

LIGHTSTREAM RESOURCES LTD.

DEMAND DEBENTURE

Collateral Agent and Address: COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as Collateral Agent (the “**Collateral Agent**”),
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

Date: July 2, 2015

PREAMBLE:

- A. Pursuant to an indenture dated as of July 2, 2015 (the “**Indenture**”) between Lightstream Resources Ltd., as issuer (the “**Issuer**”), each of 1863359 Alberta Ltd., 1863360 Alberta Ltd., Bakken Resources Partnership and LTS Resources Partnership, as guarantors (collectively the “**Subsidiary Guarantors**”), U.S. Bank National Association, as trustee (the “**Trustee**”), Computershare Trust Company of Canada, as Canadian trustee (the “**Canadian Trustee**”), and the Collateral Agent, the Issuer has concurrently herewith agreed to issue up to US\$595,250,000 aggregate principal amount of 9.875% senior secured notes due 2019 (the “**Initial Notes**”) and, if and when issued, up to US\$54,750,000 aggregate principal amount of additional senior secured notes (the “**Additional Notes**”) and collectively with the Initial Notes, the “**Notes**”), upon the terms and subject to the conditions set forth in the Indenture.
- B. Pursuant to a note purchase and exchange agreement dated as of July 2, 2015 (the “**Exchange Agreement**”), between, among others, the Issuer and the purchasers party thereto (the “**Purchasers**”), the Issuer has agreed to issue and sell to each Purchaser, and each Purchaser has agreed to purchase, the Initial Notes.
- C. In order to induce the holders of the Notes (the “**Holders**”) to subscribe for Notes under the Indenture and to secure the payment and performance of the Principal Sum (as hereinafter defined), the Issuer (the “**Debtor**”) has agreed to grant to the Collateral Agent, for its own benefit and on behalf of the Trustee, the Canadian Trustee and the Holders (collectively, the “**Secured Parties**”), a Security Interest (as hereinafter defined) over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. The Collateral Agent has agreed to act on behalf of the U.S. Trustee, the Canadian Trustee and the Holders with regard to this Debenture.
- E. The Secured Parties have agreed to share the Security, including, without limitation, this Debenture, in accordance with the Indenture.

- F. In this Debenture, capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Indenture. In addition, for purposes hereof, the term "**Secured Obligations**" means, collectively, all Obligations of the Debtor and all obligations, liabilities and indebtedness of the Debtor resulting from or in connection with the Indenture Documents (as defined below).

**ARTICLE 1
PROMISE TO PAY**

- 1.1 The Debtor, a body corporate formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay **ON DEMAND** to or to the order of the Collateral Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Collateral Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the rate set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

**ARTICLE 2
PRINCIPAL SUM**

- 2.1 The "**Principal Sum**" is Canadian \$2,000,000,000.

**ARTICLE 3
INTEREST RATE**

- 3.1 The "**Interest Rate**" is a nominal interest rate equal to 21% per annum.

**ARTICLE 4
SECURITY**

- 4.1 As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby mortgages and charges to and in favour of the Collateral Agent for and on behalf of the Secured Parties, as and by way of a floating charge, all of the Debtor's present and after-acquired real property and grants to and in favour of the Collateral Agent for and on behalf of the Secured Parties a second priority security interest in and to all of the Debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof. In this Debenture, the mortgages, charges and security interests hereby constituted are called the "**Security Interest**" and the subject matter of the Security Interest is called the "**Collateral**".

- 4.2 Until the Security Interest becomes enforceable, the Debtor, subject to the terms of the Indenture, the Notes, the Security Documents and any other documents, instruments and agreements entered into by the Debtor pursuant thereto or in connection therewith from time to time (collectively, the “**Indenture Documents**”), may dispose of or deal with the Collateral, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition, the Collateral Agent will, at the written request of the Debtor, which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.
- 4.3 Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Collateral Agent may, at any time after the occurrence of an Event of Default that is continuing or to the extent expressly provided for in any of the Indenture Documents, but, in either case, subject to the Intercreditor Agreement, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other office maintained for the purposes of registering fixed and specific mortgages and charges, security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Collateral Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Collateral Agent except to the extent otherwise permitted under the Indenture Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Collateral Agent to give effect to the foregoing.
- 4.4 The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Collateral Agent to any Person acquiring such term.
- 4.5 The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Collateral Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6 The Collateral Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.
- 4.7 The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property right, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of

the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Collateral Agent to the extent permitted by law and will assign such Contractual Rights to the Collateral Agent forthwith upon obtaining the consent of the other party or parties thereto.

- 4.8 Notwithstanding the provisions of this Debenture, (a) the Debtor shall remain liable to perform all of its duties and obligations in regards to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (b) the exercise by the Collateral Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (c) the Collateral Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9 The Collateral Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Indenture Documents.
- 4.10 To the extent permitted by applicable law, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.
- 4.11 The Debtor agrees and acknowledges that, subject to the provisions of the Intercreditor Agreement, the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Indenture, among the Secured Parties and this Debenture is being held by the Collateral Agent, for its own benefit and on behalf of the Secured Parties.

ARTICLE 5 ENFORCEMENT

- 5.1 Subject to Section 5.2 hereof and the terms of the Intercreditor Agreement and the other Indenture Documents, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will be entitled to exercise any of the remedies specified below:
- (a) **Receiver.** The Collateral Agent may appoint by instrument in writing one or more receivers, managers or receiver-manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (each a “**Receiver**”). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at law the rights and powers set out in clauses (b).

through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Collateral Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Collateral Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Collateral Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.

- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable law. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:
 - (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
 - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
 - (iii) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and

- (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Indenture Documents).
- (e) **Carry on Business.** The Collateral Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Collateral Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (g) **Collateral Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Collateral Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable law, the Collateral Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Collateral Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Collateral Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the purpose of reserving any rights, remedies and powers of the Collateral Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Collateral Agent takes possession of any Collateral, neither the Collateral Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.
- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Collateral Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Collateral Agent may see fit, all without prejudice to the liability of the Debtor to the Collateral Agent or the Collateral Agent's rights, remedies and powers under this Debenture or under any other Indenture Documents.

- (k) **Validity of Sale.** No Person dealing with the Collateral Agent or any Receiver, or with any officer, employee, agent or solicitor of the Collateral Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Collateral Agent or the Receiver has become exercisable, whether the Principal Sum remaining outstanding or otherwise as to the proprietary or regularity of any dealing by the Collateral Agent or the Receiver with any Collateral or to see to the application of any money paid to the Collateral Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Collateral Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Collateral Agent or the Receiver.
- (m) **Time for Payment.** If the Collateral Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing or if the Principal Sum is otherwise due by maturity or acceleration, it will be deemed reasonable for the Collateral Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law is hereby irrevocably waived to the extent permitted by applicable law.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Collateral Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Parties or the Collateral Agent or on its behalf will in any way preclude any Secured Parties or the Collateral Agent from exercising any such right or constitute a suspension or any variation of any such right.
- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Collateral Agent or any Secured Party may have under this Debenture, at law, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Collateral Agent may proceed by way of any action, suit or other proceeding at law and no right, remedy or power of the Collateral Agent or any Secured Party will be exclusive of or dependent on any

other. The Collateral Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.

- 5.2 The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Collateral Agent or a Receiver will, subject to the provisions of the Intercreditor Agreement, be applied as follows: first, to the payment in full of all reasonable fees of the Collateral Agent and all reasonable out-of-pocket costs, fees and expenses (including, without limitation, reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the Collateral Agent and any Receiver or other enforcement agent appointed by the Collateral Agent or a court of competent jurisdiction, as the case may be, in connection with the collection or enforcement of the Principal Sum owed to the Secured Parties, the enforcement of the Security Interest or the preservation of the Collateral; second, in payment to the Collateral Agent of the Principal Sum and other amounts payable hereunder; and third, the balance, if any, will be paid, subject to applicable law, to the Debtor.
- 5.3 If the Collateral Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will, subject to the provisions of the Intercreditor Agreement, upon request from the Collateral Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Collateral Agent or any such Receiver.
- 5.4 If the Debtor pays to the Collateral Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Collateral Agent on or in relation to the repayment thereof, then the Collateral Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor (to the extent the Collateral has been assigned or conveyed to the Collateral Agent, if at all) and release the Security Interest.

ARTICLE 6 WAIVER

- 6.1 The Debtor hereby covenants and agrees with the Collateral Agent and the Secured Parties that:
- (a) the *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Indenture Documents; and
 - (b) the *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
 - (i) the Indenture Documents;
 - (ii) any Lien for the payment of money made, given created or contemplated by the Indenture Documents;

- (iii) any agreement or instrument renewing or extending or collateral to the Indenture Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
- (iv) the rights, powers or remedies of the parties under the Indenture Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

ARTICLE 7 REPRESENTATIONS

- 7.1 The Debtor represents and warrants to the Collateral Agent and each of the Secured Parties that, as at the date hereof, the address of the Debtor's chief executive office is 2800, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1 and the Debtor carries on business only in the Provinces of Alberta, Saskatchewan, British Columbia, Northwest Territories and Manitoba.

ARTICLE 8 INTERCREDITOR AGREEMENT

- 8.1 Notwithstanding anything herein to the contrary, the Security Interests granted to the Collateral Agent pursuant to this Debenture and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the limitations and provisions of the Intercreditor Agreement.

ARTICLE 9 COVENANTS

- 9.1 The Debtor covenants and agrees with the Collateral Agent that:
- (a) **Further Documentation; Pledge of Instruments.** Subject to Section 4.3 hereof, at any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable law with respect to this Debenture. The Debtor also hereby authorizes the Collateral Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable law. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable law and the Debtor agrees that the Collateral Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable law, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any

reorganization, in each case in order to confer upon the Collateral Agent the security intended to be created hereby.

- (b) **Further Identification of Collateral.** The Debtor will furnish to the Collateral Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will advise the Collateral Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or has material tangible assets (other than mobile goods and inventory in transit) or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor, in each case, at least 15 days prior to the effective date of any such change.

ARTICLE 10 ATTORNEY IN FACT

- 10.1 Following the occurrence of an Event of Default that is continuing, but, subject to the provisions of the Intercreditor Agreement, the Debtor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes the Collateral Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b) hereof.

ARTICLE 11 EXPENSES

- 11.1 The Debtor agrees to pay the Collateral Agent forthwith on demand all reasonable costs, charges and expenses, including, without limitation, all reasonable legal fees (on a solicitor and his own client full indemnity basis), incurred by the Collateral Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.

**ARTICLE 12
RÉALIZATION**

- 12.1 The Collateral Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Collateral Agent, as agent for the Secured Parties, may at any time, but, subject to the provisions of the Intercreditor Agreement, exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Indenture Documents as if the Collateral Agent was the absolute owner hereof, provided that the Collateral Agent will not be bound to exercise any such right or remedy.

**ARTICLE 13
DEEMED SATISFACTION**

- 13.1 Payment in full to the Collateral Agent or the Secured Parties or any of them of all principal amounts owing in respect of the Secured Obligations (other than the Principal Sum contained in this Debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations. In addition, and for certainty, notwithstanding any other provision hereof to the contrary, the Security Interest is granted as (and solely as) continuing collateral security for the obligations, liabilities and indebtedness (present and future) of the Debtor under or pursuant to the Indenture Documents to which it is party.

**ARTICLE 14
NO LIABILITY**

- 14.1 Neither the Collateral Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Collateral Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Collateral Agent hereunder, believed by the Collateral Agent in good faith to be genuine. All moneys received by the Collateral Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law), and the Collateral Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Collateral Agent or its successors or substitutes shall do lawfully by virtue hereof.

**ARTICLE 15
PRESENTMENT**

- 15.1 The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Collateral Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 16
ENUREMENT AND ASSIGNMENT**

- 16.1 The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Indenture Documents, the Debtor will not assign this Debenture without the Collateral Agent's prior written consent.

**ARTICLE 17
GOVERNING LAW**

- 17.1 This Debenture will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Collateral Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 18
SEVERABILITY**

- 18.1 If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable law.

**ARTICLE 19
CONSENT AND WAIVER**

- 19.1 No consent or waiver by the Collateral Agent will be effective unless made in writing and signed by an authorized officer of the Collateral Agent.

**ARTICLE 20
NOTICE**

20.1 Any notice or other communication as between the Debtor and the Collateral Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

(a) in the case of the Collateral Agent or the Secured Parties to:

COMPUTERSHARE TRUST COMPANY OF CANADA, as Collateral Agent
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

(b) in the case of the Debtor, to:

LIGHTSTREAM RESOURCES LTD.
2800, 525 - 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: Senior Vice President and Chief Financial Officer
Facsimile: (403) 218-6075

The Debtor and the Collateral Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 20.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Collateral Agent may change its address and facsimile number for purposes of this Section 20.1 by written notice given in the manner provided in this Section 20.1 to the other party.

**ARTICLE 21
INCONSISTENCY**

21.1 To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Indenture or the Intercreditor Agreement, the provisions of the Indenture or the Intercreditor Agreement (as applicable) will govern to the extent necessary to eliminate such inconsistency or ambiguity.

**ARTICLE 22
RECEIPT OF COPY**

- 22.1 The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Collateral Agent to deliver to the Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

[remainder of page intentionally left blank]

THIS DEBENTURE executed at Calgary, Alberta effective the date first written above.

LIGHTSTREAM RESOURCES LTD.

Per: _____



Name:

Title:

Peter D. Scott
Senior Vice President & CFO

1863359 ALBERTA LTD.

DEMAND DEBENTURE

Collateral Agent and Address: COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as Collateral Agent (the "**Collateral Agent**"),
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager

Facsimile: 604-661-9403

Date: July 2, 2015

PREAMBLE:

- A. Pursuant to an indenture dated as of July 2, 2015 (the "**Indenture**") between Lightstream Resources Ltd., as issuer (the "**Issuer**"), each of 1863359 Alberta Ltd., 1863360 Alberta Ltd., Bakken Resources Partnership and LTS Resources Partnership, as guarantors (collectively the "**Subsidiary Guarantors**"), U.S. Bank National Association, as trustee (the "**Trustee**"), Computershare Trust Company of Canada, as Canadian trustee (the "**Canadian Trustee**"), and the Collateral Agent, the Issuer has concurrently herewith agreed to issue up to US\$595,250,000 aggregate principal amount of 9.875% senior secured notes due 2019 (the "**Initial Notes**") and, if and when issued, up to US\$54,750,000 aggregate principal amount of additional senior secured notes (the "**Additional Notes**" and collectively with the Initial Notes, the "**Notes**"), upon the terms and subject to the conditions set forth in the Indenture.
- B. Pursuant to a note purchase and exchange agreement dated as of July 2, 2015 (the "**Exchange Agreement**"), between, among others, the Issuer and the purchasers party thereto (the "**Purchasers**"), the Issuer has agreed to issue and sell to each Purchaser, and each Purchaser has agreed to purchase, the Initial Notes.
- C. In order to induce the holders of the Notes (the "**Holder**s") to subscribe for Notes under the Indenture and to secure the payment and performance of the Principal Sum (as hereinafter defined), 1863359 Alberta Ltd. (the "**Debtor**") has agreed to grant to the Collateral Agent, for its own benefit and on behalf of the Trustee, the Canadian Trustee and the Holders (collectively, the "**Secured Parties**"), a Security Interest (as hereinafter defined) over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. The Collateral Agent has agreed to act on behalf of the U.S. Trustee, the Canadian Trustee and the Holders with regard to this Debenture.
- E. The Secured Parties have agreed to share the Security, including, without limitation, this Debenture, in accordance with the Indenture.

- F. In this Debenture, capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Indenture. In addition, for purposes hereof, the term "**Secured Obligations**" means, collectively, all Obligations of the Debtor and all obligations, liabilities and indebtedness of the Debtor resulting from or in connection with the Indenture Documents (as defined below).
- G. It is in the interests of the Debtor, as a Subsidiary of the Borrower, to enter into this Debenture and to grant the Security Interest herein contemplated.

ARTICLE 1 PROMISE TO PAY

- 1.1 The Debtor, a body corporate formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay **ON DEMAND** to or to the order of the Collateral Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Collateral Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the rate set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

ARTICLE 2 PRINCIPAL SUM

- 2.1 The "**Principal Sum**" is Canadian \$2,000,000,000.

ARTICLE 3 INTEREST RATE

- 3.1 The "**Interest Rate**" is a nominal interest rate equal to 21% per annum.

ARTICLE 4 SECURITY

- 4.1 As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby mortgages and charges to and in favour of the Collateral Agent for and on behalf of the Secured Parties, as and by way of a floating charge, all of the Debtor's present and after-acquired real property and grants to and in favour of the Collateral Agent for and on behalf of the Secured Parties a second priority security interest in and to all of the Debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof. In this Debenture, the mortgages, charges and security

interests hereby constituted are called the “**Security Interest**” and the subject matter of the Security Interest is called the “**Collateral**”.

- 4.2 Until the Security Interest becomes enforceable, the Debtor, subject to the terms of the Indenture, the Notes, the Security Documents and any other documents, instruments and agreements entered into by the Debtor pursuant thereto or in connection therewith from time to time (collectively, the “**Indenture Documents**”), may dispose of or deal with the Collateral, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition, the Collateral Agent will, at the written request of the Debtor, which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.
- 4.3 Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Collateral Agent may, at any time after the occurrence of an Event of Default that is continuing or to the extent expressly provided for in any of the Indenture Documents, but, in either case, subject to the Intercreditor Agreement, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other office maintained for the purposes of registering fixed and specific mortgages and charges, security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Collateral Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Collateral Agent except to the extent otherwise permitted under the Indenture Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Collateral Agent to give effect to the foregoing.
- 4.4 The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Collateral Agent to any Person acquiring such term.
- 4.5 The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Collateral Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6 The Collateral Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.

- 4.7 The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property right, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Collateral Agent to the extent permitted by law and will assign such Contractual Rights to the Collateral Agent forthwith upon obtaining the consent of the other party or parties thereto.
- 4.8 Notwithstanding the provisions of this Debenture, (a) the Debtor shall remain liable to perform all of its duties and obligations in regards to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (b) the exercise by the Collateral Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (c) the Collateral Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9 The Collateral Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Indenture Documents.
- 4.10 To the extent permitted by applicable law, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.
- 4.11 The Debtor agrees and acknowledges that, subject to the provisions of the Intercreditor Agreement, the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Indenture, among the Secured Parties and this Debenture is being held by the Collateral Agent, for its own benefit and on behalf of the Secured Parties.

ARTICLE 5 ENFORCEMENT

5.1 Subject to Section 5.2 hereof and the terms of the Intercreditor Agreement and the other Indenture Documents, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will be entitled to exercise any of the remedies specified below:

- (a) **Receiver.** The Collateral Agent may appoint by instrument in writing one or more receivers, managers or receiver-manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (each a “**Receiver**”). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at law the rights and powers set out in clauses (b) through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Collateral Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Collateral Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Collateral Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable law. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such

manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
 - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
 - (iii) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
 - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Indenture Documents).
- (e) **Carry on Business.** The Collateral Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Collateral Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (g) **Collateral Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Collateral Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable law, the Collateral Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Collateral Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Collateral Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the

purpose of reserving any rights, remedies and powers of the Collateral Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Collateral Agent takes possession of any Collateral, neither the Collateral Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Collateral Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Collateral Agent may see fit, all without prejudice to the liability of the Debtor to the Collateral Agent or the Collateral Agent's rights, remedies and powers under this Debenture or under any other Indenture Documents.
- (k) **Validity of Sale.** No Person dealing with the Collateral Agent or any Receiver, or with any officer, employee, agent or solicitor of the Collateral Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Collateral Agent or the Receiver has become exercisable, whether the Principal Sum remaining outstanding or otherwise as to the proprietary or regularity of any dealing by the Collateral Agent or the Receiver with any Collateral or to see to the application of any money paid to the Collateral Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Collateral Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Collateral Agent or the Receiver.
- (m) **Time for Payment.** If the Collateral Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing or if the Principal Sum is otherwise due by maturity or acceleration, it will be deemed reasonable for the Collateral Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law is hereby irrevocably waived to the extent permitted by applicable law.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Collateral Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation

of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Parties or the Collateral Agent or on its behalf will in any way preclude any Secured Parties or the Collateral Agent from exercising any such right or constitute a suspension or any variation of any such right.

- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Collateral Agent or any Secured Party may have under this Debenture, at law, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Collateral Agent may proceed by way of any action, suit or other proceeding at law and no right, remedy or power of the Collateral Agent or any Secured Party will be exclusive of or dependent on any other. The Collateral Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.
- 5.2 The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Collateral Agent or a Receiver will, subject to the provisions of the Intercreditor Agreement, be applied as follows: first, to the payment in full of all reasonable fees of the Collateral Agent and all reasonable out-of-pocket costs, fees and expenses (including, without limitation, reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the Collateral Agent and any Receiver or other enforcement agent appointed by the Collateral Agent or a court of competent jurisdiction, as the case may be, in connection with the collection or enforcement of the Principal Sum owed to the Secured Parties, the enforcement of the Security Interest or the preservation of the Collateral; second, in payment to the Collateral Agent of the Principal Sum and other amounts payable hereunder; and third, the balance, if any, will be paid, subject to applicable law, to the Debtor.
- 5.3 If the Collateral Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will, subject to the provisions of the Intercreditor Agreement, upon request from the Collateral Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Collateral Agent or any such Receiver.
- 5.4 If the Debtor pays to the Collateral Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Collateral Agent on or in relation to the repayment thereof, then the Collateral Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor (to the extent the Collateral has been assigned or conveyed to the Collateral Agent, if at all) and release the Security Interest.

ARTICLE 6 WAIVER

- 6.1 The Debtor hereby covenants and agrees with the Collateral Agent and the Secured Parties that:
- (a) the *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Indenture Documents; and
 - (b) the *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
 - (i) the Indenture Documents;
 - (ii) any Lien for the payment of money made, given created or contemplated by the Indenture Documents;
 - (iii) any agreement or instrument renewing or extending or collateral to the Indenture Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
 - (iv) the rights, powers or remedies of the parties under the Indenture Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

ARTICLE 7 REPRESENTATIONS

- 7.1 The Debtor represents and warrants to the Collateral Agent and each of the Secured Parties that, as at the date hereof, the address of the Debtor's chief executive office is 2800, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1 and the Debtor carries on business only in the Provinces of Alberta, British Columbia and Manitoba.

ARTICLE 8 INTERCREDITOR AGREEMENT

- 8.1 Notwithstanding anything herein to the contrary, the Security Interests granted to the Collateral Agent pursuant to this Debenture and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the limitations and provisions of the Intercreditor Agreement.

ARTICLE 9 COVENANTS

- 9.1 The Debtor covenants and agrees with the Collateral Agent that:
- (a) **Further Documentation; Pledge of Instruments.** Subject to Section 4.3 hereof, at any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly

execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable law with respect to this Debenture. The Debtor also hereby authorizes the Collateral Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable law. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable law and the Debtor agrees that the Collateral Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable law, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Collateral Agent the security intended to be created hereby.

- (b) **Further Identification of Collateral.** The Debtor will furnish to the Collateral Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will advise the Collateral Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or has material tangible assets (other than mobile goods and inventory in transit) or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor, in each case, at least 15 days prior to the effective date of any such change.

ARTICLE 10 ATTORNEY IN FACT

- 10.1 Following the occurrence of an Event of Default that is continuing, but, subject to the provisions of the Intercreditor Agreement, the Debtor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes the Collateral Agent, at any time and from time to time, to execute any endorsements,

assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b) hereof.

**ARTICLE 11
EXPENSES**

- 11.1 The Debtor agrees to pay the Collateral Agent forthwith on demand all reasonable costs, charges and expenses, including, without limitation, all reasonable legal fees (on a solicitor and his own client full indemnity basis), incurred by the Collateral Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.

**ARTICLE 12
REALIZATION**

- 12.1 The Collateral Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Collateral Agent, as agent for the Secured Parties, may at any time, but, subject to the provisions of the Intercreditor Agreement, exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Indenture Documents as if the Collateral Agent was the absolute owner hereof, provided that the Collateral Agent will not be bound to exercise any such right or remedy.

**ARTICLE 13
DEEMED SATISFACTION**

- 13.1 Payment in full to the Collateral Agent or the Secured Parties or any of them of all principal amounts owing in respect of the Secured Obligations (other than the Principal Sum contained in this Debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations. In addition, and for certainty, notwithstanding any other provision hereof to the contrary, the Security Interest is granted as (and solely as) continuing collateral security for the obligations, liabilities and indebtedness (present and future) of the Debtor under or pursuant to the Indenture Documents to which it is party.

**ARTICLE 14
NO LIABILITY**

- 14.1 Neither the Collateral Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Collateral Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Collateral Agent hereunder, believed by the Collateral Agent in good faith to be genuine. All moneys received by the Collateral Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law), and the Collateral Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Collateral Agent or its successors or substitutes shall do lawfully by virtue hereof.

**ARTICLE 15
PRESENTMENT**

- 15.1 The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Collateral Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 16
ENUREMENT AND ASSIGNMENT**

- 16.1 The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Indenture Documents, the Debtor will not assign this Debenture without the Collateral Agent's prior written consent.

**ARTICLE 17
GOVERNING LAW**

- 17.1 This Debenture will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Collateral Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 18
SEVERABILITY**

- 18.1 If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable law.

**ARTICLE 19
CONSENT AND WAIVER**

- 19.1 No consent or waiver by the Collateral Agent will be effective unless made in writing and signed by an authorized officer of the Collateral Agent.

**ARTICLE 20
NOTICE**

- 20.1 Any notice or other communication as between the Debtor and the Collateral Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

- (a) in the case of the Collateral Agent or the Secured Parties to:

COMPUTERSHARE TRUST COMPANY OF CANADA, as Collateral Agent
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

- (b) in the case of the Debtor, to:

1863359 ALBERTA LTD.
2800, 525 - 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: Senior Vice President and Chief Financial Officer
Facsimile: (403) 218-6075

The Debtor and the Collateral Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 20.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy

or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Collateral Agent may change its address and facsimile number for purposes of this Section 20.1 by written notice given in the manner provided in this Section 20.1 to the other party.

**ARTICLE 21
INCONSISTENCY**

- 21.1 To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Indenture or the Intercreditor Agreement, the provisions of the Indenture or the Intercreditor Agreement (as applicable) will govern to the extent necessary to eliminate such inconsistency or ambiguity.

**ARTICLE 22
RECEIPT OF COPY**

- 22.1 The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Collateral Agent to deliver to the Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

[remainder of page intentionally left blank]

THIS DEBENTURE executed at Calgary, Alberta effective the date first written above.

1863359 ALBERTA LTD.

Per:



Name: **Peter D. Scott**
Title: **Senior Vice President & CFO**

LTS RESOURCES PARTNERSHIP

DEMAND DEBENTURE

Collateral Agent and Address: COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as Collateral Agent (the “**Collateral Agent**”),
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

Date: July 2, 2015

PREAMBLE:

- A. Pursuant to an indenture dated as of July 2, 2015 (the “**Indenture**”) between Lightstream Resources Ltd., as issuer (the “**Issuer**”), each of 1863359 Alberta Ltd., 1863360 Alberta Ltd., Bakken Resources Partnership and LTS Resources Partnership, as guarantors (collectively the “**Subsidiary Guarantors**”), U.S. Bank National Association, as trustee (the “**Trustee**”), Computershare Trust Company of Canada, as Canadian trustee (the “**Canadian Trustee**”), and the Collateral Agent, the Issuer has concurrently herewith agreed to issue up to US\$595,250,000 aggregate principal amount of 9.875% senior secured notes due 2019 (the “**Initial Notes**”) and, if and when issued, up to US\$54,750,000 aggregate principal amount of additional senior secured notes (the “**Additional Notes**” and collectively with the Initial Notes, the “**Notes**”), upon the terms and subject to the conditions set forth in the Indenture.
- B. Pursuant to a note purchase and exchange agreement dated as of July 2, 2015 (the “**Exchange Agreement**”), between, among others, the Issuer and the purchasers party thereto (the “**Purchasers**”), the Issuer has agreed to issue and sell to each Purchaser, and each Purchaser has agreed to purchase, the Initial Notes.
- C. In order to induce the holders of the Notes (the “**Holder**”) to subscribe for Notes under the Indenture and to secure the payment and performance of the Principal Sum (as hereinafter defined), LTS Resources Partnership (the “**Debtor**”) has agreed to grant to the Collateral Agent, for its own benefit and on behalf of the Trustee, the Canadian Trustee and the Holders (collectively, the “**Secured Parties**”), a Security Interest (as hereinafter defined) over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. The Collateral Agent has agreed to act on behalf of the U.S. Trustee, the Canadian Trustee and the Holders with regard to this Debenture.
- E. The Secured Parties have agreed to share the Security, including, without limitation, this Debenture, in accordance with the Indenture.

- F. In this Debenture, capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Indenture. In addition, for purposes hereof, the term "**Secured Obligations**" means, collectively, all Obligations of the Debtor and all obligations, liabilities and indebtedness of the Debtor resulting from or in connection with the Indenture Documents (as defined below).
- G. It is in the interests of the Debtor, as a Subsidiary of the Borrower, to enter into this Debenture and to grant the Security Interest herein contemplated.

**ARTICLE 1
PROMISE TO PAY**

- 1.1 The Debtor, a partnership formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay **ON DEMAND** to or to the order of the Collateral Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Collateral Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the rate set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

**ARTICLE 2
PRINCIPAL SUM**

- 2.1 The "**Principal Sum**" is Canadian \$2,000,000,000.

**ARTICLE 3
INTEREST RATE**

- 3.1 The "**Interest Rate**" is a nominal interest rate equal to 21% per annum.

**ARTICLE 4
SECURITY**

- 4.1 As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby mortgages and charges to and in favour of the Collateral Agent for and on behalf of the Secured Parties, as and by way of a floating charge, all of the Debtor's present and after-acquired real property and grants to and in favour of the Collateral Agent for and on behalf of the Secured Parties a second priority security interest in and to all of the Debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof. In this Debenture, the mortgages, charges and security

interests hereby constituted are called the “**Security Interest**” and the subject matter of the Security Interest is called the “**Collateral**”.

- 4.2 Until the Security Interest becomes enforceable, the Debtor, subject to the terms of the Indenture, the Notes, the Security Documents and any other documents, instruments and agreements entered into by the Debtor pursuant thereto or in connection therewith from time to time (collectively, the “**Indenture Documents**”), may dispose of or deal with the Collateral, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition, the Collateral Agent will, at the written request of the Debtor, which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.
- 4.3 Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Collateral Agent may, at any time after the occurrence of an Event of Default that is continuing or to the extent expressly provided for in any of the Indenture Documents, but, in either case, subject to the Intercreditor Agreement, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other office maintained for the purposes of registering fixed and specific mortgages and charges, security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Collateral Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Collateral Agent except to the extent otherwise permitted under the Indenture Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Collateral Agent to give effect to the foregoing.
- 4.4 The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Collateral Agent to any Person acquiring such term.
- 4.5 The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Collateral Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6 The Collateral Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.

- 4.7 The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property right, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Collateral Agent to the extent permitted by law and will assign such Contractual Rights to the Collateral Agent forthwith upon obtaining the consent of the other party or parties thereto.
- 4.8 Notwithstanding the provisions of this Debenture, (a) the Debtor shall remain liable to perform all of its duties and obligations in regards to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (b) the exercise by the Collateral Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (c) the Collateral Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9 The Collateral Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Indenture Documents.
- 4.10 To the extent permitted by applicable law, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.
- 4.11 The Debtor agrees and acknowledges that, subject to the provisions of the Intercreditor Agreement, the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Indenture, among the Secured Parties and this Debenture is being held by the Collateral Agent, for its own benefit and on behalf of the Secured Parties.

ARTICLE 5
ENFORCEMENT

5.1 Subject to Section 5.2 hereof and the terms of the Intercreditor Agreement and the other Indenture Documents, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will be entitled to exercise any of the remedies specified below:

- (a) **Receiver.** The Collateral Agent may appoint by instrument in writing one or more receivers, managers or receiver-manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (each a “**Receiver**”). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at law the rights and powers set out in clauses (b) through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Collateral Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Collateral Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Collateral Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable law. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such

manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
 - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
 - (iii) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
 - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Indenture Documents).
- (e) **Carry on Business.** The Collateral Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Collateral Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (g) **Collateral Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Collateral Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable law, the Collateral Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Collateral Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Collateral Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the

purpose of reserving any rights, remedies and powers of the Collateral Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Collateral Agent takes possession of any Collateral, neither the Collateral Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Collateral Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Collateral Agent may see fit, all without prejudice to the liability of the Debtor to the Collateral Agent or the Collateral Agent's rights, remedies and powers under this Debenture or under any other Indenture Documents.
- (k) **Validity of Sale.** No Person dealing with the Collateral Agent or any Receiver, or with any officer, employee, agent or solicitor of the Collateral Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Collateral Agent or the Receiver has become exercisable, whether the Principal Sum remaining outstanding or otherwise as to the proprietary or regularity of any dealing by the Collateral Agent or the Receiver with any Collateral or to see to the application of any money paid to the Collateral Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Collateral Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Collateral Agent or the Receiver.
- (m) **Time for Payment.** If the Collateral Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing or if the Principal Sum is otherwise due by maturity or acceleration, it will be deemed reasonable for the Collateral Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law is hereby irrevocably waived to the extent permitted by applicable law.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Collateral Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation

of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Parties or the Collateral Agent or on its behalf will in any way preclude any Secured Parties or the Collateral Agent from exercising any such right or constitute a suspension or any variation of any such right.

- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Collateral Agent or any Secured Party may have under this Debenture, at law, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Collateral Agent may proceed by way of any action, suit or other proceeding at law and no right, remedy or power of the Collateral Agent or any Secured Party will be exclusive of or dependent on any other. The Collateral Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.
- 5.2 The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Collateral Agent or a Receiver will, subject to the provisions of the Intercreditor Agreement, be applied as follows: first, to the payment in full of all reasonable fees of the Collateral Agent and all reasonable out-of-pocket costs, fees and expenses (including, without limitation, reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the Collateral Agent and any Receiver or other enforcement agent appointed by the Collateral Agent or a court of competent jurisdiction, as the case may be, in connection with the collection or enforcement of the Principal Sum owed to the Secured Parties, the enforcement of the Security Interest or the preservation of the Collateral; second, in payment to the Collateral Agent of the Principal Sum and other amounts payable hereunder; and third, the balance, if any, will be paid, subject to applicable law, to the Debtor.
- 5.3 If the Collateral Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will, subject to the provisions of the Intercreditor Agreement, upon request from the Collateral Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Collateral Agent or any such Receiver.
- 5.4 If the Debtor pays to the Collateral Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Collateral Agent on or in relation to the repayment thereof, then the Collateral Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor (to the extent the Collateral has been assigned or conveyed to the Collateral Agent, if at all) and release the Security Interest.

ARTICLE 6 WAIVER

- 6.1 The Debtor hereby covenants and agrees with the Collateral Agent and the Secured Parties that:
- (a) the *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Indenture Documents; and
 - (b) the *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
 - (i) the Indenture Documents;
 - (ii) any Lien for the payment of money made, given created or contemplated by the Indenture Documents;
 - (iii) any agreement or instrument renewing or extending or collateral to the Indenture Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
 - (iv) the rights, powers or remedies of the parties under the Indenture Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

ARTICLE 7 REPRESENTATIONS

- 7.1 The Debtor represents and warrants to the Collateral Agent and each of the Secured Parties that, as at the date hereof, the address of the Debtor's chief executive office is 2800, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1 and the Debtor carries on business only in the Provinces of Alberta, British Columbia and Manitoba.

ARTICLE 8 INTERCREDITOR AGREEMENT

- 8.1 Notwithstanding anything herein to the contrary, the Security Interests granted to the Collateral Agent pursuant to this Debenture and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the limitations and provisions of the Intercreditor Agreement.

ARTICLE 9 COVENANTS

- 9.1 The Debtor covenants and agrees with the Collateral Agent that:
- (a) **Further Documentation; Pledge of Instruments.** Subject to Section 4.3 hereof, at any time and from time to time, upon the written request of the Collateral Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly

execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable law with respect to this Debenture. The Debtor also hereby authorizes the Collateral Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable law. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable law and the Debtor agrees that the Collateral Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable law, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Collateral Agent the security intended to be created hereby.

- (b) **Further Identification of Collateral.** The Debtor will furnish to the Collateral Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will advise the Collateral Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or has material tangible assets (other than mobile goods and inventory in transit) or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor, in each case, at least 15 days prior to the effective date of any such change.

ARTICLE 10 ATTORNEY IN FACT

- 10.1 Following the occurrence of an Event of Default that is continuing, but, subject to the provisions of the Intercreditor Agreement, the Debtor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes the Collateral Agent, at any time and from time to time, to execute any endorsements,

assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b) hereof.

**ARTICLE 11
EXPENSES**

- 11.1 The Debtor agrees to pay the Collateral Agent forthwith on demand all reasonable costs, charges and expenses, including, without limitation, all reasonable legal fees (on a solicitor and his own client full indemnity basis); incurred by the Collateral Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.

**ARTICLE 12
REALIZATION**

- 12.1 The Collateral Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Collateral Agent, as agent for the Secured Parties, may at any time, but, subject to the provisions of the Intercreditor Agreement, exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Indenture Documents as if the Collateral Agent was the absolute owner hereof, provided that the Collateral Agent will not be bound to exercise any such right or remedy.

**ARTICLE 13
DEEMED SATISFACTION**

- 13.1 Payment in full to the Collateral Agent or the Secured Parties or any of them of all principal amounts owing in respect of the Secured Obligations (other than the Principal Sum contained in this Debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations. In addition, and for certainty, notwithstanding any other provision hereof to the contrary, the Security Interest is granted as (and solely as) continuing collateral security for the obligations, liabilities and indebtedness (present and future) of the Debtor under or pursuant to the Indenture Documents to which it is party.

**ARTICLE 14
NO LIABILITY**

- 14.1 Neither the Collateral Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Collateral Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Collateral Agent hereunder, believed by the Collateral Agent in good faith to be genuine. All moneys received by the Collateral Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law), and the Collateral Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Collateral Agent or its successors or substitutes shall do lawfully by virtue hereof.

**ARTICLE 15
PRESENTMENT**

- 15.1 The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Collateral Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 16
ENUREMENT AND ASSIGNMENT**

- 16.1 The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Indenture Documents, the Debtor will not assign this Debenture without the Collateral Agent's prior written consent.

**ARTICLE 17
GOVERNING LAW**

- 17.1 This Debenture will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Collateral Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 18
SEVERABILITY**

- 18.1 If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable law.

**ARTICLE 19
CONSENT AND WAIVER**

- 19.1 No consent or waiver by the Collateral Agent will be effective unless made in writing and signed by an authorized officer of the Collateral Agent.

**ARTICLE 20
NOTICE**

- 20.1 Any notice or other communication as between the Debtor and the Collateral Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

- (a) in the case of the Collateral Agent or the Secured Parties to:

COMPUTERSHARE TRUST COMPANY OF CANADA, as Collateral Agent
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

- (b) in the case of the Debtor, to:

LTS RESOURCES PARTNERSHIP
2800, 525 - 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: Senior Vice President and Chief Financial Officer
Facsimile: (403) 218-6075

The Debtor and the Collateral Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 20.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy

or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Collateral Agent may change its address and facsimile number for purposes of this Section 20.1 by written notice given in the manner provided in this Section 20.1 to the other party.

**ARTICLE 21
INCONSISTENCY**

- 21.1 To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Indenture or the Intercreditor Agreement, the provisions of the Indenture or the Intercreditor Agreement (as applicable) will govern to the extent necessary to eliminate such inconsistency or ambiguity.

**ARTICLE 22
RECEIPT OF COPY**

- 22.1 The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Collateral Agent to deliver to the Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

[remainder of page intentionally left blank]

THIS DEBENTURE executed at Calgary, Alberta effective the date first written above.

LTS RESOURCES PARTNERSHIP, by its
managing partner,
LIGHTSTREAM RESOURCES LTD.

Per:



Name: **Peter D. Scott**
Title: **Senior Vice President & CFO**

1863360 ALBERTA LTD.

DEMAND DEBENTURE

Collateral Agent and Address: COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as Collateral Agent (the “**Collateral Agent**”),
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

Date: July 2, 2015

PREAMBLE:

- A. Pursuant to an indenture dated as of July 2, 2015 (the “**Indenture**”) between Lightstream Resources Ltd., as issuer (the “**Issuer**”), each of 1863359 Alberta Ltd., 1863360 Alberta Ltd., Bakken Resources Partnership and LTS Resources Partnership, as guarantors (collectively the “**Subsidiary Guarantors**”), U.S. Bank National Association, as trustee (the “**Trustee**”), Computershare Trust Company of Canada, as Canadian trustee (the “**Canadian Trustee**”), and the Collateral Agent, the Issuer has concurrently herewith agreed to issue up to US\$595,250,000 aggregate principal amount of 9.875% senior secured notes due 2019 (the “**Initial Notes**”) and, if and when issued, up to US\$54,750,000 aggregate principal amount of additional senior secured notes (the “**Additional Notes**” and collectively with the Initial Notes, the “**Notes**”), upon the terms and subject to the conditions set forth in the Indenture.
- B. Pursuant to a note purchase and exchange agreement dated as of July 2, 2015 (the “**Exchange Agreement**”), between, among others, the Issuer and the purchasers party thereto (the “**Purchasers**”), the Issuer has agreed to issue and sell to each Purchaser, and each Purchaser has agreed to purchase, the Initial Notes.
- C. In order to induce the holders of the Notes (the “**Holders**”) to subscribe for Notes under the Indenture and to secure the payment and performance of the Principal Sum (as hereinafter defined), 1863360 Alberta Ltd. (the “**Debtor**”) has agreed to grant to the Collateral Agent, for its own benefit and on behalf of the Trustee, the Canadian Trustee and the Holders (collectively, the “**Secured Parties**”), a Security Interest (as hereinafter defined) over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. The Collateral Agent has agreed to act on behalf of the U.S. Trustee, the Canadian Trustee and the Holders with regard to this Debenture.
- E. The Secured Parties have agreed to share the Security, including, without limitation, this Debenture, in accordance with the Indenture.

- F. In this Debenture, capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Indenture. In addition, for purposes hereof, the term “**Secured Obligations**” means, collectively, all Obligations of the Debtor and all obligations, liabilities and indebtedness of the Debtor resulting from or in connection with the Indenture Documents (as defined below).
- G. It is in the interests of the Debtor, as a Subsidiary of the Borrower, to enter into this Debenture and to grant the Security Interest herein contemplated.

**ARTICLE 1
PROMISE TO PAY**

- 1.1 The Debtor, a body corporate formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay **ON DEMAND** to or to the order of the Collateral Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Collateral Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the rate set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

**ARTICLE 2
PRINCIPAL SUM**

- 2.1 The “**Principal Sum**” is Canadian \$2,000,000,000.

**ARTICLE 3
INTEREST RATE**

- 3.1 The “**Interest Rate**” is a nominal interest rate equal to 21% per annum.

**ARTICLE 4
SECURITY**

- 4.1 As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby mortgages and charges to and in favour of the Collateral Agent for and on behalf of the Secured Parties, as and by way of a floating charge, all of the Debtor’s present and after-acquired real property and grants to and in favour of the Collateral Agent for and on behalf of the Secured Parties a second priority security interest in and to all of the Debtor’s present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof. In this Debenture, the mortgages, charges and security

interests hereby constituted are called the “**Security Interest**” and the subject matter of the Security Interest is called the “**Collateral**”.

- 4.2 Until the Security Interest becomes enforceable, the Debtor, subject to the terms of the Indenture, the Notes, the Security Documents and any other documents, instruments and agreements entered into by the Debtor pursuant thereto or in connection therewith from time to time (collectively, the “**Indenture Documents**”), may dispose of or deal with the Collateral, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition, the Collateral Agent will, at the written request of the Debtor, which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.
- 4.3 Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Collateral Agent may, at any time after the occurrence of an Event of Default that is continuing or to the extent expressly provided for in any of the Indenture Documents, but, in either case, subject to the Intercreditor Agreement, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other office maintained for the purposes of registering fixed and specific mortgages and charges, security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Collateral Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Collateral Agent except to the extent otherwise permitted under the Indenture Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Collateral Agent to give effect to the foregoing.
- 4.4 The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Collateral Agent to any Person acquiring such term.
- 4.5 The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Collateral Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6 The Collateral Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.

- 4.7 The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property right, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Collateral Agent to the extent permitted by law and will assign such Contractual Rights to the Collateral Agent forthwith upon obtaining the consent of the other party or parties thereto.
- 4.8 Notwithstanding the provisions of this Debenture, (a) the Debtor shall remain liable to perform all of its duties and obligations in regards to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (b) the exercise by the Collateral Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (c) the Collateral Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9 The Collateral Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Indenture Documents.
- 4.10 To the extent permitted by applicable law, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.
- 4.11 The Debtor agrees and acknowledges that, subject to the provisions of the Intercreditor Agreement, the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Indenture, among the Secured Parties and this Debenture is being held by the Collateral Agent, for its own benefit and on behalf of the Secured Parties.

ARTICLE 5
ENFORCEMENT

5.1 Subject to Section 5.2 hereof and the terms of the Intercreditor Agreement and the other Indenture Documents, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will be entitled to exercise any of the remedies specified below:

- (a) **Receiver.** The Collateral Agent may appoint by instrument in writing one or more receivers, managers or receiver-manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (each a “**Receiver**”). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at law the rights and powers set out in clauses (b) through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Collateral Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Collateral Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Collateral Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable law. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such

manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
 - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
 - (iii) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
 - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Indenture Documents).
- (e) **Carry on Business.** The Collateral Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Collateral Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (g) **Collateral Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Collateral Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable law, the Collateral Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Collateral Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Collateral Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the

purpose of reserving any rights, remedies and powers of the Collateral Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Collateral Agent takes possession of any Collateral, neither the Collateral Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Collateral Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Collateral Agent may see fit, all without prejudice to the liability of the Debtor to the Collateral Agent or the Collateral Agent's rights, remedies and powers under this Debenture or under any other Indenture Documents.
- (k) **Validity of Sale.** No Person dealing with the Collateral Agent or any Receiver, or with any officer, employee, agent or solicitor of the Collateral Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Collateral Agent or the Receiver has become exercisable, whether the Principal Sum remaining outstanding or otherwise as to the proprietary or regularity of any dealing by the Collateral Agent or the Receiver with any Collateral or to see to the application of any money paid to the Collateral Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Collateral Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Collateral Agent or the Receiver.
- (m) **Time for Payment.** If the Collateral Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing or if the Principal Sum is otherwise due by maturity or acceleration, it will be deemed reasonable for the Collateral Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law is hereby irrevocably waived to the extent permitted by applicable law.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Collateral Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation

of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Parties or the Collateral Agent or on its behalf will in any way preclude any Secured Parties or the Collateral Agent from exercising any such right or constitute a suspension or any variation of any such right.

- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Collateral Agent or any Secured Party may have under this Debenture, at law, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Collateral Agent may proceed by way of any action, suit or other proceeding at law and no right, remedy or power of the Collateral Agent or any Secured Party will be exclusive of or dependent on any other. The Collateral Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.
- 5.2 The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Collateral Agent or a Receiver will, subject to the provisions of the Intercreditor Agreement, be applied as follows: first, to the payment in full of all reasonable fees of the Collateral Agent and all reasonable out-of-pocket costs, fees and expenses (including, without limitation, reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the Collateral Agent and any Receiver or other enforcement agent appointed by the Collateral Agent or a court of competent jurisdiction, as the case may be, in connection with the collection or enforcement of the Principal Sum owed to the Secured Parties, the enforcement of the Security Interest or the preservation of the Collateral; second, in payment to the Collateral Agent of the Principal Sum and other amounts payable hereunder; and third, the balance, if any, will be paid, subject to applicable law, to the Debtor.
- 5.3 If the Collateral Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will, subject to the provisions of the Intercreditor Agreement, upon request from the Collateral Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Collateral Agent or any such Receiver.
- 5.4 If the Debtor pays to the Collateral Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Collateral Agent on or in relation to the repayment thereof, then the Collateral Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor (to the extent the Collateral has been assigned or conveyed to the Collateral Agent, if at all) and release the Security Interest.

**ARTICLE 6
WAIVER**

- 6.1 The Debtor hereby covenants and agrees with the Collateral Agent and the Secured Parties that:
- (a) the *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Indenture Documents; and
 - (b) the *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
 - (i) the Indenture Documents;
 - (ii) any Lien for the payment of money made, given created or contemplated by the Indenture Documents;
 - (iii) any agreement or instrument renewing or extending or collateral to the Indenture Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
 - (iv) the rights, powers or remedies of the parties under the Indenture Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

**ARTICLE 7
REPRESENTATIONS**

- 7.1 The Debtor represents and warrants to the Collateral Agent and each of the Secured Parties that, as at the date hereof, the address of the Debtor's chief executive office is 2800, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1 and the Debtor carries on business only in the Provinces of Alberta, Saskatchewan, British Columbia and Manitoba.

**ARTICLE 8
INTERCREDITOR AGREEMENT**

- 8.1 Notwithstanding anything herein to the contrary, the Security Interests granted to the Collateral Agent pursuant to this Debenture and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the limitations and provisions of the Intercreditor Agreement.

**ARTICLE 9
COVENANTS**

- 9.1 The Debtor covenants and agrees with the Collateral Agent that:
- (a) **Further Documentation; Pledge of Instruments.** Subject to Section 4.3 hereof, at any time and from time to time, upon the written request of the Collateral

Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable law with respect to this Debenture. The Debtor also hereby authorizes the Collateral Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable law. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable law and the Debtor agrees that the Collateral Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable law, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Collateral Agent the security intended to be created hereby.

- (b) **Further Identification of Collateral.** The Debtor will furnish to the Collateral Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will advise the Collateral Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or has material tangible assets (other than mobile goods and inventory in transit) or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor, in each case, at least 15 days prior to the effective date of any such change.

ARTICLE 10 ATTORNEY IN FACT

- 10.1 Following the occurrence of an Event of Default that is continuing, but, subject to the provisions of the Intercreditor Agreement, the Debtor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes

the Collateral Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b) hereof.

**ARTICLE 11
EXPENSES**

- 11.1 The Debtor agrees to pay the Collateral Agent forthwith on demand all reasonable costs, charges and expenses, including, without limitation, all reasonable legal fees (on a solicitor and his own client full indemnity basis), incurred by the Collateral Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.

**ARTICLE 12
REALIZATION**

- 12.1 The Collateral Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Collateral Agent, as agent for the Secured Parties, may at any time, but, subject to the provisions of the Intercreditor Agreement, exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Indenture Documents as if the Collateral Agent was the absolute owner hereof, provided that the Collateral Agent will not be bound to exercise any such right or remedy.

**ARTICLE 13
DEEMED SATISFACTION**

- 13.1 Payment in full to the Collateral Agent or the Secured Parties or any of them of all principal amounts owing in respect of the Secured Obligations (other than the Principal Sum contained in this Debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations. In addition, and for certainty, notwithstanding any other provision hereof to the contrary, the Security Interest is granted as (and solely as) continuing collateral security for the obligations, liabilities and indebtedness (present and future) of the Debtor under or pursuant to the Indenture Documents to which it is party.

**ARTICLE 14
NO LIABILITY**

- 14.1 Neither the Collateral Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Collateral Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Collateral Agent hereunder, believed by the Collateral Agent in good faith to be genuine. All moneys received by the Collateral Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law), and the Collateral Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Collateral Agent or its successors or substitutes shall do lawfully by virtue hereof.

**ARTICLE 15
PRESENTMENT**

- 15.1 The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Collateral Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 16
ENUREMENT AND ASSIGNMENT**

- 16.1 The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Indenture Documents, the Debtor will not assign this Debenture without the Collateral Agent's prior written consent.

**ARTICLE 17
GOVERNING LAW**

- 17.1 This Debenture will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Collateral Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 18
SEVERABILITY**

- 18.1 If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable law.

**ARTICLE 19
CONSENT AND WAIVER**

- 19.1 No consent or waiver by the Collateral Agent will be effective unless made in writing and signed by an authorized officer of the Collateral Agent.

**ARTICLE 20
NOTICE**

- 20.1 Any notice or other communication as between the Debtor and the Collateral Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

- (a) in the case of the Collateral Agent or the Secured Parties to:

COMPUTERSHARE TRUST COMPANY OF CANADA, as Collateral Agent
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

- (b) in the case of the Debtor, to:

1863360 ALBERTA LTD.
2800, 525 - 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: Senior Vice President and Chief Financial Officer
Facsimile: (403) 218-6075

The Debtor and the Collateral Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 20.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy

or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Collateral Agent may change its address and facsimile number for purposes of this Section 20.1 by written notice given in the manner provided in this Section 20.1 to the other party.

**ARTICLE 21
INCONSISTENCY**

- 21.1 To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Indenture or the Intercreditor Agreement, the provisions of the Indenture or the Intercreditor Agreement (as applicable) will govern to the extent necessary to eliminate such inconsistency or ambiguity.


**ARTICLE 22
RECEIPT OF COPY**

- 22.1 The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Collateral Agent to deliver to the Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

[remainder of page intentionally left blank]

THIS DEBENTURE executed at Calgary, Alberta effective the date first written above.

1863360 ALBERTA LTD.

Per: 
Name: _____
Title: **Peter D. Scott**
Senior Vice President & CFO

BAKKEN RESOURCES PARTNERSHIP

DEMAND DEBENTURE

Collateral Agent and Address: COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as Collateral Agent (the “**Collateral Agent**”),
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

Date: July 2, 2015

PREAMBLE:

- A. Pursuant to an indenture dated as of July 2, 2015 (the “**Indenture**”) between Lightstream Resources Ltd., as issuer (the “**Issuer**”), each of 1863359 Alberta Ltd., 1863360 Alberta Ltd., Bakken Resources Partnership and LTS Resources Partnership, as guarantors (collectively the “**Subsidiary Guarantors**”), U.S. Bank National Association, as trustee (the “**Trustee**”), Computershare Trust Company of Canada, as Canadian trustee (the “**Canadian Trustee**”), and the Collateral Agent, the Issuer has concurrently herewith agreed to issue up to US\$595,250,000 aggregate principal amount of 9.875% senior secured notes due 2019 (the “**Initial Notes**”) and, if and when issued, up to US\$54,750,000 aggregate principal amount of additional senior secured notes (the “**Additional Notes**”) and collectively with the Initial Notes, the “**Notes**”), upon the terms and subject to the conditions set forth in the Indenture.
- B. Pursuant to a note purchase and exchange agreement dated as of July 2, 2015 (the “**Exchange Agreement**”), between, among others, the Issuer and the purchasers party thereto (the “**Purchasers**”), the Issuer has agreed to issue and sell to each Purchaser, and each Purchaser has agreed to purchase, the Initial Notes.
- C. In order to induce the holders of the Notes (the “**Holder**s”) to subscribe for Notes under the Indenture and to secure the payment and performance of the Principal Sum (as hereinafter defined), Bakken Resources Partnership (the “**Debtor**”) has agreed to grant to the Collateral Agent, for its own benefit and on behalf of the Trustee, the Canadian Trustee and the Holders (collectively, the “**Secured Parties**”), a Security Interest (as hereinafter defined) over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. The Collateral Agent has agreed to act on behalf of the U.S. Trustee, the Canadian Trustee and the Holders with regard to this Debenture.
- E. The Secured Parties have agreed to share the Security, including, without limitation, this Debenture, in accordance with the Indenture.

- F. In this Debenture, capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Indenture. In addition, for purposes hereof, the term “**Secured Obligations**” means, collectively, all Obligations of the Debtor and all obligations, liabilities and indebtedness of the Debtor resulting from or in connection with the Indenture Documents (as defined below).
- G. It is in the interests of the Debtor, as a Subsidiary of the Borrower, to enter into this Debenture and to grant the Security Interest herein contemplated.

**ARTICLE 1
PROMISE TO PAY**

- 1.1 The Debtor, a partnership formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay **ON DEMAND** to or to the order of the Collateral Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Collateral Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the rate set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

**ARTICLE 2
PRINCIPAL SUM**

- 2.1 The “**Principal Sum**” is Canadian \$2,000,000,000.

**ARTICLE 3
INTEREST RATE**

- 3.1 The “**Interest Rate**” is a nominal interest rate equal to 21% per annum.

**ARTICLE 4
SECURITY**

- 4.1 As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby mortgages and charges to and in favour of the Collateral Agent for and on behalf of the Secured Parties, as and by way of a floating charge, all of the Debtor’s present and after-acquired real property and grants to and in favour of the Collateral Agent for and on behalf of the Secured Parties a second priority security interest in and to all of the Debtor’s present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof. In this Debenture, the mortgages, charges and security

interests hereby constituted are called the “**Security Interest**” and the subject matter of the Security Interest is called the “**Collateral**”.

- 4.2 Until the Security Interest becomes enforceable, the Debtor, subject to the terms of the Indenture, the Notes, the Security Documents and any other documents, instruments and agreements entered into by the Debtor pursuant thereto or in connection therewith from time to time (collectively, the “**Indenture Documents**”), may dispose of or deal with the Collateral, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition, the Collateral Agent will, at the written request of the Debtor, which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.
- 4.3 Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Collateral Agent may, at any time after the occurrence of an Event of Default that is continuing or to the extent expressly provided for in any of the Indenture Documents, but, in either case, subject to the Intercreditor Agreement, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other office maintained for the purposes of registering fixed and specific mortgages and charges, security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Collateral Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Collateral Agent except to the extent otherwise permitted under the Indenture Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Collateral Agent to give effect to the foregoing.
- 4.4 The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Collateral Agent to any Person acquiring such term.
- 4.5 The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Collateral Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6 The Collateral Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.

- 4.7 The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property right, licence or permit (the “**Contractual Rights**”) to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Collateral Agent to the extent permitted by law and will assign such Contractual Rights to the Collateral Agent forthwith upon obtaining the consent of the other party or parties thereto.
- 4.8 Notwithstanding the provisions of this Debenture, (a) the Debtor shall remain liable to perform all of its duties and obligations in regards to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (b) the exercise by the Collateral Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (c) the Collateral Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9 The Collateral Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Indenture Documents.
- 4.10 To the extent permitted by applicable law, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.
- 4.11 The Debtor agrees and acknowledges that, subject to the provisions of the Intercreditor Agreement, the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Indenture, among the Secured Parties and this Debenture is being held by the Collateral Agent, for its own benefit and on behalf of the Secured Parties.

ARTICLE 5
ENFORCEMENT

5.1 Subject to Section 5.2 hereof and the terms of the Intercreditor Agreement and the other Indenture Documents, upon the occurrence and during the continuance of any Event of Default, the Collateral Agent will be entitled to exercise any of the remedies specified below:

- (a) **Receiver.** The Collateral Agent may appoint by instrument in writing one or more receivers, managers or receiver-manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (each a “**Receiver**”). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at law the rights and powers set out in clauses (b) through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Collateral Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Collateral Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Collateral Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable law. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such

manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
 - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
 - (iii) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
 - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Indenture Documents).
- (e) **Carry on Business.** The Collateral Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Collateral Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (g) **Collateral Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Collateral Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable law, the Collateral Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Collateral Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Collateral Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the

purpose of reserving any rights, remedies and powers of the Collateral Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Collateral Agent takes possession of any Collateral, neither the Collateral Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Collateral Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Collateral Agent may see fit, all without prejudice to the liability of the Debtor to the Collateral Agent or the Collateral Agent's rights, remedies and powers under this Debenture or under any other Indenture Documents.
- (k) **Validity of Sale.** No Person dealing with the Collateral Agent or any Receiver, or with any officer, employee, agent or solicitor of the Collateral Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Collateral Agent or the Receiver has become exercisable, whether the Principal Sum remaining outstanding or otherwise as to the proprietary or regularity of any dealing by the Collateral Agent or the Receiver with any Collateral or to see to the application of any money paid to the Collateral Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Collateral Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Collateral Agent or the Receiver.
- (m) **Time for Payment.** If the Collateral Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing or if the Principal Sum is otherwise due by maturity or acceleration, it will be deemed reasonable for the Collateral Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law is hereby irrevocably waived to the extent permitted by applicable law.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Collateral Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation

of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Parties or the Collateral Agent or on its behalf will in any way preclude any Secured Parties or the Collateral Agent from exercising any such right or constitute a suspension or any variation of any such right.

- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Collateral Agent or any Secured Party may have under this Debenture, at law, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Collateral Agent may proceed by way of any action, suit or other proceeding at law and no right, remedy or power of the Collateral Agent or any Secured Party will be exclusive of or dependent on any other. The Collateral Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.

- 5.2 The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Collateral Agent or a Receiver will, subject to the provisions of the Intercreditor Agreement, be applied as follows: first, to the payment in full of all reasonable fees of the Collateral Agent and all reasonable out-of-pocket costs, fees and expenses (including, without limitation, reasonable legal fees on a solicitor and his own client full indemnity basis) incurred by the Collateral Agent and any Receiver or other enforcement agent appointed by the Collateral Agent or a court of competent jurisdiction, as the case may be, in connection with the collection or enforcement of the Principal Sum owed to the Secured Parties, the enforcement of the Security Interest or the preservation of the Collateral; second, in payment to the Collateral Agent of the Principal Sum and other amounts payable hereunder; and third, the balance, if any, will be paid, subject to applicable law, to the Debtor.
- 5.3 If the Collateral Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will, subject to the provisions of the Intercreditor Agreement, upon request from the Collateral Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Collateral Agent or any such Receiver.
- 5.4 If the Debtor pays to the Collateral Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Collateral Agent on or in relation to the repayment thereof, then the Collateral Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor (to the extent the Collateral has been assigned or conveyed to the Collateral Agent, if at all) and release the Security Interest.

**ARTICLE 6
WAIVER**

- 6.1 The Debtor hereby covenants and agrees with the Collateral Agent and the Secured Parties that:
- (a) the *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Indenture Documents; and
 - (b) the *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
 - (i) the Indenture Documents;
 - (ii) any Lien for the payment of money made, given created or contemplated by the Indenture Documents;
 - (iii) any agreement or instrument renewing or extending or collateral to the Indenture Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
 - (iv) the rights, powers or remedies of the parties under the Indenture Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

**ARTICLE 7
REPRESENTATIONS**

- 7.1 The Debtor represents and warrants to the Collateral Agent and each of the Secured Parties that, as at the date hereof, the address of the Debtor's chief executive office is 2800, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1 and the Debtor carries on business only in the Provinces of Alberta, Saskatchewan, British Columbia and Manitoba.

**ARTICLE 8
INTERCREDITOR AGREEMENT**

- 8.1 Notwithstanding anything herein to the contrary, the Security Interests granted to the Collateral Agent pursuant to this Debenture and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the limitations and provisions of the Intercreditor Agreement.

**ARTICLE 9
COVENANTS**

- 9.1 The Debtor covenants and agrees with the Collateral Agent that:
- (a) **Further Documentation; Pledge of Instruments.** Subject to Section 4.3 hereof, at any time and from time to time, upon the written request of the Collateral

Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Collateral Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable law with respect to this Debenture. The Debtor also hereby authorizes the Collateral Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable law. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable law and the Debtor agrees that the Collateral Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable law, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Collateral Agent the security intended to be created hereby.

- (b) **Further Identification of Collateral.** The Debtor will furnish to the Collateral Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will advise the Collateral Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or has material tangible assets (other than mobile goods and inventory in transit) or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor, in each case, at least 15 days prior to the effective date of any such change.

ARTICLE 10 ATTORNEY IN FACT

- 10.1 Following the occurrence of an Event of Default that is continuing, but, subject to the provisions of the Intercreditor Agreement, the Debtor hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Collateral Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes

the Collateral Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b) hereof.

**ARTICLE 11
EXPENSES**

- 11.1 The Debtor agrees to pay the Collateral Agent forthwith on demand all reasonable costs, charges and expenses, including, without limitation, all reasonable legal fees (on a solicitor and his own client full indemnity basis), incurred by the Collateral Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the money hereby secured and bear interest at the rate set forth in Section 3.1 hereof.

**ARTICLE 12
REALIZATION**

- 12.1 The Collateral Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Collateral Agent, as agent for the Secured Parties, may at any time, but, subject to the provisions of the Intercreditor Agreement, exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Indenture Documents as if the Collateral Agent was the absolute owner hereof, provided that the Collateral Agent will not be bound to exercise any such right or remedy.

**ARTICLE 13
DEEMED SATISFACTION**

- 13.1 Payment in full to the Collateral Agent or the Secured Parties or any of them of all principal amounts owing in respect of the Secured Obligations (other than the Principal Sum contained in this Debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations. In addition, and for certainty, notwithstanding any other provision hereof to the contrary, the Security Interest is granted as (and solely as) continuing collateral security for the obligations, liabilities and indebtedness (present and future) of the Debtor under or pursuant to the Indenture Documents to which it is party.

**ARTICLE 14
NO LIABILITY**

- 14.1 Neither the Collateral Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Collateral Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Collateral Agent hereunder, believed by the Collateral Agent in good faith to be genuine. All moneys received by the Collateral Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable law), and the Collateral Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Collateral Agent or its successors or substitutes shall do lawfully by virtue hereof.

**ARTICLE 15
PRESENTMENT**

- 15.1 The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Collateral Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 16
ENUREMENT AND ASSIGNMENT**

- 16.1 The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Indenture Documents, the Debtor will not assign this Debenture without the Collateral Agent's prior written consent.

**ARTICLE 17
GOVERNING LAW**

- 17.1 This Debenture will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Collateral Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 18
SEVERABILITY**

- 18.1 If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable law.

**ARTICLE 19
CONSENT AND WAIVER**

- 19.1 No consent or waiver by the Collateral Agent will be effective unless made in writing and signed by an authorized officer of the Collateral Agent.

**ARTICLE 20
NOTICE**

- 20.1 Any notice or other communication as between the Debtor and the Collateral Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

- (a) in the case of the Collateral Agent or the Secured Parties to:

COMPUTERSHARE TRUST COMPANY OF CANADA, as Collateral Agent
510 Burrard Street, 3rd Floor
Vancouver, BC, V6C 3B9

Attention: General Manager
Facsimile: 604-661-9403

- (b) in the case of the Debtor, to:

BAKKEN RESOURCES PARTNERSHIP
2800, 525 - 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: Senior Vice President and Chief Financial Officer
Facsimile: (403) 218-6075

The Debtor and the Collateral Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 20.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy

or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Collateral Agent may change its address and facsimile number for purposes of this Section 20.1 by written notice given in the manner provided in this Section 20.1 to the other party.

**ARTICLE 21
INCONSISTENCY**

- 21.1 To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Indenture or the Intercreditor Agreement, the provisions of the Indenture or the Intercreditor Agreement (as applicable) will govern to the extent necessary to eliminate such inconsistency or ambiguity.

**ARTICLE 22
RECEIPT OF COPY**

- 22.1 The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Collateral Agent to deliver to the Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

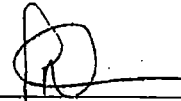
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THIS DEBENTURE executed at Calgary, Alberta effective the date first written above.

**BAKKEN RESOURCES PARTNERSHIP, by
its managing partner, LIGHTSTREAM
RESOURCES LTD.**

Per: _____

Name:



Title:

**Peter D. Scott
Senior Vice President & CFO**