Natural Gas Rights", "Tangible Property" and "Wells", as may be applicable. The proceeds of any sale to a ROFR holder shall be treated as Sellers' Cash for the purpose of this Agreement, and there shall be no reduction or other adjustment to the Purchase Price as a result of the exercise of a ROFR by a ROFR holder.

(g) Buyer shall be responsible and liable for, and, as a separate covenant, hereby agrees to save and hold harmless and indemnify Sellers and each other Seller Party from and against all Liabilities incurred by Sellers and/or any other Seller Party as a consequence of or related to Buyer's allocations of value for the Purchased Assets subject to ROFRs as contemplated by Section 2.12(a).

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The purchase price for the Purchased Assets, exclusive of all applicable Transfer Taxes, shall be the aggregate of the following (the "**Purchase Price**"):

(a) the Credit Facility Payout Amount;

(b) the Assumed Liabilities;

(c) the Credit Bid Amount; and

(d) the Deficiency Payment, if any.

3.2 Satisfaction of Purchase Price

Buyer shall satisfy the Purchase Price by:

(a) on Closing:

(i) causing the full repayment of the Credit Facility pursuant to the Payout Letter;

(ii) assuming the Assumed Liabilities; and

(iii) causing the Majority Noteholders to direct the Trustee pursuant to section 6.05 of the Second Lien Note Indenture to acknowledge (i) the full repayment and satisfaction of the principal amount owing under Second Lien Note Indenture by virtue of the transfer of the Purchased Assets to Buyer, and (ii) the waiver, settlement and cancellation of all other obligations owing under the Second Lien Note Indenture, and to thereby cancel all of the Notes issued under the Second Lien Note Indenture (the "**Second Lien Credit Bid**"); and

(b) within three (3) Business days of Closing, paying the Deficiency Payment, if any, to Monitor in trust for Sellers.

3.3 Determination of Purchase Price

In the determination of the Purchase Price payable for the Purchased Assets, the Parties agree that the extent and value of past, present and future Environmental, abandonment or reclamation Liabilities related to the Purchased Assets is unknown as of the Closing Date, and the Parties have not attributed a specific or agreed to value with regard to either (i) such Liabilities, or (ii) the indemnities provided for in this Agreement, nor shall there be any adjustments made to the Purchase Price in relation thereto.

3.4 Allocation of Purchase Price

Prior to the Closing, Buyer shall deliver to Sellers for their review allocation schedules(s) (the "**Asset Allocation Schedule(s)**") allocating the Purchase Price (including specific allocation of the Assumed Liabilities that are liabilities for Canadian federal income Tax purposes) on a dollar basis among the Purchased Assets. The Asset Allocation Schedule(s) shall be reasonable and commercially supportable. Sellers agree that, following their approval of the Asset Allocation Schedule(s) (which approval is not to be unreasonably withheld, conditioned or delayed), Sellers shall sign the Asset Allocation Schedule(s) and return an executed copy thereof to Buyer prior to the Closing Date if Buyer is the Successful Bidder (as defined therein) as part of the Sale Procedures. Buyer and Sellers will each prepare and file all Tax Returns in accordance with the Asset Allocation Schedule(s) and will not take any position that is inconsistent with such allocation for any purposes related to Taxes, except as required by Applicable Law.

3.5 Structuring and Reorganization Costs

If directed by Buyer and permitted under Applicable Law, Sellers and their Affiliates will undertake, at or prior to Closing, any reorganization, transactions or actions directed by Buyer and not expressly contemplated herein in order to maximize the Tax Pools that may be utilized by Buyer, provided, however, that Buyer shall fund to Monitor, in trust, on behalf of Sellers, an amount sufficient to cover all additional costs and expenses to be incurred post-Closing by Sellers, payable to third parties and not otherwise assumed by Buyer to implement such reorganization, transactions or actions, including any Taxes incurred by Sellers as a result thereof (the "**Reorganization Costs**") within a reasonable period of time prior to such Reorganization Costs being incurred by Sellers, as such funding may be requested by Sellers from time to time in writing to Buyer. For greater certainty, (i) all pre-Closing Reorganization Costs incurred by Sellers but payable after Closing shall be assumed by Buyers under Section 2.2(e), (ii) Sellers' request for funding may be made to Buyer prior to Closing to be paid within three (3) Business Days' of Closing, or after Closing, from time to time, to be paid within three (3) Business Days' after written request from Sellers to Buyer, and (iii) Sellers will not be required to incur any post-Closing Reorganization Costs unless and until they are provided with sufficient monies from Buyer in advance to pay for such Reorganization Costs as they are incurred from time to time. Subject to the foregoing, Sellers' and Buyer's advisors will work together in good faith in order to determine any reorganization,

transactions or actions that may be required in order to ensure that Buyer can utilize the Tax Pools to the greatest possible extent. Buyer shall be responsible and liable for, and, as a separate covenant, hereby agrees to save and hold harmless and indemnify Sellers, each other Seller Party, the Monitor and the Monitor's Representatives from and against all Liabilities incurred by them arising from, in connection with or related in any manner whatsoever to any reorganization, transactions or actions undertaken by Sellers and/or their Affiliates pursuant to this Section 3.5, whether arising or accruing prior to, on or following Closing.

3.6 Transfer Taxes

All applicable Transfer Taxes otherwise collectable by Sellers shall be paid by Buyer to Monitor in trust on behalf of Sellers on Closing as provided by Section 11.2(a), subject to the terms hereof and the availability of any exemptions or elections under any Applicable Law for such applicable Transfer Taxes. Monitor will timely remit any such Taxes to the appropriate Governmental Authority as required by Applicable Law, as directed by Sellers.

3.7 Tax Elections

(a) Tax Pools: Buyer and each of Sellers shall jointly elect in prescribed form and within the time period referred to in paragraph 66.7(7)(e) of the Tax Act, and generally take all such steps as may be considered reasonable and desirable so that Buyer acquires and is able to utilize the Tax Pools of each Seller to the greatest extent permitted by law. Buyer shall prepare such joint election. Sellers shall not deduct or otherwise use the Tax Pools after the Closing Date; for greater certainty, such prohibition shall not apply to any deduction or use that is mandatory under the Tax Act.

(b) Section 167 Election: Buyer and each Seller shall, if applicable, elect to have the provisions of subsections 167(1) and 167(1.1) of the ETA apply to the sale of the Purchased Assets supplied by such Seller to Buyer. The Parties shall take all necessary actions in order to complete and Buyer shall file a valid joint election as provided in subsection 167(1) of the ETA on or before the date on which the Buyer must submit its GST/HST returns for the reporting period in which the Closing occurs.

(c) Section 22 Election: If requested by, and at the sole option of, Buyer, any Seller and Buyer shall jointly execute and file an election pursuant to section 22 of the Tax Act and the corresponding provisions of any applicable provincial Tax legislation in the prescribed manner and within the prescribed time limits in respect of the sale of the Accounts Receivable of such Seller designating in such election the applicable portion of the Purchase Price paid by the Buyer for the Accounts Receivable as set out in the applicable Asset Allocation Schedule.

(d) Subsection 20(24) Election: If requested by, and at the sole option of, Buyer, any Seller and Buyer shall jointly execute and file an election pursuant to subsection 20(24) of the Tax Act and the corresponding provisions of any applicable provincial legislation in prescribed manner and within the prescribed time limits in respect of any deferred revenue of the Business or the Purchased Assets for an amount of the deferred revenue that is being transferred to Buyer in consideration for Buyer undertaking future obligations in connection with the deferred revenue for the amount of the deferred revenue. In this regard, each Seller and Buyer acknowledge that if such election is made, a portion of the Purchased Assets having a value equal to the elected amount shall be transferred by the electing Seller to Buyer for the assumption of such future obligations.

3.8 No Closing or Post-Closing Adjustments

(a) Notwithstanding anything to the contrary herein, there shall be no adjustment to the Purchase Price, either at or after Closing including, for certainty, in respect of any matters customarily subject, in connection with the sale and purchase of oil and gas assets in Western Canada, to adjustment and/or apportionment on an accrual basis (in accordance with generally accepted Canadian accounting principles) or on a per diem basis.

(b) Sellers shall, from and after the Closing Date, hold in trust as bare trustee and promptly deliver and transfer to Buyer, from time to time as and when received by Sellers, all of Sellers' Interest in and to any Sellers' Cash received by Sellers with respect to any of the Purchased Assets, and Sellers will account to Buyer for all such receipts.

3.9 No Trustee Responsibility

Sellers and Buyer hereby expressly acknowledge and agree that the Trustee will have no liability, responsibility, or obligations under this Agreement, other than the Trustee's obligations to undertake the Second Lien Credit Bid for the Credit Bid Amount for the benefit of all Second Lien Noteholders on behalf of Buyer in accordance with Section 3.2(a)(iii) hereof and the Bid Direction Letter and to effect the distribution to each Second Lien Noteholder of shares of Buyer in accordance with Section 11.4 hereof and the Approval and Vesting Order.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF SELLER

Sellers represent and warrant the following to Buyer:

4.1 Organization and Good Standing

Each of Sellers is an entity duly organized and validly existing under the laws of the jurisdiction of its organization and each of Sellers has the requisite power and authority to own or lease and to operate and use its properties and to carry on its business as now conducted. Each of Sellers is qualified or licensed to do business and is in good standing in each jurisdiction where the character of its business or the nature of its properties makes such qualification or licensing necessary, except for such failures to be so qualified or licensed or in good standing as would not, individually or in the aggregate, have a Material Adverse Effect.

4.2 Authority; Validity; Consents

Each of Sellers has, subject to obtaining the Approval Orders, the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which such Seller is a party and to consummate the Transaction contemplated hereby and thereby, and subject to obtaining the Approval Orders, the execution, delivery and performance of this Agreement and such other Transaction Documents by Sellers and the consummation by Sellers of the Transaction contemplated herein and therein has been duly and validly authorized by all requisite corporate or other action. This Agreement has been duly and validly executed and delivered by each of Sellers and each other Transaction Document required to be executed and delivered by Sellers at the Closing will be duly and validly executed and delivered by the applicable Sellers at the Closing. Subject to obtaining the Approval Orders, this Agreement and the other Transaction Documents constitute, with respect to Sellers, the legal, valid and binding obligations of the applicable Sellers,

enforceable against such Sellers in accordance with their respective terms, except as such enforceability is limited by general principles of equity.

4.3 No Conflict

When the consents and other actions described in Section 4.2 have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the Transactions will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Sellers under (a) any agreement, indenture, or other instrument to which it is bound, (b) the constating documents of Sellers, as applicable, (c) any Order or (d) any Applicable Law, except as would not, individually or in the aggregate, have a Material Adverse Effect.

4.4 Litigation

Other than as disclosed to Buyer in writing and other than those Actions that are related to or would be comprised in the CCAA Proceedings, there are no material proceedings in progress, pending or, to the knowledge of Sellers, threatened.

4.5 Purchased Assets

The Purchased Assets constitute, in all material respects, all the assets, tangible and intangible, of any nature whatsoever necessary for the continued operation of the Business in the manner which it is currently being operated by Sellers, except as results from the non-assumption by Buyer of the Excluded Assets. 1863359 and 1863360 do not own nor have any rights to any assets used in connection with the Business or Purchased Assets. Except as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Purchased Assets are subject to any ROFRs except the ROFRs set out in Schedule H whereby any Person would have the right to acquire any of the Purchased Assets as a consequence of Sellers having agreed to sell the Purchased Assets to Buyer in accordance herewith.

4.6 Lands, Facilities and Leases

To the knowledge of Sellers after due and reasonable inquiry, Schedule A sets forth a complete and correct list of all material Lands, Facilities (which for greater certainty excludes all single batteries wells) and Leases in connection with the Business including those Lands, Facilities and Leases which may not be of a material value but which are or could reasonably expected to be a material liability to Sellers. To the knowledge of Sellers, none of the Lands, Facilities and Leases are subject to any expropriations proceedings pursuant to Applicable Laws or has received any threats of any such proceedings.

4.7 Employees

(i) The Employee List shall be complete and correct when delivered to Buyer pursuant to Section 7.1(a).

(ii) No collective agreement currently exists or is being negotiated by Sellers with respect to the Seller Employees.

(iii) There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of Sellers, threatened against the Purchased Assets.

(iv) In all material respects, all amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, over-time and benefits for the Seller Employees required to be paid, accrued or reflected as at the date hereof have either been paid or are accurately accrued or otherwise reflected in Sellers' financial statements.

4.8 Compliance with Laws

Sellers have not received written notice of any breach or purported breach of any Applicable Law pertaining to the Purchased Assets or the ownership or operation thereof (excluding any Applicable Law relating to the Environment) that remains outstanding in any material respect or that has not been remedied in all material respects and, to Sellers' knowledge, there has been no act or omission by Sellers that reasonably could constitute a breach of any such Applicable Law that has not been remedied in all material respects or which, if unremedied, could reasonably be expected to have a Material Adverse Effect on the value of the Purchased Assets taken as a whole.

4.9 Assigned Contracts

With respect to each Assigned Contract, other than those proceedings that are related to or would be comprised in the CCAA Proceedings or any CCAA Court order issued in the CCAA Proceedings, Sellers and, to the knowledge of Sellers, the other Persons party thereto are not in default or breach of any Assigned Contract, except as would not, individually or in the aggregate, have a Material Adverse Effect, and, to the knowledge of Sellers, there exists no outstanding default by the other Persons party thereto which would reasonably be expected to have a Material Adverse Effect on the Purchased Assets and Business.

4.10 Environmental

Other than as disclosed to Buyer in writing, Sellers have not received written notice of any orders or directives from any Governmental Authority: (i) that are specific to the Purchased Assets or any portion thereof, related to Environmental Liabilities which require any work, repairs, construction or capital expenditures with respect to the Purchased Assets which have not been complied with in all material respects; and (ii) with respect to the breach of any Applicable Law relating to the Environment that are specifically applicable to the Purchased Assets or any portion thereof which remain outstanding in any material respect.

4.11 Residency

No Seller is a non-resident of Canada for the purposes of the Tax Act, and each of LTS Partnership and Bakken Partnership is a "Canadian partnership" within the meaning of the Tax Act.

4.12 GST

(a) Each Seller is a registrant for purposes of the ETA, with the registration numbers of Sellers being as follows:

Lightstream Resources Ltd. -	853027464RT0001
LTS Resources Partnership -	825578990RT0001
Bakken Resources Partnership -	821687985RT0001
1863359 Alberta Ltd. -	825791999RT0001
1863360 Alberta Ltd. -	825791197RT0001

(b) The Purchased Assets transferred by each Seller constitute all or substantially all of the property used by such Seller in carrying on its business. The Purchased Assets transferred by each Seller constitute all or substantially all of the property used in a commercial activity that forms all or a part of a business carried on by such Seller.

4.13 Brokers or Finders Fees

Neither Sellers nor any Person acting on behalf of Sellers has paid or become obligated to pay any fee or commission to any broker, finder, investment banker, agent or intermediary, including the Sale Advisor, for or on account of the Transaction for which Buyer is or will become liable, except to the extent comprising an Assumed Liability.

4.14 No Additional Representations and Warranties by Sellers

(a) Notwithstanding anything to the contrary in this Agreement, Sellers make no representations or warranties of any kind except as expressly set forth in Sections 4.1 to 4.13 and in particular, and without limiting the generality of the foregoing, Sellers disclaim and shall not be liable for any representation or warranty express or implied, statutory or otherwise, of any kind, at law or in equity, that may have been made or alleged to be made in any instrument or document relative hereto, or in any statement or information made or communicated to Buyer in any manner including any opinion, information, or advice that may have been provided to Buyer by Monitor, the Seller Parties, the Sale Advisor or their Representatives in connection with the Purchased Assets, Business, Assumed Liabilities or Environmental Liabilities, or in relation to the Transaction. For greater certainty, and without limiting the generality of the foregoing, Sellers do not make any representation or warranty, express or implied, of any kind, at law or in equity, with respect to:

(i) the quality, quantity or recoverability of any Petroleum Substances from the Lands;

(ii) the value of the Purchased Assets or any estimates of prices or future cash flows arising from the sale of any Petroleum Substances produced from or allocated to the Purchased Assets or any estimates of other revenues or expenses attributable to the Purchased Assets;

(iii) the availability or continued availability of facilities, services or markets for the processing, transportation or sale of any Petroleum Substances;

(iv) any regulatory approvals, Licenses, consents or Governmental Authorizations that may be needed to complete the Transaction or to operate the Purchased Assets or any portion thereof;

(v) the quality, condition, fitness, suitability, serviceability or merchantability of any of the Tangibles; or

(vi) the title of Sellers to the Purchased Assets.

(b) Buyer acknowledges and confirms that it is relying on its own investigations concerning the Purchased Assets and it has not relied on advice from Seller Parties, Monitor, Sale Advisor or their Representatives with respect to any matter whatsoever, including with respect to the matters specifically enumerated in Section 4.14(a) in connection with the purchase of the Purchased Assets pursuant hereto. Buyer further acknowledges and agrees that it is acquiring the Purchased

Assets on an "as is, where is" basis. Buyer acknowledges and agrees that (i) Sellers have provided Buyer with a reasonable opportunity to inspect the Purchased Assets (including to conduct an Environmental review of the Purchased Assets) and to review Sellers' title to the Purchased Assets at the sole cost, risk and expense of Buyer (insofar as Sellers could reasonably provide such access), (ii) based on such investigations and inspections, Buyer has determined to proceed with the Transactions contemplated by this Agreement, and (iii) Buyer is not relying upon any representation or warranty of any of the Seller Parties, Monitor, or Sale Advisor as to the condition, Environmental or otherwise, of the Purchased Assets or Sellers' title to the Purchased Assets. Buyer expressly waives all defects relating either to Environmental Matters relating to the Purchased Assets or Sellers' title to the Purchased Assets, whether disclosed by Buyer's review or otherwise.

(c) Except for its express rights under this Agreement, Buyer hereby waives all rights and remedies (whether now existing or hereinafter arising and including all equitable, common law, tort, contractual and statutory rights and remedies) against Sellers in respect of the Purchased Assets, the Business, the Assumed Liabilities, the Environmental Liabilities or the Transaction or any representations or statements made, direct or indirect, express or implied, or information or data furnished to Buyer or its Representatives, in connection herewith (whether made or furnished orally or by electronic, faxed, written or other means) except arising from negligent misrepresentation or fraud. Buyer acknowledges and agrees that none of Sellers' representations and warranties contained in this Article 4 shall survive Closing and that Buyer's sole recourse for any breach of representation and warranty by Sellers shall be for Buyer to not complete the Transaction in accordance with Section 12.1(b)(iii).

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as follows:

5.1 Organization and Good Standing

Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the Province of British Columbia and is extra-provincially registered to carry out business in the Provinces of Saskatchewan, Manitoba and Alberta, and the Northwest Territories. At Closing, Buyer shall have the requisite power and authority to own or lease and to operate and use the Purchased Assets and to carry on the Business.

5.2 Authority; Validity; Consents

Buyer has the requisite power and authority necessary to enter into and perform its obligations under this Agreement and the other Transaction Documents to which it is a party and to consummate the Transaction. The execution, delivery and performance of this Agreement by Buyer and the consummation by Buyer of the Transaction have been duly and validly authorized by all requisite corporate actions in respect thereof. This Agreement has been duly and validly executed and delivered by Buyer and each other Transaction Document to which Buyer is a Party will be duly and validly executed and delivered by Buyer, as applicable, at the Closing. This Agreement and the other Transaction Documents to which Buyer is a party constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with their respective terms, except in each case as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of equity. Buyer is not or will not be required to give any notice to or obtain any consent from any Person in connection with the

execution and delivery of this Agreement and the other Transaction Documents to which it is a party or the consummation or performance of any of the Transaction, except for (i) the Investment Canada Act Approval, if required, (ii) the permits, licences, consents and approvals contemplated in Sections 2.4, 2.5 and 2.6, and (iii) such other notices, filings and consents, the failure of which to provide, make or obtain, would not, individually or in the aggregate, materially affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

5.3 No Conflict

When the consents and other actions described in Section 5.2 have been obtained and taken, the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the Transactions will not result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with, or cause any acceleration of any obligation of Buyer under (a) any agreement, indenture, or other instrument to which it is bound, (b) the constating documents of Buyer, as applicable, (c) any Order or (d) any Applicable Law.

5.4 Litigation

There are no Proceedings pending or, to the knowledge of Buyer, threatened, that would affect Buyer's ability to perform its obligations under this Agreement or any other Transaction Documents or to consummate the Transaction.

5.5 Brokers or Finders

Neither Buyer nor any Person acting on behalf of Buyer has paid or become obligated to pay any fee or commission to any broker, finder, investment banker, agent or intermediary for or on account of the Transaction for which Sellers (or any of the other Seller Parties) is or will become liable, and Buyer shall hold harmless and indemnify Sellers and each other Seller Party from any claims with respect to any such fees or commissions.

5.6 GST

Buyer is a registrant for purposes of the ETA, with its registration number being as follows: 751088691.

5.7 Business Use, Bargaining Position, Representation

Buyer is purchasing the Purchased Assets for commercial or business use and has knowledge and experience in financial and business matters that enables it to evaluate the merits and the risks of a transaction such as the Transaction. Buyer is not in a significantly disparate bargaining position with Sellers and is represented by legal counsel.

ARTICLE 6
ACTIONS PRIOR TO THE CLOSING DATE

6.1 Sale Procedures; Approval and Vesting Order

(a) Sellers shall conduct the Sale Procedures in accordance with the terms of the Sale Procedures and the Initial CCAA Order.

(b) Provided that this Agreement is determined to be the Successful Bid in accordance with the Sale Procedures, (i) Sellers shall as soon as practicable thereafter commence a motion (the "**Sale Motion**") for the granting of the Approval and Vesting Order approving the Transaction, (ii) the Sale Motion shall be served by Sellers' counsel on the service list in the CCAA Proceedings and all parties whom Buyer's counsel reasonably requests be served, and (iii) Buyer shall (A) provide any information and take such actions as may be reasonably requested by Sellers or Monitor to assist Sellers in obtaining the Approval and Vesting Order and any other Order of the Court reasonably necessary to consummate the Transaction, and (B) use commercially reasonable efforts to do, or cause to be done, all things necessary or proper, consistent with Applicable Law, to consummate and make effective the Transaction as soon as possible following the issuance of the Approval and Vesting Order.

(c) In the event that leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Sale Procedures, the Transaction or the Approval and Vesting Order, Sellers shall promptly notify Buyer of such leave to appeal, appeal or stay request and shall promptly provide to Buyer a copy of the related notice(s) or order(s).

(d) From and after the date hereof, Sellers shall (i) provide such prior notice as may be reasonable under the circumstances before filing any materials with the Court that relate, in whole or in part, to this Agreement, Buyer, the Approval and Vesting Order, the Assignment Orders or the Sale Procedures and shall consult in good faith with Buyer regarding the content of such materials prior to any such filing (provided that Sellers shall not be obligated to incorporate the comments of Buyer into any such filings), and (ii) not take any action that is intended to result in, or fail to take any action that would result in, the reversal, voiding, modification or staying of the Approval and Vesting Order, if Buyer is the Successful Bidder.

6.2 Cooperation; Commercially Reasonable Efforts

(a) Prior to the Closing, upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under Applicable Law to consummate the Transactions contemplated by this Agreement as soon as practicable, including (i) the taking of all reasonable acts necessary to cause the conditions precedent set forth in Article 9 and Article 10 to be satisfied, and (ii) the preparation and filing of all forms, registrations and notices required to be filed to consummate the Closing, the taking of such actions as are necessary to obtain any requisite Governmental Authorization, provided that Sellers shall not be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to any Governmental Authority, all of which shall be paid or reimbursed by Buyer) in order to obtain any Governmental Authorization.

(b) For further clarity, in order to obtain the Investment Canada Act Approval (if required), Buyer agrees to take all commercially reasonable actions to cause the expiration or termination of the review period and to obtain as soon as reasonably practicable notice from the relevant Minister stating that he is satisfied or deemed to be satisfied that the Transactions contemplated by this Agreement are likely to be of net benefit to Canada. Buyer will cooperate with and keep Sellers fully informed as to the status of and the processes and proceedings relating to obtaining the Investment Canada Act Approval, including providing counsel for Sellers the opportunity to attend any meetings or participate in any substantive calls with any Governmental Authority and to comment on any submissions, in all cases on an external counsel only basis.

(c) Each of Sellers and Buyer shall promptly notify the other of the occurrence, to such Party's knowledge, of any event or condition, or the existence, to such Party's knowledge, of any fact, that would reasonably be expected to result in (i) any of the representations and warranties in Article 4 or Article 5 not being true and correct, or (ii) any of the conditions set forth in Article 9 or Article 10 not being satisfied. For certainty, if Buyer determines, acting reasonably, that there has been a breach or inaccuracy of any of Sellers' representations and warranties, it shall provide Sellers with notice of such breach or inaccuracy as promptly as reasonably practicable so that Sellers may attempt to cure such breach or inaccuracy to Buyer's reasonable satisfaction on or before the Closing Date.

6.3 Operations Prior to the Closing Date

Sellers covenant and agree that, except (a) as expressly contemplated by this Agreement, (b) with the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), or (c) as otherwise required by Applicable Law, during the Interim Period:

(a) Sellers shall:

(i) use commercially reasonable efforts, taking into account Sellers' status under and the continuation of CCAA Proceedings, to maintain and operate the Purchased Assets that are operated by Sellers as a reasonably prudent operator or cause such Purchased Assets to be operated as a reasonably prudent operator in the ordinary course of Business and material compliance with Applicable Law;

(ii) pay or cause to be paid all pre-Filing Date and post-Filing Date bonuses and rentals, royalties, overriding royalties, shut-in royalties, and minimum royalties and development and operating expenses, and other payments incurred with respect to the Purchased Assets operated by a Seller except (A) royalties held in suspense as a result of title issues and that do not give any Third Party a right to cancel an interest in any Purchased Assets operated by a Seller, and (B) expenses or royalties being contested in good faith, unless the nonpayment of such contested expenses or royalties could result in the termination of a Lease, in which case Sellers will notify Buyer and obtain Buyer's approval prior to withholding such payment;

(iii) except as provided in subsection 6.3(a)(ii), perform and comply with all covenants and conditions contained in the Leases and Assigned Contracts;

(iv) maintain their books, accounts and records in accordance with past custom and practice;

(v) maintain the personal property comprising part of the Purchased Assets operated by a Seller in at least as good a condition as it is on the date hereof, subject to ordinary wear and tear;

(vi) use commercially reasonable efforts, taking into account Sellers' status under and the continuation of the CCAA Proceedings, to retain all Seller Employees who are necessary to conduct the Business as it is currently being conducted and preserve current relations with, and the current goodwill of, suppliers, customers, landlords, Governmental Authorities and all other Persons having material business relationships with Sellers; and

(vii) maintain in full force and effect all insurance coverage currently held by Sellers.

(b) Sellers shall not, without the consent of Buyer:

(i) abandon any Purchased Asset (except any abandonment of Wells or Tangibles to the extent any Leases governing such Wells or Tangibles terminate pursuant to their terms);

(ii) surrender or take any action that could result in the surrender of any of the Purchased Assets or any of Sellers' Interest therein;

(iii) commence, propose, or agree to participate in any single operation with respect to the Wells or Leases: (i) with an anticipated cost in excess of one million dollars ($1,000,000.00) or (ii) that deviates from the Cash Flow Forecast, except for emergency operations, operations scheduled under the AFEs, or operations required by any Governmental Authority;

(iv) terminate, disclaim, cancel, or materially amend or modify any Assigned Contract or Lease;

(v) sell, lease, Encumber, or otherwise dispose of all or any portion of any Purchased Assets, except sales of Petroleum Substances in the ordinary course of business;

(vi) grant to any Seller Employee any increase in compensation, except in the ordinary course of business and consistent with past practice, or pursuant to any KERP or KEIP;

(vii) take any action which is outside the ordinary course of Business for Sellers or otherwise inconsistent with a reasonably prudent operator operating in the ordinary course of business; or

(viii) enter into any agreement or commitment to take any action prohibited by this Section 6.3(b).

6.4 Access

Until the Closing Date, Sellers shall give to Buyer's personnel engaged in this transaction and their accountants, legal advisers, consultants and other representatives during normal business hours reasonable access to its premises and, subject to Applicable Laws and all existing contractual and other obligations and restrictions to which Sellers are subject, to any of the Purchased Assets and shall furnish them with all such information relating to the Purchased Assets as Buyer may reasonably request in connection with the Transaction.

6.5 Payout Letter

Sellers will cause to be delivered to Buyer at least five (5) Business Days prior to Closing the Payout Letter in a form reasonably satisfactory to Buyer.

6.6 Updates and Amendments of Schedules

Until the third Business Day before Closing, Sellers shall have the right to, with the prior consent of Buyer, amend, modify and/or supplement Schedule A and Schedule B, in each case, as applicable, in order to reflect (a) any additional Contracts or Leases to be acquired by Buyer, or (b) the deletion of any Contracts or Leases from any such Schedule.

ARTICLE 7
EMPLOYEES

7.1 Employee Matters

(a) Within two (2) days following the execution of this Agreement, Sellers shall deliver to Buyer a list setting forth the name, title, salary, bonus, commission or other compensation, age and years of service for each currently active Seller Employee (the "**Employee List**") as well as a list of any Seller Employees who are inactive by reason of sick leave or short-term disability, long-term disability, pregnancy or parental or other approved or statutory leave of absence, or workers' compensation (the "**Leave Employees**").

(b) On or prior to December 15, 2016, Sellers will provide all Seller Employees notice of this Transaction in writing (the "**Employee Notice**") and will terminate their employment effective as of Closing. The Employee Notice shall include:

(i) notice that the Seller Employee's employment with Sellers will terminate immediately prior to Closing, which termination will be effective and conditional upon Closing; and

(ii) that if the Seller Employee accepts Buyer's offer of employment, the Seller Employee's employment with Buyer will begin immediately after the Closing Date.

(c) Subject to Section 7.1(e), Buyer will deliver, simultaneously with the delivery by Sellers of the Employee Notices pursuant to Section 7.1(b) (which simultaneous delivery the Parties shall cooperate in good faith to effect), to all of the Seller Employees on the Employee List written offers of employment effective as of and conditional upon Closing and written offers of employment to the Leave Employees effective as of and conditional upon such employees returning to work within twelve months from the Closing Date (collectively the "**Employment Offers**"). The Employment Offers will be on substantially similar terms as the terms that currently exist and will recognize past service of the Seller Employees for all purposes, including common law and statutory notice of termination (or pay in lieu thereof).

(d) On or prior to December 7, 2016, Buyer shall provide Sellers with each form of offer to be used for the Employment Offers delivered pursuant to Section 7.1(c) and a reasonable opportunity to review and comment on each form of offer to be used for the Employment Offers to be delivered pursuant to Section 7.1(c) before such offers are made by Buyer.

(e) On or prior to December 7, 2016, Sellers and Buyer may, through mutual agreement, agree that: (i) one or more of Seller Employees shall be terminated from their employment and not receive Employment Offers from Buyer; and (ii) any notice of termination, pay in lieu of notice of termination, severance or any other obligations arising as a result of the termination of such employees from their employment shall be determined and provided to any such terminated Seller Employees as mutually agreed upon between Sellers and Buyer.

(f) Each Seller Employee who accepts Buyer's Employment Offer and actually commences employment with Buyer shall be deemed to be a "**Transferred Employee**" for the purposes of this Agreement.

(g) In the event that Buyer does not assume all of the Employee Plans, the Employment Offers shall include all material details of the Replacement Employee Plans. The Replacement Employee Plans shall be substantially similar in the aggregate to the Employee Plans.

(h) Sellers agree to (i) use reasonable efforts to cooperate with Buyer in Buyer's recruitment of the Transferred Employees and not in any way attempt to discourage any of the Seller Employees from accepting the Employment Offers, (ii) if permissible pursuant to the terms of the agreements, assign to Buyer any written employment or non-competition agreements with any Transferred Employee, and (iii) provide to each Transferred Employee any notice (which notice shall be reasonably acceptable to Buyer) required under any Applicable Law in respect of such termination.

(i) Except as otherwise provided in Section 7.1(k), Buyer shall not assume responsibility for any Seller Employee who is not a Transferred Employee or for any Transferred Employee until such Seller Employee commences employment with Buyer.

(j) Subject to Section 7.1(c) and the assumption by Buyer of accrued vacation pay obligations to Transferred Employees to the Closing Date pursuant to Section 2.2(f), Sellers shall continue to be liable for all employment matters relating to the Business, including employee terminations arising up to and including the Closing Date, wages, salaries, bonuses, commissions, employee benefits and pension obligations and any other compensation or equity-based incentive accrued and not paid up to and including the Closing Date, claims and any interest, award, judgment, penalties, costs or expenses relating thereto, including all responsibilities, commitments and/or liabilities for any Seller Employee who is not a Transferred Employee, including notice of termination or termination pay in lieu of notice, severance, and all other obligations as well as any constructive dismissal damages and other employment-related or human rights claims that arose prior to the Closing Date for any Transferred Employee, whether such costs or claims are asserted prior to, on or after the Closing Date. Any such claims shall be claims as against Sellers to be dealt with in the CCAA Proceedings.

(k) Buyer shall be liable for all employment matters relating to the Transferred Employees following the Closing Date, including employee terminations arising following the Closing Date, wages, salaries, bonuses, commissions, employee benefits and pension obligations and any other compensation or equity-based incentive accrued and not paid following the Closing Date, claims and any interest, award, judgment, penalties, costs or expenses relating thereto, including all responsibilities, commitments and/or liabilities for any Transferred Employee, including notice of termination or termination pay in lieu of notice, severance, and all other obligations as well as any constructive dismissal damages and other employment-related or human rights claims that arise following the Closing Date for any Transferred Employee, provided that Buyer shall also be liable to provide for accrued vacation to Transferred Employees to the Closing Date pursuant to Section 2.2(f) in accordance with historical practices of Sellers.

7.2 Severance

(a) Subject to Section 7.1(e), Buyer shall not be responsible for the payment of any and all severance amounts, as applicable, whether pursuant to contract or Applicable Law, that are or may be owing to any Seller Employee who does not become a Transferred Employee. Any such claims shall be claims as against Sellers to be dealt with in the CCAA Proceedings.

(b) Buyer shall be responsible for the payment of all severance amounts, as applicable, whether pursuant to contract, under Applicable Law or under common law, that are or may be owing to any Transferred Employee following the Closing Date in connection with the termination of a Transferred Employee's employment by Buyer following the Closing Date.

ARTICLE 8
TAXES

8.1 Taxes

(a) Any transfer, documentary, sales (including goods and services tax and provincial sales tax), use, stamp, registration and other similar Taxes, and all conveyance fees, recording charges and other similar fees and charges (including any penalties and interest) incurred in connection with the consummation of the transactions contemplated by this Agreement, including any reorganization, transactions or actions undertaken by Sellers and/or their Affiliates pursuant to Section 3.5 (collectively, the "**Transfer Taxes**") shall be borne by Buyer. Sellers and Buyer shall use commercially reasonable efforts and cooperate in good faith to reduce or eliminate any Transfer Taxes applicable to the sale and transfer of the Purchased Assets. Buyer will, at its own expense, file all necessary Tax Returns and other documentation with respect to all Transfer Taxes, and, if required by Applicable Law, the Parties will, and will cause their Affiliates to, join in the execution of any such Tax Returns and other documentation.

(b) Buyer shall be responsible and liable for, and, as a separate covenant, hereby agrees to save and hold harmless and indemnify Sellers, each other Seller Party, the Monitor and the Monitor's Representatives from and against all Liabilities incurred by them arising from, in connection with or related in any manner whatsoever to any Transfer Taxes (including penalties and interest) which may be assessed against any Seller, including any Taxes which may be assessed against any Seller in the event that any election made pursuant to Section 3.7 is challenged by the relevant Tax authority as being inapplicable to the transactions under this Agreement, or as a result of any of Buyer's failure to file such elections within the prescribed time.

(c) Buyer and Sellers agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Purchased Assets (including access to books and records and Tax Returns and related working papers dated before Closing) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, the prosecution or defense of any claims, suit or proceeding relating to any Tax, and the claiming by Buyer of any federal, provincial or local business tax credits or incentives that Buyer may qualify for in any of the jurisdictions in which any of the Purchased Assets are located; provided however, that neither Buyer nor any of Sellers shall be required to disclose the contents of their income Tax Returns to any Person. Any expenses incurred in furnishing such information or assistance pursuant to this Section 8.1(c) shall be borne by the Party requesting it.

ARTICLE 9
CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER TO CLOSE

The obligations of Buyer to consummate the Transactions contemplated by this Agreement are subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions, failing which Buyer shall be entitled in its sole discretion to terminate this Agreement in accordance with Section 12.1.

9.1 Accuracy of Representations

The representations and warranties of Sellers set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties that are qualified as to materiality or similar expressions shall be true and correct in all respects) on and as of the Closing Date

with the same effect as though such representations and warranties had been made on and as of the Closing (provided that representations and warranties that are confined to a specified date shall speak only as of such date); provided however, that in the event of a breach of or inaccuracy in the representations and warranties of Sellers set forth in this Agreement, the condition set forth in this Section 9.1 shall be deemed satisfied unless the effect of all such breaches of or inaccuracy in such representations and warranties taken together results in a Material Adverse Effect. Buyer shall have received a certificate of Sellers to such effect signed by a duly authorized officer thereof.

9.2 Sellers' Performance

The covenants and agreements that Sellers are required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or Material Adverse Effect or similar expressions shall have been duly performed and complied with in all respects), and Buyer shall have received a certificate of Sellers to such effect signed by a duly authorized officer thereof.

9.3 No Order

No Governmental Authority shall have enacted, issued, promulgated or entered any Order that is in effect and has the effect of making illegal or otherwise prohibiting the consummation of the Transactions contemplated by this Agreement or could cause any of such Transactions to be rescinded following the Closing.

9.4 Sellers' Deliveries

Each of the deliveries required to be made to Buyer pursuant to Section 11.3 shall have been so delivered.

9.5 Approval Orders in Effect

The Court shall have entered the Approval Orders and the Approval Orders shall not have been vacated, set aside or stayed, and in the event of an appeal or application for leave to appeal, final determination shall have been made by the applicable appellate court.

9.6 No Material Adverse Effect

From the date hereof to the Closing Date, no Material Adverse Effect shall have occurred.

9.7 Permits and Licences

Provided that Buyer shall have complied with its pre-Closing obligations hereunder in Sections 2.4(c) and 2.4(d), and that Sellers have complied with their obligations under Section 2.4(c), Buyer shall have received all qualification requirements of Governmental Authorities necessary to complete the Licence Transfers and to consummate the Transaction provided that such requirements do not require the posting of security or other financial assurances in amounts in the aggregate that exceed that provided by Sellers on the date hereof as set forth in Schedule G by twelve and one half percent (12.5%) or more, including as set forth in (a) the AER Directive 006: Licensee Liability Rating Program and Licence Transfer Process issued by the Alberta Energy Regulator, (b) the Government of Saskatchewan's Ministry of Economy (ECON) Guideline: Licensee Liability Rating (LLR) Program

Guideline, and (c) the British Columbia Oil & Gas Commission's Liability Management Rating Program Manual.

9.8 Replacement Credit Facility

The Replacement Credit Facility shall be in force and effect in accordance with its terms. If there is a Deficiency Payment required to be paid by Buyer pursuant to this Agreement, such amounts shall be funded from available funds under the Replacement Credit Facility within three Business Days of Closing.

9.9 Assignable Contracts and Payment of Cure Costs

One or more Assignment Orders shall have been issued in respect of all of the Assignable Contracts that are necessary, in any material respects, either individually or in the aggregate, for the operation of the Business and require consent to assignment and transfer and which have not been obtained prior to the Closing and any and all Cure Costs shall have been paid by Sellers prior to or on the Closing and evidence of such payment delivered to Buyer.

9.10 Costs and Payables

The Wind-Down Amount does not exceed the estimated amounts as set forth in Schedule J.

9.11 Oppression Litigation

No aspect of the Oppression Litigation shall have had any Material Adverse Effect on the Purchased Assets or Business, the ability of Sellers to complete the Transaction or any impact on the priority or composition of the holders of the Second Lien Indebtedness as of the Filing Date;

9.12 Support Agreement

The Support Agreement shall continue to be in full force and effect and not terminated. Buyer acknowledges that as at the date of this Agreement, the Support Agreement is in good standing.

9.13 Priority Claims

The amount of the Priority Claims against Sellers determined to be "Allowed Claims" (as defined in the Claims Bar Process) and any Claims against Sellers properly filed but not yet finally determined, resolved or settled, in each case pursuant to the Claims Bar Process, and the amount of the Reserve Payment Amount (as may be adjusted pursuant to clause (B) of the definition of Reserve Payment Amount) shall not in the aggregate exceed the estimated amount set forth in Schedule L by more than $1,000,000.00 or such higher amount Buyer may agree.

9.14 Regulatory Approvals

The Investment Canada Act Approval (if required) and any other material Governmental Authorization required in connection with the Transactions shall have been obtained.

9.15 Transition Services Agreement

The Transition Services Agreement shall be on terms and conditions satisfactory to Buyer, acting reasonably.

9.16 D&O Reserve

The amount of the D&O Reserve shall be acceptable to Buyer.

9.17 Buyer's Articles

The Articles of Incorporation of Buyer shall be in substantially the form attached as Schedule K hereto and otherwise acceptable to Buyer.

ARTICLE 10
CONDITIONS PRECEDENT TO THE OBLIGATION OF SELLERS TO CLOSE

Sellers' obligation to consummate the Transactions contemplated by this Agreement is subject to the satisfaction or waiver, at or prior to the Closing, of each of the following conditions, failing which Sellers shall be entitled in their sole discretion to terminate this Agreement in accordance with Section 12.1:

10.1 Accuracy of Representations

The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects (except that those representations and warranties that are qualified as to materiality or similar expressions shall be true and correct in all respects) as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (provided that representations and warranties that are confined to a specified date shall speak only as of such date), and Sellers shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

10.2 Approval Orders in Effect

The Court shall have entered the Approval Orders and the Approval Orders shall not have been vacated, set aside or stayed.

10.3 Buyer's Performance

The covenants and agreements that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been performed and complied with in all material respects (except that those covenants and agreements that are qualified as to materiality or similar expressions shall have been duly performed and complied with in all respects), and Sellers shall have received a certificate of Buyer to such effect signed by a duly authorized officer thereof.

10.4 No Order

No Governmental Authority shall have enacted, issued, promulgated or entered any Order that is in effect and that has the effect of making illegal or otherwise prohibiting the consummation of the Transactions contemplated by this Agreement or could cause any of such Transactions to be rescinded following the Closing.

10.5 Buyer's Deliveries

Each of the deliveries required to be made to Sellers and/or Monitor pursuant to Section 11.2 shall have been so delivered.

10.6 Bid Direction Letter

Buyer shall have caused to be delivered the Bid Direction Letter to the Trustee.

10.7 Regulatory Approvals

The Investment Canada Act Approval (if required) and any other material Governmental Authorization required in connection with the Transactions shall have been obtained.

10.8 Transition Services Agreement

The Transition Services Agreement shall be on terms and conditions satisfactory to Sellers and Monitor, acting reasonably.

10.9 D&O Reserve

The amount of the D&O Reserve shall be acceptable to Sellers.

ARTICLE 11
CLOSING

11.1 Closing Date

Upon the terms and subject to the conditions hereof, the closing of the sale of the Purchased Assets and the assumption of the Assumed Liabilities contemplated hereby (the "**Closing**") shall take place at 9:00 a.m., Mountain Daylight Time, at the offices of Sellers in Calgary, Alberta or such other place as may be agreed upon in writing by the Parties, (i) no later than three (3) Business Days after each of the conditions set forth in Article 9 and Article 10 have been satisfied or, if permissible, waived (excepting the conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or, if permissible, waiver of such conditions), but (ii) in no event later than the Outside Date. The date and time at which the Closing actually occurs is hereinafter referred to as the "**Closing Date**".

11.2 Buyer's Deliveries

At the Closing, Buyer shall deliver or cause to be delivered to Sellers (or such other Persons where so designated):

(a) the satisfaction of the Purchase Price in accordance with Section 3.2.

(b) the payment of all Transfer Taxes (if any) to be paid or otherwise required to be collected by any Seller on Closing shall be made to Monitor, in trust on behalf of Sellers in accordance with Section 3.6 and Monitor will timely remit any such Taxes to the appropriate Governmental Authority as directed by Sellers in accordance with Applicable Law in accordance with Section 3.6;

(c) the Assumption Agreement, duly executed by Buyer;

(d) the Transition Services Agreement, duly executed by Buyer;

(e) the Occupancy Agreement, duly executed by Buyer;

(f) a certificate of status of Buyer;

(g) each other Transaction Document to which Buyer is a party, duly executed (and acknowledged, where applicable) by Buyer, including the General Conveyance, and those Specific Conveyances available as at the Closing Date;

(h) the certificates of Buyer to be received by Sellers pursuant to Sections 10.1 and 10.3;

(i) evidence (including evidence of satisfaction of all applicable bonding or insurance requirements) as Sellers may reasonably request demonstrating that Buyer is qualified with the applicable Governmental Authorities and pursuant to any applicable operating agreement to succeed Sellers (as applicable) as the registered owner and, where applicable, the operator of the Purchased Assets;

(j) such other assignments and other good and sufficient instruments of assumption and transfer, in a form reasonably satisfactory to Sellers, as Sellers may reasonably request to transfer and assign the Assumed Liabilities to Buyer; and

(k) any other Transaction Documents required to be delivered by Buyer to Sellers at Closing pursuant to this Agreement.

11.3 Sellers' Deliveries

At the Closing, Sellers shall deliver to Buyer (or such other Persons where so designated):

(a) the Wind-Down Amount to Monitor, in trust on behalf of Sellers;

(b) the Reserve Payment Amount to Monitor, in trust on behalf of Sellers;

(c) the General Conveyance duly executed by Sellers;

(d) the Specific Conveyances, as available, duly executed by Seller(s);

(e) the Assumption Agreement, duly executed by the applicable Seller(s);

(f) the Transition Services Agreement, duly executed by Sellers;

(g) the Occupancy Agreement, duly executed by LTS;

(h) a certified copy of the Approval and Vesting Order;

(i) a certified copy of the Assignment Order, as applicable;

(j) the certificates of Sellers to be received by Buyer pursuant to Sections 9.1 and 9.2;

(k) any other Transaction Documents required to be delivered by Sellers to Buyer at Closing pursuant to this Agreement; and

(l) if required, British Columbia provincial sales tax clearance certificates for Sellers;

provided that the Wind-Down Amount and the Reserve Payment Amount to be delivered by Sellers at Closing pursuant to Sections 11.3(a) and 11.3(b) shall be less any Deficiency Amount to be paid by Buyer to Monitor in trust pursuant to Section 2.9(b).

11.4 Second Lien Credit Bid Direction Letter

The Parties shall take such actions as they deem necessary or desirable, and the Majority Noteholders shall cause Buyer and the Trustee, as applicable and necessary (and, with respect to the Trustee, pursuant to the Approval and Vesting Order, the Bid Direction Letter or another letter of direction delivered by the Majority Noteholders to the Trustee and satisfactory to the Trustee in accordance with the Second Lien Note Indenture), to take such other actions, on behalf of the Second Lien Noteholders, as reasonably agreed between Sellers and Buyer to give effect under Applicable Law or otherwise, to the Second Lien Credit Bid. On the Closing, (i) as consideration for the acknowledgement by the Second Lien Noteholders of the full repayment and satisfaction of the principal amount owing under the Second Lien Note Indenture, Buyer shall cause to be issued, in a manner reasonably satisfactory to the Trustee, and in accordance with the Second Lien Note Indenture, to the Second Lien Noteholders shares of Buyer (having a fair market value equal to the fair market value of the Purchased Assets less the aggregate of the following amounts, the Credit Facility Payout Amount, the Assumed Liabilities and the Deficiency Payment) on a pro rata basis equal to each Secured Lien Noteholder's pro rata amount of the total outstanding principal amount of the Second Lien Notes owned as at the Closing, (ii) all other obligations under the Second Lien Note Indenture will be waived, settled and cancelled, and (iii) all Second Lien Notes and the Second Lien Indenture shall be deemed automatically cancelled and discharged, and the Trustee shall be fully released and discharged from any and all obligations under the Second Lien Indenture and Applicable Law, provided, however, that the Second Lien Notes and the Second Lien Indenture shall continue in effect solely for the purposes of (a) allowing the Second Lien Noteholders to receive their distributions of common shares from Buyer, (b) allowing the Trustee to make the distributions to be made on account of the Second Lien Notes, if necessary, and (c) enforcing the Trustee's right to receive payment of any outstanding and reasonable compensation, fees, expenses, disbursements and indemnity claims, including, without limitation, attorneys' and agents' fees, expenses and disbursements, incurred or to be incurred by the Trustee, (d) permitting the Trustee to assert any lien or other priority in payment to which the Trustee is entitled, pursuant to the Second Lien Note Indenture, against distributions to be made to Second Lien Noteholders, for payment of any outstanding and reasonable compensation, fees, expenses, disbursements and indemnity claims, including, without limitation, attorneys' and agents' fees, expenses and disbursements, incurred or to be incurred by the Trustee.

11.5 Monitor's Certificate

When the conditions to Closing set out in Article 9 and Article 10 have been satisfied and/or waived by Sellers or Buyer, as applicable, Sellers and Buyer will each deliver to Monitor written confirmation that such conditions of Closing, as applicable, have been satisfied and/or waived, (the "**Conditions Certificates**"). Upon receipt of (a) payment of (i) the Transfer Taxes payable to the Monitor in trust for Sellers pursuant to Sections 3.5 and 11.2(b) (if any are payable on Closing), and (ii) the Wind-Down Amount and the Reserve Payment Amount (but excluding, for certainty, any requirement to deliver or receive the Deficiency Payment which will be paid by Buyer to Monitor in trust in accordance with Section 2.9(b)), and (b) all the Conditions Certificates, Monitor shall (I) issue forthwith its Monitor's Certificate concurrently to Sellers and Buyer, at which time the Closing will be deemed to have occurred; and (II) file as soon as practicable a copy of Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to Sellers and Buyer).

ARTICLE 12
TERMINATION

12.1 Grounds for Termination

This Agreement may be terminated at any time prior to Closing;

(a) by mutual written agreement of Sellers and Buyer with the consent of Monitor;

(b) by either Party, upon written notice to the other and Monitor:

(i) if a Governmental Authority issues an Order prohibiting the Transactions contemplated by this Agreement;

(ii) if Closing has not occurred on or before the Outside Date; or

(iii) in the event of a material breach by such other Party of such other Party's representations, warranties, agreements or covenants set forth in this Agreement, which breach (A) would result in a failure of the conditions to Closing set forth in Article 9 or Article 10 (as applicable), and (B) is not cured within five (5) Business Days from receipt of a written notice by the non-breaching Party;

provided, however, that the right to terminate this Agreement pursuant to Section 12.1(b)(ii) and Section 12.1(b)(iii) shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to a right to terminate this Agreement under such clauses.

12.2 Effect of Termination

If this Agreement is terminated pursuant to Section 12.1, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to any other Party except as contemplated in this Section 12.2 (Effect of Termination), Section 14.2 (Confidentiality), Section 14.3 (Public Announcements), Section 14.4 (Notices), Section 14.5 (Waiver), Section 14.8 (Assignment), Section 14.9 (Severability), Section 14.10 (Expenses), Section 14.14 (Governing Law; Consent to Jurisdiction and Venue; Dispute Resolution), Section 14.15 (Enurement), Section 14.16 (Third Party Beneficiaries) Section 14.17 (Non-Recourse), and Section 14.18 (Monitor's Capacity), provided that, subject to the other provisions of this Agreement, nothing herein shall relieve any Party from liability for any breach of this Agreement occurring before the termination hereof.

ARTICLE 13
LIABILITIES AND INDEMNITIES

13.1 General Indemnity

If Closing occurs Buyer shall, without any further necessary action on the part of Sellers or Buyer:

(a) assume, perform, pay, discharge and be liable to Sellers and each other Seller Party for; and

(b) as a separate covenant, save and hold harmless and indemnify Sellers and each other Seller Party from and against;

all Liabilities suffered, sustained, paid or incurred by any of them to the extent arising or accruing on or after the Closing Date and which relate to the Assumed Liabilities.

13.2 Environmental Indemnity

If Closing occurs Buyer shall, without any further necessary action on the part of Sellers or Buyer:

(a) be solely liable and responsible for all Liabilities; and

(b) as a separate covenant, indemnify, save and hold Sellers and each other Seller Party harmless from and against all Liabilities that may be brought against or which they or any one of them may suffer, sustain, pay or incur;

as a result of any act, omission, matter or thing related to any Environmental Liabilities, whether arising prior to, on or following the Closing Date.

13.3 Procedure for Indemnification

(a) Immediately after the occurrence of any event or circumstance which might entitle a Person to indemnification pursuant to Section 2.5(e), 2.12(g), 3.5, 5.5, 8.1(b), 13.1 and/or 13.2 hereof (an "**Indemnified Party**"), including any Third Party Claim which might give rise to indemnification hereunder, the Indemnified Party shall deliver to the party from which indemnification is sought (the "**Indemnifying Party**") a certificate (the "**Certificate**"), which Certificate shall:

(i) state that the Indemnified Party has paid or properly accrued losses or anticipates that it will incur liability for losses for which such Indemnified Party is entitled to indemnification pursuant to this Agreement; and

(ii) specify in reasonable detail each individual item of loss included in the amount so stated, the date such item was paid or properly accrued, the basis for any anticipated liability and the computation of the amount to which such Indemnified Party claims to be entitled hereunder.

(b) In the event that the Indemnifying Party shall object to the indemnification of an Indemnified Party in respect of any claim or claims specified in any Certificate, the Indemnifying Party shall, within ten (10) days after receipt by the Indemnifying Party of such Certificate, deliver to the Indemnified Party a notice to such effect and the Indemnifying Party and the Indemnified Party shall, within the thirty (30) day period beginning on the date of receipt by the Indemnified Party of such objection, attempt in good faith to agree upon the rights of the respective parties with respect to each of such Claims to which the Indemnifying Party shall have so objected. If the Indemnified Party and the Indemnifying Party shall succeed in reaching agreement on their respective rights with respect to any of such Claims, the Indemnified Party and the Indemnifying Party shall promptly prepare and sign a memorandum setting forth such agreement. Should the Indemnified Party and the Indemnifying Party be unable to agree as to any particular item or items or amount or amounts, then the Indemnified Party and the Indemnifying Party shall submit such dispute to the Court.

(c) Claims for losses specified in any Certificate to which an Indemnifying Party has not objected to in writing within ten (10) days of receipt of such Certificate, Claims for losses the validity and amount of which have been the subject of judicial determination as described above in Section

13.3(b) and Claims for losses the validity and amount of which shall have been the subject of a final judicial determination, or which have been settled in accordance with Section 13.4(e) are hereinafter referred to, collectively, as "**Agreed Claims**". Within ten (10) days of the determination of the amount of any Agreed Claims, the Indemnifying Party shall pay to the Indemnified Party an amount equal to the Agreed Claim by wire transfer in immediately available funds to the bank account or accounts designated by the Indemnified Party in a notice to the Indemnifying Party not less than two (2) Business Days prior to such payment.

13.4 Third Party Claims

(a) If a Claim by a third Person is made against any Indemnified Party (a "**Third Party Claim**"), and if such Indemnified Party intends to seek indemnity with respect thereto under this Article 13, such Indemnified Party shall promptly notify the Indemnifying Party of such Claim (a "**Third Party Claim Notice**"); provided that the failure to so notify shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent that the Indemnifying Party is actually and materially prejudiced thereby.

(b) In the event a Third Party Claim Notice is delivered with respect to a Third Party Claim, the Indemnifying Party shall have the right, at its expense, to participate in but not control the negotiation, settlement or defence of the Third Party Claim, which control shall rest at all times with the Indemnified Party, unless the Indemnifying Party irrevocably and unconditionally acknowledges in writing complete responsibility for, and agrees to indemnify the Indemnified Party in respect of all Liabilities relating to, the Third Party Claim, in which case the Indemnifying Party may assume such control at its expense through counsel of its choice.

(c) If the Indemnifying Party elects to assume control of a Third Party Claim as contemplated in Section 13.4(b), the Indemnified Party shall have the right to employ separate counsel in such Third Party Claim and to participate in the defence thereof, but the fees and expenses of such counsel shall not be at the expense of the Indemnifying Party unless the employment of such counsel has been specifically authorized in writing by the Indemnifying Party, which authorization shall not be unreasonably withheld, conditioned or delayed.

(d) The Indemnifying Party and the Indemnified Party shall cooperate with each other in all reasonable respects in connection with the defence of any Third Party Claim, including making available records relating to such Third Party Claim and furnishing, without expense to the Indemnifying Party and/or its counsel, such employees of the Indemnified Party as may be reasonably necessary for the preparation of the defence of any such Third Party Claim or for testimony as witnesses in any proceeding relating to such claim.

(e) If the Indemnifying Party does not assume control of the negotiation, settlement or defence of a Third Party Claim, the Indemnified Party shall not settle such Third Party Claim without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

13.5 Subrogation

Upon payment in full of any indemnification Claim or the payment of any judgment or settlement with respect to a Third Party Claim, the Indemnifying Party shall be subrogated to the extent of

such payment to the rights of the Indemnified Party against any Person with respect to the subject matter of such indemnification Claim or Third Party Claim. The Indemnified Party shall assign or otherwise cooperate with the Indemnifying Party, at the cost and expense of the Indemnifying Party, to pursue any Claims against, or otherwise recover amounts from, any Person liable or responsible for any losses for which indemnification has been received pursuant to this Agreement.

13.6 Insurance and Other Recoveries

(a) All indemnification payments paid or payable hereunder shall be reimbursed or reduced (as applicable) by the amount of insurance proceeds actually received by the Indemnified Party for such loss for which the Indemnified Party has received or is seeking indemnification, provided that an Indemnified Party's right to indemnification hereunder shall not be delayed or otherwise limited in any manner pending the completion of any associated insurance Claim. The Indemnified Party agrees to promptly make a Claim against any applicable insurance with respect to any loss that would otherwise be payable pursuant to this Article 13.

(b) Any indemnification payment made under this Article shall be treated by Buyer and Sellers as an adjustment to the Purchase Price.

13.7 No Merger

There shall not be any merger of any liability or indemnity hereunder in any assignment, conveyance, transfer or document delivered pursuant hereto notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived.

ARTICLE 14
GENERAL PROVISIONS

14.1 Survival

(a) Subject to Section 14.1(c), all covenants and agreements contained herein that by their terms are to be performed in whole or in part, or that prohibit actions, subsequent to the Closing shall, solely to the extent such covenants and agreements are to be performed, or prohibit actions, subsequent to the Closing, survive the Closing in accordance with their terms.

(b) Subject to Section 14.1(a), all other covenants and agreements contained herein, and all representations and warranties contained herein (including, for certainty, in Sections 4.1 through 4.13 (inclusive) and Sections 5.1 through 5.7 (inclusive)) or in any certificated deliveries hereunder, shall not survive the Closing and shall thereupon terminate and be of no further force or effect, including any Actions for damages in respect of any breach thereof, and each Party hereby releases and forever discharges each other Party from any breach of any representations and warranties set forth in this Agreement effective upon Closing.

(c) Notwithstanding anything to the contrary herein, Section 2.2 (Assumed Liabilities), Section 2.3 (Excluded Liabilities), Section 2.4 (Licence Transfers), Section 2.5 (Specific Conveyances), Section 2.7 (Security Arrangements), Section 2.9 (Wind-Down Amount), Section 2.10 (Reserve Payment Amount), Section 2.11 (Further Assurances), Section 2.12 (Rights of First Refusal), Section 3.4 (Allocation of Purchase Price), Section 3.5 (Structuring and Reorganization Costs), Section 3.6 (Transfer Taxes), Section 3.8 (No Closing or Post-Closing Adjustments), Section 4.14 (As is, Where is), Section 5.6 (GST), Section 8.1 (Taxes), Article 13 (Liabilities and Indemnities), this Section 14.1 (Survival), Section 14.3 (Public Announcements), Section 14.4

(Notices), Section 14.5 (Waiver), Section 14.8 (Assignment), Section 14.10 (Expenses), Section 14.11 (Post-Closing Books and Records and Personnel), Section 14.16 (Third Party Beneficiaries), Section 14.18 (Monitor's Capacity), shall survive the Closing Date indefinitely.

14.2 Confidentiality

Without limiting the provisions of the Confidentiality Agreements, until the Transactions contemplated by this Agreement are completed, Buyer shall not, except as contemplated below, directly or indirectly, use for its own purposes or communicate to any other Person any confidential information relating to Sellers or to the Purchased Assets or Business (including with respect to employees, customers and suppliers) which become known to Buyer, or it Representatives as a result of Seller Parties, Monitor, Sale Advisor or their Representatives making the same available in connection with the Transactions contemplated hereby. The foregoing shall not prevent Buyer from disclosing or making available to its accountants, professional advisers and bankers and other lenders, whether current or prospective, any such confidential information for use solely in connection with completing the Transactions contemplated hereby.

14.3 Public Announcements

Unless otherwise required by Applicable Law or by obligations of Buyer or Sellers or their respective Affiliates pursuant to any listing agreement with or rules of any securities exchange, Buyer, on the one hand, and Sellers, on the other hand, shall consult with each other before issuing any press release or otherwise making any public statement with respect to this Agreement, the Transaction or the activities and operations of the other and shall not issue any such release or make any such statement without the prior written consent of the other (such consent not to be unreasonably withheld or delayed).

14.4 Notices

All notices, consents, waivers and other communications which may be or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by PDF/email transmission, in each case addressed to the particular Party:

(a) If to Sellers (or any of them), then to:

Lightstream Resources Ltd.
525 – 8th Avenue S.W., Suite 2800
Calgary, AB T2P 1G1

Attention: John D. Wright
E-mail: wright@lightstreamres.com

with a copy (which shall not be deemed notice) to:

Blakes, Cassels & Graydon LLP
855 – 2nd Street S.W., Suite 3500
Calgary, AB T2P 4J8

Attention: Kelly Bourassa / Keith Byblow
E-mail: kelly.bourassa@blakes.com / keith.byblow@blakes.com

(b) If to Buyer, then to:

9 West 57th Street, 37th Floor
New York, New York 10019
Attention: Michael Tu
E-mail: mtu@apollolp.com

with a copy (which shall not be deemed notice) to:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Ontario M5H 2S7

Attention: Brendan O'Neill / Grant McGlaughlin
E-mail: boneill@goodmans.ca / gmcglaughlin@goodmans.ca

(c) In either case, with a copy to Monitor, to:

FTI Consulting Canada Inc.
Ernst & Young Tower
440 2nd Avenue SW, Suite 720
Calgary, Alberta T2P 5E9

Attention: Deryck Helkaa, Senior Managing Director
E-mail: Deryck.Helkaa@fticonsulting.com

or at such other address of which any Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery of transmission hereof.

14.5 Waiver

Neither the failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or the documents referred to in this Agreement shall operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege shall preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by Applicable Law, (a) no waiver that may be given by a Party shall be applicable except in the specific instance for which it is given, and (b) no notice to or demand on one Party shall be deemed to be a waiver of any right of the Party giving such notice or demand to take further action without notice or demand.

14.6 Consequential Damages

Notwithstanding anything to the contrary contained herein, no Party shall be liable to the other for consequential, special, indirect, exemplary or punitive damages arising out of, associated with, or relating to this Agreement (including loss of profit or business interruptions, however same may be caused) ("**Consequential Damages**") and the Parties hereby waive all claims for any such Consequential Damages, except for Consequential Damages for which a Seller or another Seller Party is liable as a result of an Action made or brought by a Third Party (which liability of such Seller or another Seller Party

shall be subject to and recoverable under Sections 2.5(e), 2.12(g), 3.5, 5.5, 8.1(b), 13.1 and/or 13.2 (as applicable)).

14.7 Entire Agreement; Amendment

This Agreement (including the Schedules) and the other Transaction Documents supersede all prior agreements between Buyer, on the one hand, and each of Sellers, on the other hand, with respect to its subject matter and constitute a complete and exclusive statement of the terms of the agreements between Buyer, on the one hand, and each of Sellers, on the other hand, with respect to their subject matter. This Agreement may not be amended except by a written agreement executed by all of the Parties. In the event that there is any conflict between this Agreement and any of the Transaction Documents, this Agreement shall govern. In the event that there is any conflict between this Agreement and the Support Agreement, this Agreement shall govern.

14.8 Assignment

This Agreement, and the rights, interests and obligations hereunder, shall not be assigned by any Party by operation of law or otherwise without the express written consent of the other Party (which consent may be granted or withheld in the sole discretion of such other Party); provided however, that Buyer shall be permitted, upon prior notice to Sellers (which notice shall expressly identify the name, address and contact information of any such assignee), to assign all or part of its rights or obligations hereunder to an Affiliate of Buyer including the transfer and conveyance of any of the Purchased Assets or Assumed Liabilities to such Affiliate, but no such assignment shall relieve Buyer of its obligations under this Agreement.

14.9 Severability

The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

14.10 Expenses

Except as otherwise expressly provided herein or in the Support Agreement, whether or not the Transactions contemplated by this Agreement are consummated, the Parties shall bear their own respective expenses (including all compensation and expenses of counsel, financial advisors, consultants, actuaries and independent accountants) incurred in connection with this Agreement and the Transaction.

14.11 Post-Closing Books and Records and Personnel

All of the information, materials and other records delivered to Buyer pursuant to the terms hereof shall be maintained in good order and good condition and kept in a reasonably accessible location by Buyer and its Affiliates for a period of five (5) years from the Closing Date or for any longer period as may be required under Applicable Law (the "**Retention Period**"). At any time prior to the expiration of the Retention Period, Buyer may destroy or give up possession of any such information or materials if it first delivers at least 60 days' prior notice to Sellers containing a detailed listing of the information and materials proposed to be destroyed and offering Sellers the opportunity, at the expense of

Sellers, to obtain delivery of or a copy of so much of such information or materials as Sellers, as applicable, in their sole discretion, desires. Until the completion of the CCAA Proceedings or the liquidation and winding up of Sellers' estates, Sellers shall preserve and keep the information, materials and other records to be delivered to Buyer pursuant to the terms hereof and, at Buyer's sole expense, shall make such information, materials and other records, and Sellers' personnel available to Buyer as may be reasonably required by Buyer in connection with, among other things, any insurance claims by, Proceedings, Actions or Tax audits against, or governmental investigations of, Buyer or any of its Affiliates or in order to enable Buyer to comply with its obligations under this Agreement and each other Transaction Document.

14.12 Successor Operator

Sellers shall use their commercially reasonable efforts to support Buyer's efforts to be appointed or to have a designee appointed as the successor operator of those Purchased Assets that a Seller currently operates. Notwithstanding the foregoing, Sellers make no representations or warranties to Buyer as to the transferability of operatorship of any Purchased Assets that Seller currently operates. Buyer acknowledges and agrees that the Rights and obligations associated with operatorship of the Purchased Assets are governed by operating agreements or similar agreements and will be determined in accordance with the terms of such agreements.

14.13 Time of Essence

Time shall be of the essence with respect to all time periods and notice periods set forth in this Agreement.

14.14 Governing Law; Consent to Jurisdiction and Venue; Dispute Resolution

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to principles of conflicts or choice of laws or any other law that would make the laws of any other jurisdiction other than the Province of Alberta and federal laws of Canada applicable hereto.

(b) Each Party agrees (i) that any Proceeding relating to this Agreement may (but need not) be brought in the Court, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (ii) that it irrevocably waives any right to, and shall not, oppose any such Proceeding in the Court on any jurisdictional basis, including forum non conveniens; and (iii) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court as contemplated by this Section 14.14. Each Party agrees that service of process on such Party as provided in Section 14.4 shall be deemed effective service of process on such Party.

(c) If any dispute arises with respect to the interpretation or enforcement of this Agreement, including as to what constitutes a breach or material breach of this Agreement for the purposes of Article 12.1, such dispute shall be determined by the Court within the CCAA Proceedings, or by such other Person or in such other manner as the Court may direct.

14.15 Enurement

This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

14.16 Third Party Beneficiaries

Except as otherwise provided for in Sections 2.5(e), 2.12(g), 3.5, 5.5, 8.1(b), 13.1 and 13.2, the Parties intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns, and, except for the Seller Parties (other than Sellers) indemnified by Buyer pursuant to Sections 2.5(e), 2.12(g), 3.5, 5.5, 8.1(b), 13.1 and 13.2, no Person, other than the Parties and their successors and permitted assigns, shall be entitled to rely on the provisions hereof in any Action. Despite the foregoing, Buyer acknowledges to each of the Seller Parties (other than Sellers) its direct rights against it under Sections 2.5(e), 2.12(g), 3.5, 5.5, 8.1(b), 13.1 and 13.2. To the extent required by Applicable Law to give full effect to these direct rights, Buyer acknowledges and agrees that Sellers are acting as agent and/or as trustee of the Seller Parties (other than Sellers).

14.17 Non-Recourse

No past, present or future director, officer, employee, incorporator, member, partner or equity holder of Buyer or Sellers shall have any Liability for any obligations or liabilities of such Party under this Agreement or any other Transaction Document, for any claim based on, in respect of, or by reason of the Transaction and thereby.

14.18 Monitor's Capacity

Buyer acknowledges and agrees that Monitor, acting in its capacity as Monitor of Sellers in the CCAA Proceedings, will have no Liability in connection with this Agreement whatsoever in its capacity as Monitor, in its personal or corporate capacity or otherwise.

14.19 Cash Payment or Transfer Obligation

Except as otherwise expressly provided in this Agreement, any cash payment or transfer by Buyer or Sellers contemplated by this Agreement shall be made by wire transfer of immediately available funds to an account of Monitor on behalf of Sellers or an account of Buyer, as the case may be, by cash, by certified cheque or by any other method that provides immediately available funds as agreed to between the Parties, with the consent of Monitor.

14.20 Counterparts

This Agreement and any amendment hereto may be executed in two or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Notwithstanding anything to the contrary in Section 14.4, delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by facsimile or email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives, all as of the day and year first above written.

LIGHTSTREAM RESOURCES LTD.

Per: _____
Name: JOHN D. WRIGHT
Title: President and Chief Executive Officer

Per: _____
Name: Peter D. Scott
Title: Senior Vice President and CFO

LTS RESOURCES PARTNERSHIP, by its Managing Partner LIGHTSTREAM RESOURCES LTD.

Per: _____
Name: JOHN D. WRIGHT
Title: President and Chief Executive Officer

Per: _____
Name: Peter D. Scott
Title: Senior Vice President and CFO

BAKKEN RESOURCES PARTNERSHIP, by its Managing Partner LIGHTSTREAM RESOURCES LTD.

Per: _____
Name: Peter D. Scott
Title: Senior Vice President and CFO

Per: _____
Name: JOHN D. WRIGHT
Title: President and Chief Executive Officer

1863359 ALBERTA LTD.

Per: _____
Name: Peter D. Scott
Title: Senior Vice President and CFO

Per: _____
Name: JOHN D. WRIGHT
Title: President and Chief Executive Officer

1863360 ALBERTA LTD.

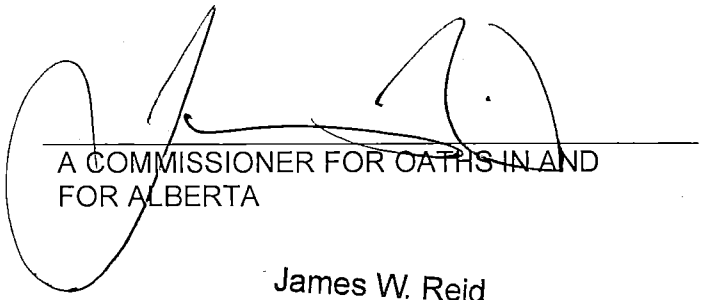
Per: _____
Name: JOHN D. WRIGHT
Title: President and Chief Executive Officer

Per: _____
Name: Peter D. Scott
Title: Senior Vice President and CFO

1090247 B.C. LTD.

Per: _____
Name: Michael Tu
Title: Director

This is Exhibit "D" referred to in the Affidavit of Peter D. Scott sworn before me this 29th day of November A.D. 2016



A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor

OCCUPANCY AGREEMENT

This Occupancy Agreement (this "**Agreement**") dated as of December [•], 2016 is made between Lightstream Resources Ltd., an Alberta corporation ("**LTS**"), and 1090247 B.C. Ltd., a corporation incorporated under the laws of British Columbia ("**Buyer**") (LTS and Buyer, collectively, the "**Parties**").

RECITALS

WHEREAS LTS, LTS Resources Partnership, Bakken Resources Partnership, 1863359 Alberta Ltd. and 1863360 Alberta Ltd (collectively, the "**Sellers**") and Buyer (together, the "**Parties**") are parties to an asset purchase agreement dated as of November 29, 2016 (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Purchase Agreement**") pursuant to which Sellers have agreed to sell to Buyer and Buyer has agreed to purchase from Sellers the Purchased Assets on and subject to the terms and conditions more particularly set out in the Purchase Agreement;

AND WHEREAS LTS is the successor in interest to Petrobakken Energy Ltd. ("**PBEL**") in and to that Office Lease (the "**Lease**") among PBEL (as tenant) and Immeubles SNPL Inc./SNPL Properties Inc., 1228553 Alberta Ltd. and Penny Lane II Limited Partnership, by its General Partner, Penny Lane Shopping Centre Ltd. (as landlord) dated November 1, 2010, as may be amended, restated, supplemented or otherwise modified from time to time;

AND WHEREAS, as the Lease constitutes an Excluded Asset under the Purchase Agreement, it is a condition of Closing that the Parties enter into this Agreement to allow Buyer to temporarily occupy the Premises from and after Closing until the Termination Date, on the terms and conditions set forth herein;

AND WHEREAS pursuant to an Approval and Vesting Order issued by the Court on December 8, 2016, the Purchase Agreement and the transactions contemplated therein, including the entry by the Parties into this Agreement, were approved by the Court;

NOW THEREFORE, in consideration of the premises, the mutual promises herein made, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions

(a) All capitalized terms used but not defined in this Agreement have the meanings set out in the Purchase Agreement. In addition, for purposes of this Agreement, the following terms have the meanings set forth in the Lease: "**Landlord**" and "**Premises**".

(b) The provisions of Section 1.2(a) of the Purchase Agreement shall apply to this Agreement *mutatis mutandis*.

2. Occupation of Premises

(a) Buyer shall have the right to occupy the Premises (the "**Occupation Rights**") from the date hereof to the Termination Date subject to the terms and conditions set out herein, without any cost or expense except to Buyer as provided herein (including Sections 2(b), 2(c), 4 and 5(d)).

(b) In its exercise of the Occupation Rights, Buyer shall comply with, and shall cause all of its Representatives and all other Persons visiting the Premises (including its contractors and licensees and members of the public) to comply with, all terms and conditions of the Lease directly applicable to the Occupation Rights as if Buyer were a party thereto in the place and stead of LTS, including Sections 9.1 (Maintenance and Repair by Tenant), 9.2 (Alterations by Tenant), 9.3 (Removal of Improvements and Fixtures), 10.1 (Permitted Use), 10.2 (Compliance with Laws), 10.3 (Nuisance, Interference, Waste, Overloading), 10.4 (Rules and Regulations), 10.5 (Hazardous Substances) and 10.6 (Environmental Practices) of the Lease.

(c) Without limiting the obligations of Buyer under Section 2(b) hereof, Buyer shall use, keep and maintain the Premises as would a reasonable and prudent tenant and in a clean, neat and tidy condition, reasonable wear and tear excepted, and Buyer shall honour all rights of access to the Premises in favour of Landlord, including under Section 8.5 (Access by Landlord) under the Lease.

(d) Nothing in this Agreement shall affect the right of LTS to access the Premises for the purpose of LTS satisfying its post-Closing obligations under the Purchase Agreement, including as contemplated under the Transition Services Agreement, and Buyer hereby grants such access to (i) LTS and its Representatives as may reasonably be required in connection with same, and (ii) the Monitor in the exercise of its duties as Monitor under the CCAA, the Initial Order and any other order of the Court.

3. No Buyer Interest in the Lease

Notwithstanding the grant of the Occupation Rights herein and without in any way derogating the obligations of Buyer to LTS under this Agreement, nothing in this Agreement is intended to, shall have the effect of, or shall be construed to, create or operate as a lease, sublease or assignment of lease in favour of Buyer in respect of the Lease or otherwise grant to Buyer any interest in the Lease or impose on Buyer any rights or obligations whatsoever as a lessee, sub-lessee or assignee of the Lease.

4. Liabilities of the Parties

(a) Buyer agrees that the Occupation Rights are granted on an "as is, where is" basis and that LTS shall be under no obligation to maintain or repair the Premises. LTS makes no representation or warranty of any kind whatsoever as to the status or terms of the Lease (or its Liability thereunder) or the condition of the Premises.

(b) Buyer shall exercise the Occupation Rights at its own risk and in no event shall LTS be Liable to Buyer or any other Person for any loss, damage, injury, harm, death or destruction to any such Persons or any such Person's property arising from or in connection with the exercise of the Occupation Rights by Buyer.

(c) Buyer hereby acknowledges and agrees that it shall:

(i) be solely liable and responsible for any and all Liabilities; and

(ii) as a separate covenant, indemnify, save and hold LTS harmless from and against all Liabilities that may be brought against LTS or which LTS may suffer, sustain, pay or incur;

arising from or related to Buyer's exercise of the Occupation Rights or any breach by Buyer of its obligations under this Agreement. The termination of this Agreement shall not relieve Buyer from any Liability to LTS under this Agreement occurring before the termination hereof or related to the Buyer's obligations under Section 5(d) hereof.

5. Term and Termination

(a) LTS shall not disclaim or otherwise terminate any interest it may have in the Lease prior to the Termination Date without the prior written consent of Buyer.

(b) This Agreement shall have an initial term (the "**Initial Term**") commencing the date hereof and terminating on March 31, 2017. The Initial Term may be extended from time to time (each such extension, an "**Extension Term**") by the mutual agreement of the Parties, provided that sufficient monies or other funding is reasonably expected to remain available to satisfy LTS's Liabilities under the Lease for the full term of the proposed Extension Term, whether under the Wind-Down Budget, as agreed by the Parties or as otherwise provided by an Order of the Court.

(c) This Agreement shall terminate on such date (the "**Termination Date**") that is the earlier of (i) the mutual agreement of the Parties to terminate, (ii) the end of the Initial Term or any Extension Term, (iii) the termination of the Lease , (iv) the entry into force of a lease between Buyer and Landlord for all or part of the Premises, (v) at the election of LTS in the event that Buyer is in breach of any of its obligations under this Agreement, and (vi) at the election of either Buyer or LTS in the event that no funding is reasonably expected to be available to satisfy LTS's Liabilities under the Lease for the remainder of the Initial Term or any Extension Term, whether under the Wind-Down Budget or otherwise.

(d) Upon any termination of its occupancy of any part of the Premises (the "**Vacated Premises**"), Buyer shall, at its own cost and expense, immediately vacate the Vacated Premises and leave the Vacated Premises in a clean, neat, tidy and "broomswept" condition and in no worse condition as it was when Buyer entered the Premises, reasonable wear and tear excepted, unless otherwise agreed to by LTS. The obligations of the Buyer under this Section 5(d) shall survive the termination of this Agreement.

6. Further Assurances

Each Party shall from time to time hereafter, at the reasonable request and cost and expense of the other Party, do all such further acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

7. Governing Law

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein, without regard to principles of conflicts or choice of laws or any other law that would make the laws of any other jurisdiction other than the Province of Alberta applicable hereto.

(b) Each of the Parties acknowledges and agrees (i) that any Proceeding relating to this Agreement may (but need not) be brought in the Court, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of the Court; (ii) that it irrevocably waives any right to, and shall not, oppose any such Proceeding in the Court on any jurisdictional basis,

including forum non conveniens; and (iii) not to oppose the enforcement against it in any other jurisdiction of any Order duly obtained from the Court relating to this Agreement.

8. Entire Agreement; Amendments

Subject to the Purchase Agreement, this Agreement constitutes the complete and exclusive statement of the terms and conditions of the agreement between LTS and Buyer with respect to the subject matter hereof. This Agreement may not be amended except by a written agreement executed by each of LTS and Buyer.

9. Third Party Beneficiaries

The Parties intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the Parties and their successors and permitted assigns, and, no Person, other than the Parties and their successors and permitted assigns, shall be entitled to rely on the provisions hereof in any Action.

10. Severability

The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability.

11. Successors and Assigns

This Agreement shall enure to the benefit of and be binding upon each of the Parties and their respective successors and permitted assigns.

12. Counterparts

This Agreement and any amendment hereto may be executed in two or more counterparts, each of which shall be deemed to be an original of this Agreement or such amendment and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement or any amendment hereto by facsimile or email attachment shall be effective as delivery of a manually executed counterpart of this Agreement or such amendment, as applicable.

[Signature page follows]

LIGHTSTREAM RESOURCES LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

1090247 B.C. LTD.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

(Signature Page to the Occupancy Agreement)

This is Exhibit "E" referred to in the Affidavit of Peter D. Scott sworn before me this 29th day of November A.D. 2016

A COMMISSIONER FOR ~~OATHS~~ IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor

CONFIDENTIAL

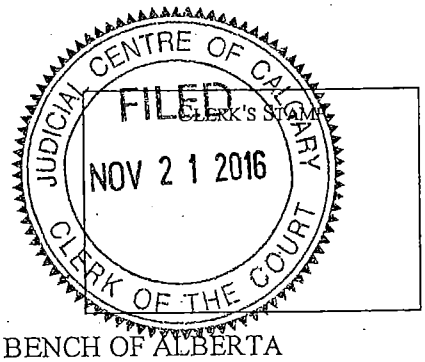
(TO BE SEALED)

This is Exhibit "F" referred to in the Affidavit of Peter D. Scott sworn before me this 29th day of November A.D. 2016

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor

I hereby certify this to be a true copy of the original Consent order to Lift Stay
Dated this 21 day of Nov 2016
for Clerk of the Court



COURT FILE NUMBER	1601 – 12571
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LIGHTSTREAM RESOURCES LTD, 1863359 ALBERTA LTD, LTS RESOURCES PARTNERSHIP, 1863360 ALBERTA LTD AND BAKKEN RESOURCES PARTNERSHIP
APPLICANTS	EUGENIA HUDSON KING, JAMES CHRISTIAN CUSTIS HUDSON, ANDREW CASE HUDSON, ACH HOLDINGS, LLC
DOCUMENT	**CONSENT ORDER TO LIFT STAY**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Michael A. Marion / Loni da Costa Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232-9464 / 9696 Facsimile: (403) 266-1395 Email: MMarion@blg.com / LdaCosta@blg.com File No. 440277.000001

DATE ON WHICH ORDER WAS PRONOUNCED:	November 21, 2016
NAME OF JUDGE WHO MADE THIS ORDER:	The Honourable Madam Justice B.E.C. Romaine
LOCATION OF HEARING:	Calgary Courts Centre

UPON HEARING from counsel for the Applicants (the "**Hudson Action Plaintiffs**") in respect of Court of Queen's Bench Action 1001-11801 (the "**Hudson Action**"); **AND UPON** noting the consent of counsel for Lightstream Resources Ltd., 1863359 Alberta Ltd., 1863360 Alberta Ltd. (collectively, the "**Applicants**"), Bakken Resources Partnership and LTS Resources

Partnership (collectively, the "**CCAA Parties**" and together with the Applicants, the "**Lightstream Group**"), endorsed hereon;

AND UPON noting that the Stay Period as defined in paragraph 15 of the initial order (the "**Initial Order**") granted by the Honourable Mr. Justice A. D. Macleod on September 26, 2016, provides that no Proceeding in any court shall be continued against or in respect of the Applicants, the CCAA Parties or the Monitor, or affecting the Business or the Property, except with leave of this Court, and states that any and all Proceedings currently under way against or in respect of the Applicants or the CCAA Parties or affecting the Business or the Property are stayed and suspended pending further order of this Court (the "**Stay of Proceedings**");

IT IS HEREBY ORDERED THAT:

1. Unless otherwise defined, all capitalized terms used herein shall have the meaning ascribed to them in the Initial Order.

2. The time for service of notice of this application is abridged and service thereof is deemed good and sufficient.

3. The Stay of Proceedings is hereby lifted temporarily for the sole and limited purpose of permitting the Hudson Action Plaintiffs to apply for a trial date of the Hudson Action under the terms of the Consent Order attached as Schedule "A" (the "**Hudson Trial Date Application**"), but the Hudson Action Plaintiffs are not permitted to take any further or other action in respect of the Hudson Action as against the Lightstream Group (i) without further order of this Court, or (ii) until the expiry or termination of the Stay of Proceedings.

4. This Order is not, and shall not be deemed to be, an acknowledgement of any merits or substance of the Hudson Action, and no party to the Hudson Action shall be deemed by virtue of this Order to have made any admission, acknowledgement or acquiescence of or to any liability in the Hudson Action. All rights, remedies and defences of the parties, including regarding whether or not the Stay of Proceedings should be lifted to permit the continuation of the Hudson Action, are expressly reserved.

5. There shall be no order as to costs.

J.C.C.Q.B.A

CONSENTED TO this 17th day of November 2016

BLAKES, CASSELS & GRAYDON LLP

Per:
Kelly Bourassa
Counsel for the Applicants

[SCHEDULE "A" TO THE CONSENT ORDER TO LIFT STAY]

COURT FILE NUMBER	1001-11801	Clerk's Stamp
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
PLAINTIFFS	EUGENIA HUDSON KING, JAMES CHRISTIA CUSTIS HUDSON, ANDREW CASE HUDSON, ACH HOLDINGS, LLC	
DEFENDANTS	LIGHTSTREAM RESOURCES LTD., formerly named PETROBAKKEN ENERGY LTD., LIGHTSTREAM RESOURCES PARTNERSHIP, CRESCENT POINT ENERGY CORP. and CRESCENT POINT RESOURCES PARTNERSHIP	
DOCUMENT	**CONSENT ORDER**	

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Michael A. Marion
Loni da Costa
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9464/9696
Facsimile: (403) 266-1395
Email:MMarion / LdaCosta@blg.com
File No. 440277.000001

DATE ON WHICH ORDER WAS PRONOUNCED: November 21, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice B.E.C. Romaine

UPON HEARING from Counsel for the Plaintiffs; AND UPON noting the consent of Counsel for the Defendants, endorsed hereon; AND UPON BEING SATISFIED the parties will likely be ready by the date scheduled by the Court for trial of this Action;

IT IS HEREBY ORDERED THAT:

1. The Court Clerk is directed to set this action down for a 20 day trial, commencing on such date as may be available and agreed by counsel.

[SCHEDULE "A" TO THE CONSENT ORDER TO LIFT STAY]

2. The following deadlines are set:

   a. The Plaintiffs shall, by December 2, 2016, identify the questions and answers from the transcripts of the witnesses that the Plaintiffs request be acknowledged as forming some of the information of Lightstream Resources Ltd. and Lightstream Resources Partnership (the "Lightstream Defendants").

   b. In accordance with Rule 5.29, the Lightstream Defendants shall, by December 31, 2016, acknowledge that the evidence of its witnesses forms some of the information of the Lightstream Defendants, subject to any refusals permitted under Rule 5.29, failing which, the evidence of its witnesses will be deemed to have been acknowledged as forming some of the information of the Lightstream Defendants.

   c. The Lightstream Defendants may qualify their acknowledgement, whether express or deemed, with further evidence that is contrary to or inconsistent with that of their witnesses in accordance with Rule 5.29(3)(b) up until 6 months prior to the date of the trial of the Action.

   d. Lightstream Resources Ltd. and Lightstream Resources Partnership may file an Amended Statement of Defence by December 31, 2016.

3. The parties shall file the confirmation of the trial date or otherwise fulfil the requirements of rule 8.7 in accordance with the time period specified in rule 8.7.

4. There shall be no order as to costs.

_____
J.C.C.Q.B.A

CONSENTED TO this __ day of November, 2016

MCCARTHY TETRAULT LLP

Per: _____
Douglas T. Yoshida
Counsel for the Defendants

This is Exhibit "G" referred to in the Affidavit of Peter D. Scott sworn before me this 29th day of November A.D. 2016

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor

COURT FILE NUMBER	1001-11801
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFFS	EUGENIA HUDSON KING, JAMES CHRISTIA CUSTIS HUDSON, ANDREW CASE HUDSON, ACH HOLDINGS, LLC
DEFENDANTS	LIGHTSTREAM RESOURCES LTD., formerly named PETROBAKKEN ENERGY LTD., LIGHTSTREAM RESOURCES PARTNERSHIP, CRESCENT POINT ENERGY CORP. and CRESCENT POINT RESOURCES PARTNERSHIP
DOCUMENT	**CONSENT ORDER**

Clerk's Stamp

JUDICIAL CENTRE OF CALGARY
FILED
NOV 21 2016
CLERK OF THE COURT

I hereby certify this to be a true copy of the original Consent Order
Dated this 21 day of Nov 2016
for Clerk of the Court

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Michael A. Marion
Loni da Costa
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DATE ON WHICH ORDER WAS PRONOUNCED: November 21, 2016

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice B.E.C. Romaine

UPON HEARING from Counsel for the Plaintiffs; AND UPON noting the consent of Counsel for the Defendants, endorsed hereon; AND UPON BEING SATISFIED the parties will likely be ready by the date scheduled by the Court for trial of this Action;

IT IS HEREBY ORDERED THAT:

1. The Court Clerk is directed to set this action down for a 20 day trial, commencing on such date as may be available and agreed by counsel.

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   a. The Plaintiffs shall, by December 2, 2016, identify the questions and answers from the transcripts of the witnesses that the Plaintiffs request be acknowledged as forming some of the information of Lightstream Resources Ltd. and Lightstream Resources Partnership (the "Lightstream Defendants").

   b. In accordance with Rule 5.29, the Lightstream Defendants shall, by December 31, 2016, acknowledge that the evidence of its witnesses forms some of the information of the Lightstream Defendants, subject to any refusals permitted under Rule 5.29, failing which, the evidence of its witnesses will be deemed to have been acknowledged as forming some of the information of the Lightstream Defendants.

   c. The Lightstream Defendants may qualify their acknowledgement, whether express or deemed, with further evidence that is contrary to or inconsistent with that of their witnesses in accordance with Rule 5.29(3)(b) up until 6 months prior to the date of the trial of the Action.

   d. Lightstream Resources Ltd. and Lightstream Resources Partnership may file an Amended Statement of Defence by December 31, 2016.

3. The parties shall file the confirmation of the trial date or otherwise fulfil the requirements of rule 8.7 in accordance with the time period specified in rule 8.7.

4. There shall be no order as to costs.

J.C.C.Q.B.A

CONSENTED TO this 16 day of November, 2016
MCCARTHY TETRAULT LLP

Per: _____
For: Douglas T. Yoshida
Counsel for the Defendants