CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited, thousands of Canadian dollars)

As at,	Note	June 30, 2016	December 31, 2015
Assets			
Current assets			
Cash and cash equivalents		$ 31,235	$ —
Accounts receivable		39,451	53,858
Prepaid expenses		6,211	5,563
Risk management assets	18	517	9,732
		77,414	69,153
Long-term investments		446	344
Exploration and evaluation	7	168,553	271,970
Property, plant and equipment	8	1,433,137	2,217,405
Total assets		$ 1,679,550	$ 2,558,872
Liabilities and Equity			
Current liabilities			
Current portion of secured termed credit facility	9	$ 121,000	$ —
Accounts payable and accrued liabilities		116,976	86,040
Current portion of onerous contracts	13	4,370	—
Convertible debentures	11	—	6,164
Risk management liabilities	18	452	—
		242,798	92,204
Secured termed credit facility	9	234,429	340,832
Secured notes	10	845,585	899,600
Senior unsecured notes	12	325,390	345,565
Long-term portion of onerous contracts	13	10,752	—
Other long-term liabilities		5,721	6,335
Decommissioning liabilities	14	247,350	220,306
Deferred tax liabilities		—	197,377
		1,912,025	2,102,219
Shareholders' equity			
Shareholders' capital	15	2,371,313	2,368,272
Contributed surplus	15	159,792	160,905
Deficit		(2,763,580)	(2,072,524)
Total shareholders' equity		(232,475)	456,653
Total liabilities and equity		$ 1,679,550	$ 2,558,872

See accompanying notes to these condensed consolidated financial statements.

Approved by the Board of Directors

Kenneth McKinnon
Chairman of the Board of Directors

Corey C. Ruttan
Director

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited, thousands of Canadian dollars, except per share amounts)

	Note	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenues					
Oil and natural gas sales		$ 76,716	$ 136,265	$ 139,891	$ 257,396
Royalties		(6,233)	(13,002)	(12,803)	(27,588)
Oil and natural gas revenues		70,483	123,263	127,088	229,808
(Loss) gain on risk management contracts	18	(4,707)	(17,283)	(2,109)	4,090
		65,776	105,980	124,979	233,898
Expenses					
Production		26,238	37,497	55,132	77,020
Transportation		579	872	1,229	1,806
General and administrative		7,630	9,491	17,329	22,438
Share-based compensation	15	1,386	2,083	1,912	3,494
Loss on onerous contracts	13	15,122	—	15,122	—
Loss (gain) on dispositions	8	675	(556)	310	1,332
Long-term investments (gain) loss		(53)	250	(94)	416
Interest and other	6	35,200	30,409	70,596	59,363
Foreign exchange (gain) loss		3,490	(16,351)	(73,985)	72,656
Depletion and depreciation expense	8	55,610	87,008	112,349	180,334
Impairment	7,8	804,849	—	813,512	—
		950,726	150,703	1,013,412	418,859
Loss before taxes		(884,950)	(44,723)	(888,433)	(184,961)
Income tax (recovery) expense		(175,481)	6,810	(197,377)	(6,687)
Net loss and comprehensive loss		$ (709,469)	$ (51,533)	$ (691,056)	$ (178,274)
Basic loss per share	16	$ (3.57)	$ (0.26)	$ (3.48)	$ (0.90)
Diluted loss per share	16	$ (3.57)	$ (0.26)	$ (3.48)	$ (0.90)

See accompanying notes to these condensed consolidated financial statements.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited, thousands of Canadian dollars)

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
January 1, 2016	$ 2,368,272	$ 160,905	$ (2,072,524)	$ 456,653
Net loss	—	—	(691,056)	(691,056)
Issued under employee incentive plan	16	—	—	16
Share-based compensation	—	1,912	—	1,912
Share-based settlements	3,025	(3,025)	—	—
June 30, 2016	$ 2,371,313	$ 159,792	$ (2,763,580)	$ (232,475)

	Common Shares	Contributed Surplus	Deficit	Total Shareholders' Equity
January 1, 2015	$ 2,358,361	$ 164,619	$ (1,126,509)	$ 1,396,471
Net loss	—	—	(178,274)	(178,274)
Issued under employee incentive plan	13	—	—	13
Share-based compensation	—	3,494	—	3,494
Share-based settlements	3,027	(3,027)	—	—
June 30, 2015	$ 2,361,401	$ 165,086	$ (1,304,783)	$ 1,221,704

See accompanying notes to these condensed consolidated financial statements.

FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited, thousands of Canadian dollars)

	Note	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Operating Activities					
Net loss		$ (709,469)	$ (51,533)	$ (691,056)	$ (178,274)
Adjusted for:					
Impairment	7,8	804,849	—	813,512	—
Loss on onerous contracts	13	15,122	—	15,122	—
Depletion and depreciation	8	55,610	87,008	112,349	180,334
Income tax (recovery) expense		(175,481)	6,810	(197,377)	(6,687)
Unrealized loss (gain) on risk management contracts	18	6,001	36,750	9,667	45,219
Unrealized foreign exchange (gain) loss		3,422	(16,474)	(74,795)	69,005
Share-based compensation	15	1,386	2,083	1,912	3,494
(Gain) loss on dispositions	8	675	(556)	310	1,332
Unrealized (gain) loss on long-term investments		(53)	250	(94)	416
Non-cash interest and other	6	1,897	2,626	4,022	4,594
Decommissioning liabilities settled	14	(172)	2	(395)	(539)
		3,787	66,966	(6,823)	118,894
Changes in non-cash working capital	19	22,849	5,280	46,599	(7,448)
		26,636	72,246	39,776	111,446
Investing Activities					
Expenditures on property, plant, and equipment	8	(7,504)	(20,240)	(14,851)	(80,393)
Exploration and evaluation expenditures	7	—	(19)	(6)	(120)
Proceeds from dispositions, net of adjustments	8	1,288	1,935	1,570	13,258
Purchase of long-term investments		(4)	385	(8)	385
Changes in non-cash working capital	19	(820)	(40,461)	(2,471)	(90,851)
		(7,040)	(58,400)	(15,766)	(157,721)
Financing Activities					
Issuance of shares	15	7	9	16	13
Issuance of secured termed credit facility, net of costs	9	11,652	(13,802)	13,433	51,936
Repurchase of convertible debentures	11	—	—	(6,177)	(2,007)
Changes in non-cash working capital	19	(20)	(53)	(47)	(3,667)
		11,639	(13,846)	7,225	46,275
Net change in cash and cash equivalents		31,235	—	31,235	—
Cash and cash equivalents, beginning of period		—	—	—	—
Cash and cash equivalents, end of period		$ 31,235	$ —	$ 31,235	$ —
Other cash flow information					
Cash interest paid		$ 5,571	$ 27,783	$ 9,235	$ 54,769

See accompanying notes to these condensed consolidated financial statements.

Note 1 – Corporate Information and Proposed Recapitalization

Lightstream Resources Ltd. ("Lightstream" or the "Company") is an Alberta corporation with shares listed on the Toronto Stock Exchange ("TSX"). The records office and principal address are located at 2800, 525 -8th Avenue SW, Calgary, Alberta T2P 1G1.

The Company is principally engaged in the exploration and development of oil and natural gas in western Canada.

Proposed Recapitalization Plan

On July 28, 2016, the Company entered into a definitive arrangement agreement with our wholly-owned subsidiary to effect a series of transactions which will result in the recapitalization (the "Recapitalization") of the Company's Secured Notes, the Company's US$254 million 8.625% unsecured notes due February 1, 2020 (the "Unsecured Notes") and the Company's common shares (the "Common Shares"). The proposed Recapitalization is intended to be implemented by way of a corporate plan of arrangement under the Canada Business Corporations Act (the "CBCA Plan"). Under a support agreement entered into on July 12, 2016, holders of 91.5% of the Company's Secured Notes (the "Initial Consenting Noteholders") have agreed, subject to certain conditions, to vote their securities in favour of the CBCA Plan. In addition, in connection with the completion of the Recapitalization, the Company is working towards a replacement credit facility for the Company's existing revolving credit facility (the "Credit Facility").

The features of the proposed CBCA Plan include the settlement of approximately US$904 million of the Company's debt in exchange for Common Shares of Lightstream with the following key elements:

- The existing Common Shares will be consolidated and new Common Shares ("New Common Shares") will be issued (using a ratio of approximately 88.29:1), with the result that approximately 100 million New Common Shares will be outstanding;
- Existing Shareholders will hold a total of 2.25% of the New Common Shares and existing Shareholders will receive Series 2 warrants equal to 7.75% of the total number of issued New Common Shares;
- The Secured Noteholders will hold a total of 95% of the New Common Shares in full and final satisfaction of their Secured Notes and claims in connection therewith;
- The Unsecured Noteholders will hold a total of 2.75% of the New Common Shares in addition to Series 1 warrants equal to 5% of the total number of issued New Common Shares in full and final satisfaction of their Unsecured Notes and claims in connection therewith.

As part of the CBCA Plan, on July 13, 2016, the Company received a preliminary interim order from the Court of Queen's Bench of Alberta containing a stay prohibiting any person, including the holders of Secured Notes and holders of Unsecured Notes, other than the lenders under the Credit Facility, from terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any contract or other agreement to which the Company is a party. On July 12, 2016, the Company also entered into a forbearance agreement with the lenders under the Credit Facility. Pursuant to the forbearance agreement, as amended, the lenders agreed to forbear from exercising their enforcement rights and remedies arising on account of existing defaults under the Credit Facility until August 5, 2016, including in respect of the Company's hedging liabilities. The Company has requested and anticipates receiving an extension to the forbearance relief period to August 12, 2016, however there is no assurance the Company will obtain this extension.

Subject to obtaining the forbearance extension and satisfactory commitments for a new revolving credit facility, the Company anticipates entering into a second forbearance agreement with the lenders prior to August 12, 2016 to extend the forbearance through the anticipated completion of the CBCA Plan and implementation of the new revolving credit facility.

The completion of the Recapitalization is subject to a number of conditions, including that all required stakeholder, third-party, regulatory, court and stock exchange approvals, consents or waivers must have been received (or, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or terminated) and that Lightstream must have entered into an additional forbearance agreement with our lenders and replaced the Credit Facility with a new credit facility.

In the event that the requisite approvals in respect of the CBCA Plan are not obtained or the Company is otherwise unable to complete the CBCA Plan, the Company has agreed to pursue the Recapitalization through a sale transaction (the "CCAA Sale Transaction") that will be implemented through proceedings commenced under the Companies' Creditors Arrangement Act (the "CCAA"). As part of the proceedings under the CCAA, the Initial Consenting Noteholders will make (or direct) a credit bid (the "Secured Credit Bid") for the full amount of the claims outstanding in respect of the Secured Notes, which Secured Credit Bid may serve as a stalking horse transaction in a sale and investment solicitation process ("SISP"). To that end, on July 13, 2016, the Company initiated a SISP which is intended to generate interest in and potentially divest the business and/or the assets of the Company, with the goal of maximizing value for all stakeholders of the Company and identifying the best available transaction in the event that the CBCA Plan does not proceed.

The completion of the CBCA Plan is expected to result in a change of control for the Company which will result in automatic vesting of stock options, incentive shares and deferred common shares. All incentive shares and deferred common shares under Lightstream's employee incentive plans will be adjusted to reflect the capital reorganization contemplated by the CBCA Plan and will have a maximum term of six months following completion of the Recapitalization. All outstanding stock options will be repurchased for nominal consideration. There is not expected to be an impact on employee agreements assuming implementation of the CBCA Plan.

On June 14, 2016, the Company determined that it would not make the interest payment in the amount of US $32.1 million (approximately CDN$41.7 million) on the Secured Notes on June 15, 2016. Under the indenture governing the Secured Notes, the Company had a 30-day grace period to make such payment. As the Company failed to make the required interest payment on July 15, 2016, there was an event of default under the Secured Notes Indenture, which in turn caused a cross default under the Credit Facility and the indenture governing the Unsecured Notes. The commencement of proceedings under the CBCA Plan was also a cross default under the Credit Facility and a cross default under the Unsecured Notes Indenture. Upon the occurrence of a cross default under the Credit Facility, all obligations owing under the Credit Facility, together with unpaid interest accrued thereon become due and immediately payable. Subsequent to June 30, 2016, the secured termed Credit Facility, Secured Notes and Senior Unsecured Notes will be reclassified as current liabilities should the CBCA Plan not materialize.

Note 2 - Going Concern

As a result of the Company's failure to make the June 15 semi-annual interest payment on its Secured Notes by July 15, 2016, the Company triggered defaults under the Credit Facility, the Secured Notes indenture and the Unsecured Notes indenture. In anticipation of this, and in connection with the Company's Recapitalization plan, the Company received a preliminary interim order from the Court of Queen's Bench of Alberta containing a stay prohibiting any person, including the holders of Secured Notes and holders of Unsecured Notes, other than the lenders under the Credit Facility, from terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any contract or other agreement to which the Company is a party. On July 12, 2016, the Company also entered into a forbearance agreement with the lenders under the Credit Facility. Pursuant to the forbearance agreement, as amended, the lenders agreed to forbear from exercising their enforcement rights and remedies arising on account of existing defaults under the Credit Facility until August 5, 2016, including in respect of the Company's hedging liabilities. The Company has requested and anticipates receiving an extension to the forbearance relief period to August 12, 2016, however there is no assurance the Company will obtain this extension.

Subject to obtaining the forbearance extension and satisfactory commitments to provide the new revolving credit facility, the Company anticipates entering into a second forbearance agreement with the lenders prior to August 12, 2016 to extend the forbearance through the anticipated completion of the CBCA Plan and implementation of a new revolving credit facility.

Future operations are dependent on the completion of the Recapitalization; the generation of positive cash flows from operations; the maintenance of existing reserve and production bases and the ability to discharge obligations as they come due. The completion of the Recapitalization is subject to a number of conditions, including that all required stakeholder, third-party, regulatory, court and stock exchange approvals, consents or waivers must have been received (or, in the case of waiting or suspensory periods, such waiting or suspensory periods shall have expired or terminated) and that Lightstream must have entered into an additional forbearance agreement with our lenders and replaced the Credit Facility with a new credit facility. The Company is currently defending claims from certain Senior Unsecured Noteholders challenging the Company's exchange in 2015 of a portion of the Senior Unsecured Notes outstanding for newly issued Secured Notes (Note 10). The Company believes these claims are without merit. The plaintiffs have indicated that their holdings represent over 33 1/3 percent of the Senior Unsecured Notes outstanding. In order to be effective, the Recapitalization will require, among other things, the approval of Senior Unsecured Noteholders holding 66 2/3 percent of Senior Unsecured Notes outstanding voting on the resolution. These conditions cause significant doubt about the Company's ability to continue as a going concern.

These financial statements have been prepared on a going concern basis, which asserts the Company has the ability to continue to realize its assets and discharge its liabilities and commitments in a planned manner giving consideration to the above and expected possible outcomes. Conversely, if the going concern assumption is not appropriate, adjustments to the carrying amounts of the Company's assets, liabilities, revenues, expenses and balance sheet classifications may be necessary.

Note 3 - Basis of Presentation and Statement of Compliance

The condensed consolidated financial statements of the Company as at June 30, 2016 and for the three and six months ended June 30, 2016 and 2015 are condensed as they do not include all of the information required by IFRS for annual financial statements and therefore should be read in conjunction with Lightstream's audited consolidated financial statements as at and for the year ended December 31, 2015. The condensed consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements.

The condensed consolidated financial statements are stated in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the presentation of interim financial statements and in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting.*

These condensed consolidated financial statements were authorized for issue by the Board of Directors on August 4, 2016.

Note 4 – Significant Accounting Policies

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities, amounts of revenues, expenses, and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ materially from estimated amounts. Management reviews estimates and underlying assumptions on an ongoing basis.

Amounts recorded for onerous contracts are based on a number of factors including judgements whether or not a present obligation is probable. Onerous contract provisions are recognized where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. Estimation of costs relating to onerous contract provisions is subject to measurement uncertainty.

Impairment calculations are based on a number of factors including estimates of fair value less costs to sell. The estimate of fair value of the Company's assets is subject to measurement uncertainty. To test impairment, costs are allocated into cash generating units ("CGU's") based on reserve cash flows. The determination of CGU's is subject to judgment.

Note 5 – Changes in Accounting Policies

Future Accounting pronouncements

In April 2016, the IASB issued its final amendments to IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations. The standard is required to be adopted either retrospectively or using a modified retrospective approach for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company will assess the impact of the standard on its financial statements.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Note 6 – Interest and Other

The interest and other costs for the Company are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Interest on secured notes	$ 20,677	$ —	$ 42,739	$ —
Interest on unsecured termed debt (1)	7,055	21,309	14,600	42,790
Interest on secured termed credit facility and other	5,571	6,474	9,235	11,979
Cash interest and other	33,303	27,783	66,574	54,769
Accretion on unsecured termed debt	287	850	618	1,698
Accretion on decommissioning liability	1,025	1,317	2,240	2,465
Amortization of deferred financing costs	585	459	1,164	852
Other (2)	—	—	—	(421)
Total interest and other	$ 35,200	$ 30,409	$ 70,596	$ 59,363

(1) Unsecured termed debt consists of senior unsecured notes and convertible debentures.
(2) Other comprised of gain on retirement of unsecured termed debt and gain on deferred financial liability.

Note 7 – Exploration and Evaluation Assets

As at,	June 30, 2016	December 31, 2015
Exploration and evaluation assets, beginning of period	$ 271,970	$ 335,837
Additions	6	385
Dispositions	—	(11,795)
Transfers to property, plant and equipment	(7,693)	(47,007)
Impairment	(95,730)	(5,450)
Exploration and evaluation assets, end of period	$ 168,553	$ 271,970

The Company performed an assessment of impairment at the time of transfer of assets from exploration and evaluation to property, plant and equipment. For the three and six months ended June 30, 2016, impairment expense of $15.0 million and $23.7 million (December 31, 2015 - $5.5 million) was recognized. Additional impairment expense of $72.0 million was recognized as part of the Property, Plant and Equipment impairment test. Refer to Note 8 for details.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Note 8 – Property, Plant and Equipment

	Oil and Natural Gas Assets	Other [1]	Total
Balance as at December 31, 2015	$ 2,212,554	$ 4,851	$ 2,217,405
Cost			
As at January 1, 2016	$ 6,418,050	$ 43,636	$ 6,461,686
Additions [2]	40,420	37	40,457
Dispositions	(4,398)	—	(4,398)
Transfers from exploration and evaluation assets	7,693	—	7,693
As at June 30, 2016	$ 6,461,765	$ 43,673	$ 6,505,438
Depletion and Depreciation			
As at January 1, 2016	$ 4,205,496	$ 38,785	$ 4,244,281
Charge for the period	110,789	1,560	112,349
Dispositions	(2,111)	—	(2,111)
Impairment	714,454	3,328	717,782
As at June 30, 2016	$ 5,028,628	$ 43,673	$ 5,072,301
Balance as at June 30, 2016	$ 1,433,137	$ —	$ 1,433,137

(1) Other fixed assets are mainly comprised of office furniture and fixtures, and computer equipment.
(2) Comprised of capital expenditures of $14.8 million and asset retirement costs of $25.6 million (See Note 14).

Asset dispositions

During the three months ended June 30, 2016, the Company disposed of non-core assets for net proceeds of $1.3 million (2015 - $1.9 million) and recognized a loss on dispositions of $0.7 million (2015 - $0.6 million gain), net of decommissioning liabilities disposed of $0.3 million (2015 - $0.1 million).

During the six months ended June 30, 2016, the Company disposed of non-core assets for net proceeds of $1.6 million (2015 - $13.2 million) and recognized a loss on dispositions of $0.3 million (2015 - $1.3 million loss), net of decommissioning liabilities disposed of $0.4 million (2015 - $0.1 million).

Impairment

The Company performs impairment tests when events and/or circumstances indicate that the carrying value of an asset or cash generating unit ("CGU") may exceed the recoverable amount. On July 12, 2016, the Company entered into a restructuring support arrangement in respect of the Recapitalization. A potential outcome of this plan is the Company having to sell assets during a depressed commodity environment which could reduce the recoverable amount of the Company's assets. As a result of the Recapitalization, impairment tests were performed at June 30, 2016.

Lightstream compared the carrying value of PP&E and E&E, adjusted for decommissioning liabilities, to the fair value of its assets. Where carrying value exceeded fair value, impairment expense was recognized. At December 31, 2015, the Company recognized an impairment expense primarily due to declining current and forecasted commodity prices for crude oil and natural gas.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

In estimating the recoverable amount of PP&E and E&E at June 30, 2016, the Company considered various valuation options of the Company's total assets including valuations from the following sources:

- Post CBCA Plan external analyst valuation; and
- Secured Credit Bid amount pursuant to the CCAA Sale Transaction.

The external analyst valuation methodology would be one appropriate data point to consider in assessing the asset value upon a successful completion of the CBCA Plan. An unsuccessful completion of the CBCA Plan would result in a CCAA Sale Transaction with a Secured Credit Bid, which provides a valuation of the Company's assets. In assessing the fair value between the two scenarios, the Company considered the market metrics as well as market transactions that were completed in the last 18 months. The Company has entered into an agreement with the Initial Consenting Noteholders to support a Secured Credit Bid with a valuation of $1.3 billion (net of decommissioning liabilities) and as a result this represents a value the Company has agreed to sell the assets for and is presently the most appropriate valuation of estimated recoverable amount.

The estimated recoverable amounts were based on fair value less costs to sell calculations, which are classified as Level 3 fair value measurements as certain key assumptions are not based on observable market data but rather management's best estimates. Refer to Note 18 for information on fair value hierarchy classifications.

The Company used the weighting of proved plus probable ("2P") 10% strip futures pricing cash flow reserve values to allocate the estimated fair values of the Bakken CGU, Cardium CGU and Other Alberta CGU. The Company did not attribute a value to the British Columbia CGU as minimal reserves were assigned. The corporate and other assets are estimated to have no residual recoverable amounts, therefore no value was attributed to them.

The impairment tests indicated that the carrying value of the Company's Bakken CGU, Cardium CGU, Other Alberta CGU, and corporate and other assets exceeded the estimated recoverable amounts. Consequently, for the three months ended June 30, 2016, the Company recorded impairment expense totaling $789.8 million based on the difference between the carrying value at June 30, 2016 and the estimated recoverable amount. The impairment expense was allocated to the PP&E and E&E assets on a pro rata basis using the carrying value of the assets at June 30, 2016.

The following table depicts the impairment expense by CGU and the estimated recoverable amount:

As at June 30, 2016	**Estimated recoverable amount**	**E&E Impairment expense**	**PP&E Impairment expense**	**Total Impairment expense** (1)
Bakken CGU	$ 632,000	$ 45,900	$ 357,600	$ 403,500
Cardium CGU	606,500	21,900	341,000	362,900
Other Alberta CGU	116,500	4,200	9,900	14,100
Corporate & other assets (2)	—	—	9,300	9,300
Total	**$ 1,355,000**	**$ 72,000**	**$ 717,800**	**$ 789,800**

(1) Impairment expense does not include $23.7 million of impairment booked on transfer of assets from E&E to PP&E for a total impairment expense of $813.5 million for the six months ended June 30, 2016.

(2) Expense of $9.3 million includes an impairment on other assets of $3.3 million and an impairment of $6.0 million relating to the Company's corporate assets consisting of oil and gas equipment.

The successful implementation of the CBCA Plan could result in a higher estimated recoverable amount as the Company would not be required to dispose of the assets in a depressed commodity price environment. However, if the CBCA Plan is not implemented and the Initial Consenting Noteholders do not proceed with the Secured Credit Bid, there is no assurance that the Company will be able to obtain a similar offer for the assets which may indicate a lower recoverable amount.

Note 9 – Secured Termed Credit Facility

The Company has a first priority secured termed credit facility ("Credit Facility") which provides for a borrowing base at June 30, 2016 in the amount of $250 million (December 31, 2015 - $550 million), maturing on June 2, 2017, subject to further extension. The lending amount available under the Credit Facility is subject to semi-annual borrowing base re-determinations on October 31 and April 30 of each year. During the term of the Credit Facility, the Company will not pay cash dividends without the unanimous consent of the lenders.

On April 29, 2016, the Company's Credit Facility semi-annual borrowing base re-determination was completed resulting in a reduction of the borrowing base from $550 million to $250 million. As of the date of this report, the Company has $371 million outstanding under the Credit Facility including issued letters of credit. As a result, the Company no longer has available borrowing capacity under the Credit Facility.

As a result of the Company's failure to make the June 15 semi-annual interest payment on its Secured Notes by July 15, 2016, the Company triggered a cross-default under the Credit Agreement. In anticipation of this, on July 12, 2016, the Company entered into a forbearance agreement with the lenders under the Credit Facility. Pursuant to the forbearance agreement, as amended, the lenders agreed to forbear from exercising their enforcement rights and remedies arising on account of existing defaults under the Credit Facility until August 5, 2016, including in respect of the Company's hedging liabilities. The Company has requested and anticipates receiving an extension to the forbearance relief period to August 12, 2016, however there is no assurance the company will obtain this extension. Subject to its obtaining the forbearance extension and satisfactory commitments to provide the new revolving credit facility, the Company anticipates entering into a second forbearance agreement with the lenders prior to August 12, 2016 to extend the forbearance through the anticipated completion of the CBCA Plan and implementation of a new revolving credit facility.

The Credit Facility has a single financial covenant that limits the ratio of facility borrowing to trailing twelve months earnings before interest, taxes and other non-cash items ("Adjusted EBITDA") to:

January 1, 2015 - September 30, 2015 - 3.0x
October 1, 2015 - June 30, 2016 - 3.75x
July 1, 2016 - December 31, 2016 - 4.25x
January 1, 2017 - June 2, 2017 - 4.0x

The Company is in compliance with the financial covenant on the Credit Facility at June 30, 2016.
Refer to Note 1 and Note 17 for details.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

The following table summarizes the balance of the Credit Facility:

As at,	June 30, 2016	December 31, 2015
Current portion of secured termed credit facility	$ 121,000	$ —
Long-term portion of secured termed credit facility	238,000	344,188
Secured termed credit facility outstanding	359,000	344,188
Deferred financing costs	(3,571)	(3,356)
Secured termed credit facility	$ 355,429	$ 340,832
Cash and cash equivalents	$ 31,235	$ —

The Company had letters of credit issued to third parties totaling $11.9 million (December 31, 2015 - $11.1 million), which reduce the borrowing capacity under the Credit Facility.

The Company had cash on hand of $31.2 million at June 30, 2016 and expects to be able to continue with base operations during the forbearance period.

Note 10 – Secured Notes

The Company had US$650 million of Second Lien Notes ("Secured Notes") outstanding at June 30, 2016 (December 31, 2015 - US$650 million).

The Secured Notes include the following terms:

Interest is payable semi-annually on June 15 and December 15, at an annual rate of 9.875%. The Secured Notes are secured by second priority liens on all of the Company's assets and are subordinate to indebtedness under the Credit Facility.

The Secured Notes mature on June 15, 2019. Subject to certain exceptions, Lightstream has the option to redeem the Secured Notes beginning on June 15, 2016 at the following redemption prices (expressed as a percentage of the principal amount plus accrued and unpaid interest):

June 15, 2016 - June 14, 2017 - 107.410%

June 15, 2017 - June 14, 2018 - 104.940%

June 15, 2018 and thereafter - 100%

On June 14, 2016, the Company announced that it had elected to defer the US$32.1 million semi-annual interest payment due June 15, 2016. As a result of the Company's failure to make the June 15 semi-annual interest payment on its Secured Notes by July 15, 2016, the Company triggered defaults under the Secured Notes indenture. In anticipation of this, on July 13, 2016, the Company obtained a preliminary interim order from the Court of Queen's Bench of Alberta initiating the proceedings under the CBCA Plan. The preliminary interim order includes a stay prohibiting any person, including the Secured Noteholders, from terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any contract or agreement to which the Company is a party. The stay is effective until August 12, 2016 and the Company intends to seek a further stay prior to August 12, 2016 to complete the CBCA Plan.

The deferred interest payment of $US32.1 million (approximately CAD $41.7 million) is included in accounts payable and accrued liabilities at June 30, 2016.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

The Company has certain restrictive financial covenants on its Secured Notes. There are no maintenance financial covenants on these notes. Refer to Note 1 and Note 17 for details. Changes to Secured Notes were as follows:

As at,	June 30, 2016	December 31, 2015
Secured Notes, beginning of period	$ 899,600	$ —
Issuance of senior secured notes [1]	—	823,513
Changes in exchange rate	(54,015)	76,087
Secured Notes, end of period	$ 845,585	$ 899,600

(1) 2015 includes issuance of $255,297 for cash proceeds and $568,216 in exchange for Unsecured Notes, excluding transaction costs, which were cancelled.

Note 11 - Convertible Debentures

On February 8, 2016, US$4.5 million of convertible debentures matured and were settled in cash. At June 30, 2016 no convertible debentures were outstanding (December 31, 2015 - US$4.5 million).

Note 12 – Senior Unsecured Notes

The Company had US$254 million of Senior Unsecured Notes ("Unsecured Notes") outstanding at June 30, 2016 (December 31, 2015 - US$254 million). The Unsecured Notes bear interest at a rate of 8.625% per annum payable semi-annually on August 1 and February 1, and mature on February 1, 2020. The Unsecured Notes are subordinate to indebtedness under Lightstream's Credit Facility and Secured Notes.

The Company elected not to make the interest payment on the Unsecured Notes on August 2, 2016.

As a result of the Company's failure to make the June 15 semi-annual interest payment on its Secured Notes by July 15, 2016, the Company triggered a cross-default under the Unsecured Notes indenture. In anticipation of this, on July 13, 2016, the Company obtained a preliminary interim order from the Court of Queen's Bench of Alberta initiating the proceedings under the CBCA Plan. The preliminary interim order includes a stay prohibiting any person, including the Unsecured Noteholders, from terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any contract or agreement to which the Company is a party. The stay is effective until August 12, 2016 and the Company intends to seek a further stay prior to August 12, 2016 to complete the CBCA Plan.

The Company has certain restrictive financial covenants on its Unsecured Notes. There are no maintenance financial covenants on these notes. Refer to Note 1 and Note 17 for details.

The following table summarizes the Unsecured Notes:

As at,	June 30, 2016	December 31, 2015
Unsecured Notes, beginning of period	$ 345,565	$ 909,402
Repurchase of unsecured notes, inclusive of costs [1]	—	(575,120)
Gain on repurchase	—	(102,791)
Accretion	587	2,174
Changes in exchange rate	(20,762)	111,900
Unsecured Notes, end of period	$ 325,390	$ 345,565

(1) Repurchase inclusive of $6.9 million of transaction costs.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Note 13 – Onerous Contracts

Onerous contracts of the Company are as follows:

As at,	June 30, 2016	December 31, 2015
Current portion of onerous contracts	$ 4,370	$ —
Long-term portion of onerous contracts	10,752	—
Total onerous contracts	$ 15,122	$ —

Lease commitments

An onerous contract provision of $9.8 million has been recognized to account for vacant property that the Company is leasing. The onerous contract was calculated using present value of the future net lease commitments at a risk adjusted discount rate of 12% over the next six years.

Marketing commitments

An onerous contract provision of $5.3 million has been recognized to account for the Company's Marketing pipeline commitments, which require the Company to meet committed volumes under the agreement. Based on current industry conditions, the Company anticipates that it will not be able to meet all the volume requirements under the agreement which ends in July 2019. The onerous contract was calculated using present value of the future commitment payments, based on the volume shortfall, discounted using a risk adjusted rate of 12% .

Note 14 – Decommissioning Liabilities

The total future decommissioning liabilities were estimated by management based on the Company's net ownership interest in all wells, gathering lines and facilities, estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred.

Changes to decommissioning liabilities were as follows:

	June 30, 2016	December 31, 2015
Balance, beginning of period	$ 220,306	$ 198,387
Change in estimate	25,528	17,130
Obligations incurred	78	1,855
Obligations acquired	—	—
Obligations disposed	(407)	(68)
Obligations settled	(395)	(2,077)
Accretion	2,240	5,079
Balance, end of period	$ 247,350	$ 220,306

The decommissioning liabilities have been calculated using an inflation rate of 2.0% and discounted using a risk free rate of 1.75% per annum (December 31, 2015 – inflation rate of 2.0% and risk free rate of 2.25%). Most of these obligations are not expected to be paid for several years extending up to 45 years in the future and are expected to be funded from the general resources of the Company at the settlement date. The change in estimate relates entirely to changes in the risk free rate.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Note 15 – Shareholders' Capital

Authorized

The authorized share capital of Lightstream consists of an unlimited number of common shares without nominal or par value.

Shareholders' Capital

	June 30, 2016		December 31, 2015	
Share Continuity (thousands of shares)	Number	Amount	Number	Amount
Balance, beginning of period	198,322	$ 2,368,272	197,304	$ 2,358,361
Exercise of stock options, incentive shares and deferred common shares	323	16	1,018	51
Share-based settlement on exercises	—	3,025	—	9,860
Balance, end of period	198,645	$ 2,371,313	198,322	$ 2,368,272

Contributed Surplus

Changes in Contributed Surplus		**Amount**
Balance at January 1, 2015	$	164,619
Share-based compensation		6,146
Share-based settlement		(9,860)
Balance at December 31, 2015	$	160,905
Share-based compensation		1,912
Share-based settlement on exercises		(3,025)
Balance at June 30, 2016	$	159,792

Stock Options, Incentive Shares, Deferred Common Shares

The Company estimates the fair value of granted stock options, incentive shares and deferred common shares using a Black-Scholes pricing model.

Stock Options

Options granted under the stock option plan have an exercise price that is no less than the five day weighted average trading price of the Company's common shares on the TSX prior to the date of the grant. Stock option terms are determined by the Company's Board of Directors, but typically options vest over a period of one to four years from the date of grant and expire between five and ten years from the date of the grant.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

The following is a continuity of stock options outstanding:

	June 30, 2016			December 31, 2015		
(thousands of options)	Stock Options		Weighted-Average Exercise Price	Stock Options		Weighted-Average Exercise Price
Balance, beginning of period	797	$	10.27	1,161	$	10.27
Expired	(4)		15.16	(53)		11.48
Forfeited	(177)		10.68	(311)		10.06
Balance, end of period	616	$	10.12	797	$	10.27
Exercisable	456	$	10.33	494	$	10.46

The following table summarizes information relating to the stock options outstanding at June 30, 2016:

Stock Options Outstanding

Range of exercise prices	Number (thousands of options)	Weighted - Average Remaining Contractual Life (Years)		Weighted-Average Exercise Price
$3.94 - $8.15	210	1.4	$	7.54
$8.16 - $11.58	244	1.2		10.49
$11.59 - $14.03	162	0.6		12.91
	616	1.1	$	10.12

Incentive Shares

Incentive shares have an exercise price of $0.05 per share with terms that are determined by the Company's Board of Directors. Typically the shares vest over a period of one to four years from the date of grant and expire between five and ten years from the date of the grant.

The following is a continuity of incentive shares outstanding:

(thousands of shares)	June 30, 2016	December 31, 2015
Balance, beginning of period	8,650	4,225
Granted	15	6,156
Exercised	(284)	(913)
Forfeited	(441)	(784)
Expired	(8)	(34)
Balance, end of period	7,932	8,650
Exercisable [(1)]	1,215	1,366

(1) Incentive shares vested and exercisable into common shares at $0.05 per share.

Deferred Common Shares

Deferred common shares have an exercise price of $0.05 per share with terms that are determined by the Company's Board of Directors. Typically the shares vest over a period of one to four years from the date of grant and expire between five and ten years from the date of the grant.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

The following is a continuity of deferred common shares outstanding:

(thousands of shares)	June 30, 2016	December 31, 2015
Balance, beginning of period	560	665
Exercised	(38)	(105)
Balance, end of period	522	560
Exercisable [(1)]	308	172

(1) Deferred Common Shares vested and exercisable into common shares at $0.05 per share.

Note 16 – Earnings per Share

The following table summarizes the basic and diluted weighted average number of common shares used in calculating earnings per share:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Weighted average common shares outstanding, basic and diluted [(1)]	198,581	197,470	198,501	197,406
Net income (loss) and comprehensive income (loss)	$ (709,469)	$ (51,533)	$ (691,056)	$ (178,274)
Basic earnings (loss) per share	$ (3.57)	$ (0.26)	$ (3.48)	$ (0.90)
Diluted earnings (loss) per share	$ (3.57)	$ (0.26)	$ (3.48)	$ (0.90)

(1) Thousands of shares.

In determining the weighted average number of common shares outstanding on a diluted basis for the three months and six months ended June 30, 2016, 0.6 million stock options, 7.9 million incentive shares and 0.5 million deferred common shares were excluded because the effect would be anti-dilutive (2015 - 4.2 million incentive shares and 0.6 million deferred common shares).

Note 17 – Capital Management

The Company's capital structure includes common shares, credit facility outstanding, secured notes, senior unsecured notes and working capital deficit. The Company's policy has been to provide flexibility for the future development of the business. In order to maintain or adjust the capital structure, from time to time and subject to applicable restrictions in its debt agreements, the Company may issue/repurchase common shares, issue/ repurchase debt or other securities, sell assets or adjust capital spending or dividend payments to manage current and projected debt levels. The Company assesses its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

As at,		June 30, 2016		December 31, 2015
Working capital deficit[1]	$	40,079	$	26,619
Secured termed credit facility – principal		359,000		344,188
Secured notes - principal amount (US$)		650,000		650,000
Convertible debentures – principal amount (US$)		—		4,500
Senior unsecured notes – principal amount (US$)		253,946		253,946
Shareholders' capital		2,371,313		2,368,272
Secured termed credit facility – lending limit	$	250,000	$	550,000
Available credit capacity [2]	$	—	$	194,739

(1) Working capital deficit is calculated as accounts payable and accrued liabilities less cash and cash equivalents, accounts receivable and prepaid expenses.
(2) Available credit capacity reduced by $11.9 million (December 31, 2015 - $11.1 million) to reflect issued letters of credit. At June 30, 2016, the Company had no available capacity as the lending limit was reduced to an amount lower than the net draw on the Credit Facility.

On April 29, 2016, the Company's Credit Facility was reduced from $550 million to $250 million (Note 9). As at June 30, 2016, the Company had $371 million drawn on the Credit Facility. In light of this change and the resulting lack of liquidity, the Company is pursuing the Recapitalization aimed at reducing the Company's overall debt. Refer to Note 1 for details.

The following table shows the effect of the CBCA Plan on the Company's capital structure as at June 30, 2016:

As at,		**June 30, 2016**		**Pro Forma June 30, 2016**
Total long-term debt [1]	**$**	**1,529,975**	**$**	**359,000**
Shareholder's equity		**(232,475)**		**977,137**
Total Capitalization	**$**	**1,297,500**	**$**	**1,336,137**
Long-term debt to equity		**Not measurable**		**37%**
Long-term debt as a percentage of capitalization		**118 %**		**27%**

(1) Long-term debt is stated at its carrying amount and consists of current and long-term secured termed credit facility, secured notes and senior unsecured notes.

A completed Recapitalization would result in the Company significantly reducing long-term debt and restructuring its overall capitalization.

The Company uses a ratio of debt to trailing twelve month Adjusted EBITDA and the amount of available credit facility capacity to monitor leverage and the strength of the balance sheet. In order to facilitate the management of these measures, the Company prepares budgets, which are updated as necessary depending on varying factors, including current and forecast commodity prices, changes in capital structure, execution of the Company's business plan and general industry conditions. The budget is approved by the Lightstream Board of Directors and updates are prepared and reviewed as required.

At June 30, 2016, the Company was in compliance with the financial covenant on the Credit Facility. The Credit Facility had one financial covenant that limited the ratio of first lien debt (meaning total amounts outstanding under the Credit Facility) to Adjusted EBITDA on a trailing twelve month basis to 3.75:1, and at June 30, 2016 that ratio was 1.82:1.

The Company has certain restrictive financial covenants on the Secured Notes and Unsecured Notes which limit the Company's ability to incur additional debt, pay dividends, and repurchase stock, among other restrictions. In anticipation of triggering events of default under the Company's Secured Notes indenture and the Unsecured Notes indenture, and in connection with the Recapitalization, the Company received a preliminary interim order from the Court of Queen's Bench of Alberta containing a stay prohibiting any person, including the Secured Noteholders and the Unsecured Noteholders from terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any contract or other agreement to which the Company is a party.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Note 18 – Financial Instruments and Financial Risk Management

The Company uses derivative instruments to reduce its exposure to fluctuations in commodity prices and foreign exchange rates.

Foreign Exchange Contracts

Lightstream, from time to time, enters into short-term foreign exchange contracts for its U.S. denominated interest payments and other routine transactions. There were no foreign exchange contracts in place as at June 30, 2016.

Commodity Contracts

The Company uses derivative instruments to reduce its exposure to fluctuations in commodity prices. The following is a summary of crude oil derivative contracts in place as at June 30, 2016:

Crude Oil Price Risk Management Contracts – WTI

Remaining Term	Volume (bopd)	Average Price ($/bbl)[1]	Type
Jul. 2016 - Dec. 2016	1,250	US$49.40	Fixed Price Swap

(1) Prices are the volume weighted average prices for the period.

The following is a summary of crude oil differential derivative contracts in place as at June 30, 2016:

Crude Oil Differential Derivative Contracts – Edmonton SW

Remaining Term	Volume (bopd)	Average Differential ($/bbl)[1]	Type
Jul. 2016 - Dec. 2016	3,000	US$3.78	Fixed Price Swap

(1) Prices are the volume weighted average prices for the period.

The following is a summary of natural gas derivative contracts in place as at June 30, 2016:

Remaining Term	Volume (GJ/d)	Average Price ($/GJ)[1]	Type
Jul. 2016 - Dec. 2016	5,000	$2.91	Fixed Price Swap

(1) Prices are the volume weighted average prices for the period.

The following is a summary of the fair value of risk management contracts in place at June 30, 2016 and December 31, 2015:

As at,	**June 30, 2016**			December 31, 2015		
	Asset	Liability	Net	Asset	Liability	Net
Crude oil	$ 73	$ (452)	$ (379)	$ 8,666	$ —	$ 8,666
Natural gas	444	—	444	859	—	859
Foreign exchange	—	—	—	207	—	207
Total	$ 517	$ (452)	$ 65	$ 9,732	$ —	$ 9,732

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Fair Value of Financial Derivative Contracts

The unrealized gain/loss represents the fair value of the underlying risk management contracts to be settled in the future. The realized gain/loss represents the risk management contracts settled during the period.

The table below summarizes the components of gain (loss) on risk management contracts:

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Realized gain (loss) on risk management contracts:				
Crude oil derivative contracts	$ 1,421	$ 19,457	$ 6,787	$ 47,810
Natural gas derivative contracts	625	12	1,137	12
Foreign exchange contracts	(752)	(2)	(366)	1,487
	1,294	19,467	7,558	49,309
Unrealized gain (loss) on risk management contracts:				
Crude oil derivative contracts	(5,257)	(37,074)	(9,045)	(45,576)
Natural gas derivative contracts	(1,258)	62	(415)	62
Foreign exchange contracts	514	262	(207)	295
	(6,001)	(36,750)	(9,667)	(45,219)
(Loss) gain on risk management contracts	$ (4,707)	$ (17,283)	$ (2,109)	$ 4,090

Fair value of Financial Instruments

The Company's financial instruments include cash and cash equivalents, accounts receivable, long-term investments, accounts payable and accrued liabilities, risk management assets and liabilities, secured termed credit facility, secured notes, convertible debentures, and senior unsecured notes on the consolidated balance sheet.

The Company classifies the fair value of these financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment, estimates, and assumptions and may affect the placement within the fair value hierarchy level. Actual results may differ from these estimates.

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities, their carrying value approximates their fair value. The credit facility bears interest at a floating rate and accordingly the fair value approximates the carrying value excluding deferred financing costs.

The carrying value and fair value of these financial instruments at June 30, 2016 is disclosed below by financial instrument classification:

	June 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	$ 31,235	$ 31,235	$ —	$ —
Accounts receivable	39,451	39,451	53,858	53,858
Long-term investments (1)	446	446	344	344
Risk management asset(2)	517	517	9,732	9,732
Financial Liabilities				
Accounts payable and accrued liabilities	116,976	116,976	86,040	86,040
Secured termed credit facility	355,429	359,000	340,832	344,188
Secured notes (2)	845,585	467,186	899,600	562,250
Convertible debentures(2)	—	—	6,164	4,982
Senior unsecured notes(2)	325,390	23,539	345,565	91,383
Risk management liabilities(2)	$ 452	$ 452	$ —	$ —

(1) Level 1
(2) Level 2

Note 19 – Changes in Non-Cash Working Capital

	Three months ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Change in:				
Accounts receivable	$ (3,435)	$ 6,467	$ 14,407	$ 22,960
Prepaid expenses	(3,557)	(1,718)	(648)	(1,289)
Accounts payable and accrued liabilities	29,308	(39,421)	30,936	(122,582)
Other	(307)	(562)	(614)	(1,055)
	$ 22,009	$ (35,234)	$ 44,081	$ (101,966)
Changes relating to:				
Attributable to operating activities	$ 22,849	$ 5,280	$ 46,599	$ (7,448)
Attributable to investing activities	$ (820)	$ (40,461)	$ (2,471)	$ (90,851)
Attributable to financing activities	$ (20)	$ (53)	$ (47)	$ (3,667)

(Unaudited, all tabular amounts are expressed in thousands of Canadian dollars unless otherwise noted)

Note 20 – Commitments and Contingencies

The following is a summary of the estimated costs required to fulfill the Company's remaining contractual commitments at June 30, 2016:

Type of commitment	1 Year	2-3 Years	4-5 Years	Thereafter	Total
Office leases [1]	$ 3,800	$ 11,489	$ 3,863	$ —	**$ 19,152**
Marketing commitments	6,055	9,913	850	3,238	**20,056**
Total [2]	**$ 9,855**	**$ 21,402**	**$ 4,713**	**$ 3,238**	**$ 39,208**

(1) Includes sublease recoveries of $0.2 million (1 Year).
(2) Commitments do not include onerous contracts reflected in Note 13.

Note 21 - Subsequent Events

On July 12, 2016, the Company announced the Recapitalization plan aimed at reducing the Company's debt and annual interest and providing additional liquidity to fund ongoing operations. Refer to Note 1.

On August 2, 2016, the Company elected not to make the interest payment on the Unsecured Notes. Refer to Note 12 for details.

CORPORATE INFORMATION

DIRECTORS

Ian Brown (1)(4)
Calgary, Alberta

Martin Hislop (1)(3)
Calgary, Alberta

Kenneth McKinnon (1)(3)(4)(5)
Calgary, Alberta

Corey C. Ruttan (1)(2)(4)
Calgary, Alberta

W. Brett Wilson (2)(3)
Calgary, Alberta

John D. Wright (2)
Calgary, Alberta

(1) Member of the Audit Committee
(2) Member of the Reserves Committee
(3) Member of the Compensation Committee
(4) Member of the Governance and Nominating Committee
(5) Chairman of the Board of Directors

REGISTRAR AND TRANSFER AGENT

Computershare
600, 530 – 8th Avenue SW
Calgary, Alberta T2P 3S8
TEL: 1 (800) 564-6253
FAX: 1 (888) 453-0330

LEGAL COUNSEL

McCarthy Tétrault LLP
Calgary, Alberta, Canada

BANKERS

The Toronto-Dominion Bank
Calgary, Alberta, Canada

AUDITORS

Deloitte LLP
Calgary, Alberta, Canada

RESERVE ENGINEERS

Sproule Associates Limited
Calgary, Alberta, Canada

EXCHANGE LISTING

The Toronto Stock Exchange
SYMBOL: LTS

OFFICERS

Annie Belecki
General Counsel

Mary Bulmer
Vice President, Corporate Services

Lawrence Fisher
Vice President, Land

Peter Hawkes
Vice President, Geosciences

Rene LaPrade
Senior Vice President and
Chief Operating Officer

Brad Malley
Vice President, Development Services

Doreen Scheidt
Vice President and Controller

Peter D. Scott
Senior Vice President and Chief Financial Officer

John D. Wright
President and Chief Executive Officer

HEAD OFFICE

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

TEL: (403) 268-7800
FAX: (403) 218-6075
WEBSITE: http://www.lightstreamresources.com
EMAIL: ir@lightstreamres.com

SECURITIES FILINGS

www.sedar.com

Information requests and other investor relations inquiries can be directed to ir@lightstreamres.com or by telephone at (403) 268-7800. Additional corporate information can be obtained through Lightstream's website at
http://www.lightstreamresources.com