

CLERK OF THE COURT
FILED
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JUDICIAL CENTRE
OF CALGARY

Clerk's stamp:

COURT FILE NUMBER: 1601-12571
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

I hereby certify this to be a true copy of
the original Order

Dated this 8 day of Dec 2016
[Signature]
for Clerk of the Court

IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT, RSC 1985, c C-
36, as amended

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF
LIGHTSTREAM RESOURCES LTD, 1863359
ALBERTA LTD, LTS RESOURCES PARTNERSHIP,
1863360 ALBERTA LTD AND BAKKEN
RESOURCES PARTNERSHIP

APPLICANTS: LIGHTSTREAM RESOURCES LTD, 1863359
ALBERTA LTD AND 1863360 ALBERTA LTD

PARTIES IN INTEREST: LTS RESOURCES PARTNERSHIP AND BAKKEN
RESOURCES PARTNERSHIP

DOCUMENT: **APPROVAL AND VESTING ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

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File Number: 89691/8

DATE ON WHICH ORDER WAS PRONOUNCED: December 8, 2016

LOCATION OF HEARING: Calgary Courts Centre, Justice Chambers

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice S.J. LoVecchio

UPON THE APPLICATION by Lightstream Resources Ltd. ("**LTS**"), 1863359 Alberta Ltd. and 1863360 Alberta Ltd., as applicants (collectively with LTS, the "**Applicants**"), in conjunction with LTS Resources Partnership and Bakken Resources Partnership (collectively, the "**Partnerships**" and together with the Applicants, the "**CCAA Parties**") for, *inter alia*, an Order (i) approving the sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement (the "**Purchase Agreement**") dated as of November 29, 2016 by and between the Applicants, LTS Resources Partnership and Bakken Resources Partnership, as sellers (collectively, the "**Sellers**") and 1090247 B.C. Ltd., as buyer (the "**Buyer**"), and attached as Exhibit "C" to the Affidavit of Peter D. Scott, sworn November 29, 2016, filed (the "**Scott Affidavit**"), (ii) vesting in the Buyer all of the Sellers' right, title, interest and estate, whether absolute or contingent, legal or beneficial in and to the Purchased Assets, free and clear of all encumbrances other than the Permitted Encumbrances (as defined below), and (iii) granting related relief;

AND UPON having read the Application, the Scott Affidavit, the Third Report of FTI Consulting Canada Inc., in its capacity as the Court-appointed Monitor of the Applicants (in such capacity, and not in its personal or corporate capacity, the "**Monitor**"), filed, the Confidential Supplement thereto, and the Affidavit of Service of Lindsay Farr, sworn December 6, 2016;

AND UPON hearing counsel for the Applicants, counsel for the administration agent (the "**Agent**") under a third amended and restated credit agreement as between the Applicants and their existing lenders (the "**Existing Lenders**"), as amended from time to time, dated as of May 29, 2015, counsel for the Buyer, counsel for the Monitor, and counsel for certain holders of 8.625% senior unsecured notes due February 1, 2020 pursuant to a note indenture dated January 30, 2012, and counsel for other interested parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, and no other Person is required to have been served with notice of

this Application, and time for service of this Application is abridged to that actually given.

DEFINED TERMS

2. All capitalized terms not defined herein shall have the respective meanings ascribed to them in the Purchase Agreement.

APPROVAL OF TRANSACTION

3. The Purchase Agreement is hereby approved in its entirety. The Transaction is hereby approved and the execution of the Purchase Agreement by the Sellers is hereby authorized, ratified, confirmed and approved, with such minor amendments as the Sellers may deem necessary with the consent of the Monitor. The Sellers are hereby authorized and directed to complete the Transaction subject to the terms of the Purchase Agreement, to perform their obligations under the Purchase Agreement and any ancillary documents related thereto, and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction or for the conveyance of the Purchased Assets to the Buyer.

VESTING OF THE PURCHASED ASSETS

4. Upon delivery of a Monitor's certificate to the Buyer substantially in the form set out in Schedule "A" hereto (the "**Monitor's Certificate**"), subject only to approval of the transfer of applicable licences, permits, and approvals by the Alberta Energy Regulator or the British Columbia Oil and Gas Commission, as applicable, pursuant to legislation administered by the Alberta Energy Regulator or the British Columbia Oil and Gas Commission, as applicable, and upon the Existing Lenders being repaid in full prior to or concurrently with Closing, all of the Sellers' right, title, interest and estate, whether absolute or contingent, legal or beneficial in and to the Purchased Assets described in the Purchase Agreement shall vest absolutely, exclusively, entirely and forever in the Buyer, free and clear of any and all rights, titles, benefits, priorities, claims (including claims provable in bankruptcy in the event that any of the Sellers should be adjudged bankrupt), liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims,

security interests (whether contractual, statutory or otherwise), liens, charges, hypothecs, caveats, mortgages, pledges, trusts, deemed trusts (whether contractual, statutory, or otherwise), assignments, judgments, executions, writs of seizure or execution, notices of sale, options, agreements, rights of distress, legal, equitable or contractual setoff, adverse claims, levies, taxes, disputes, debts, charges, options to purchase, rights of first refusal or other pre-emptive rights in favour of third parties, restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Encumbrances**"), including, without limiting the generality of the foregoing:

- (a) any encumbrances or Charges as created by and/or defined in (i) the Initial Order of the Honourable Mr. Justice A.D. Macleod dated September 26, 2016 (as may be amended, restated or supplemented from time to time, the "**Initial Order**"), and (ii) any other Orders granted in this Action;
- (b) all charges, security interests or claims evidenced by registration, filing or publication pursuant to (i) the *Personal Property Security Act*, RSA 2000, c P-7, (ii) *The Personal Property Security Act, 1993*, RSS 1993, c P-6.2, (iii) the *Personal Property Security Act*, RSBC 1996, c 359, (iv) the *Personal Property Security Act*, CCSM, c P35; (v) the *Personal Property Security Act*, SNWT 1994, c 8, (vi) the *Land Titles Act*, RSA 2000, c L-7 (the "**Land Titles Act (Alberta)**"), (vii) *The Land Titles Act, 2000*, RSS, 2000, c L-5.1 (the "**Land Titles Act (Saskatchewan)**"), (viii) the *Land Title Act*, RSBC 1996, c 250 (the "**Land Title Act (BC)**"), (ix) *The Real Property Act*, CCSM, c R30 (the "**Real Property Act (Manitoba)**"); (x) the *Land Titles Act*, RSNWT (Nu) 1988, c 8 (the "**Land Titles Act (NWT)**"); and (xi) any other personal or real property registration system; and
- (c) those Encumbrances listed in **Schedule "B-1"**, **Schedule "B-2"**, **Schedule "B-3"**, **Schedule "B-4"** and **Schedule "B-5"** hereto,

but in each case, excluding the permitted encumbrances listed in **Schedule "D"** hereto (collectively, the "**Permitted Encumbrances**"), and this Court orders that all of the

Encumbrances affecting or relating to the Purchased Assets, other than the Permitted Encumbrances, are hereby expunged and discharged as against the Purchased Assets.

5. The Sellers, to the extent able and necessary, are each authorized and directed to take all necessary steps within their power and execute all documents to effect any and all discharges relating to the Encumbrances (except for Permitted Encumbrances) and the registrars and all other Persons in control or otherwise supervising such offices of the registration or recording shall forthwith remove and discharge all such registrations.
6. The Buyer shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Encumbrances against the Sellers, other than the Permitted Encumbrances.
7. The Monitor is to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof to the Buyer.
8. No further authorization or approval or any other action by any authority or regulatory body exercising jurisdiction over the Purchased Assets shall be required for the closing and post-Closing implementation of the Transaction contemplated in the Purchase Agreement.
9. The Buyer shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by any Person claiming by or through or against the Sellers.
10. The Sellers and all Persons who claim by, through or under the Sellers in respect of the Purchased Assets, save and except for the Persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped, and foreclosed from and permanently enjoined from pursuing, asserting, or claiming any and all estate, right, title, interest, royalty, rental, equity of redemption, or Encumbrance in respect of or to the Purchased Assets and, to the extent that any such Persons remain in possession or control of any of the Purchased Assets, or any artifacts or any certificates, instruments or other indicia of title representing or evidencing any right, title, estate or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Buyer.

11. Immediately after the Closing of the Transaction, the holders of the Permitted Encumbrances shall have no claim whatsoever against the Monitor or the Sellers.

12. Notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of the Sellers and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Sellers; or
- (d) the provisions of any federal or provincial legislation,

the vesting of the Purchased Assets in and to the Buyer pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Sellers and shall not be void or voidable by creditors of the Sellers, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transactions under the BIA or any other applicable federal or provincial legislation, nor shall it constitute conduct oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

CREDIT BID AND CANCELLATION OF SECOND LIEN NOTES AND RELEASE OF TRUSTEE

13. The Parties are hereby authorized and directed to take such actions as they deem necessary or desirable, and the Majority Noteholders are hereby authorized and directed to cause Buyer and the Trustee, as applicable and necessary (and, with respect to the Trustee, pursuant to the Bid Direction Letter or another letter of direction delivered by the Majority Noteholders to the Trustee and satisfactory to the Trustee in accordance with the Second Lien Note Indenture), to take such other actions, on behalf of the Second Lien Noteholders, as reasonably agreed between the Sellers and Buyer to give effect under Applicable Law or otherwise, to the Second Lien Credit Bid. On the Closing Date, the Second Lien Noteholders shall be deemed to have acknowledged (i) the full repayment

and satisfaction of the principal amount owing under the Second Lien Note Indenture by virtue of the transfer of the Purchased Assets to the Buyer; and (ii) the waiver, settlement and cancellation of all other obligations owing under the Second Lien Note Indenture for purposes of satisfying the Credit Bid Amount in accordance with Section 3.2(a)(iii) of the Purchase Agreement.

14. Immediately upon the delivery of the Monitor's Certificate to the Buyer,
 - (a) all Second Lien Notes and the Second Lien Note Indenture shall be deemed to be automatically cancelled and discharged, and the Trustee shall be fully released and discharged from any and all obligations under the Second Lien Note Indenture and applicable law, provided, however, that the Second Lien Notes and the Second Lien Note Indenture shall continue in effect solely for the purposes of:
 - (i) allowing the Second Lien Noteholders to receive their distribution of common shares from the Buyer;
 - (ii) allowing the Trustee to make the distribution to be made on account of the Second Lien Notes, if necessary;
 - (iii) enforcing the Trustee's right to receive payment of any outstanding and reasonable compensation, fees, expenses, disbursements and indemnity claims, including, without limitation, attorneys' and agents' fees, expenses and disbursements, incurred or to be incurred by the Trustee; and
 - (iv) permitting the Trustee to assert any lien or other priority in payment to which the Trustee is entitled, pursuant to the Second Lien Note Indenture, against distributions to be made to Second Lien Noteholders, for payment of any outstanding and reasonable compensation, fees, expenses, disbursements and indemnity claims, including, without limitation, attorneys' and agents' fees, expenses and disbursements, incurred by the Trustee, whether prior to or after the commencement of these proceedings and whether prior to or after the termination of these proceedings;

- (b) the Trustee shall be exculpated by all Persons, including, without limitation, all Second Lien Noteholders and other parties in interest, from any and all claims, causes of action and other assertions of liability arising out of the discharge of the powers and duties conferred upon the Trustee, or applicable law, except for actions or omissions to act arising out of the gross negligence or willful misconduct (each as determined by a final non-appealable judgment of a court of competent jurisdiction) of the Trustee. None of the Second Lien Noteholders or any other party in interest shall have or pursue any claim or cause of action against the Trustee for making a distribution in accordance with the Transaction or any Order of the Court, including, without limitation, from common shares received from the Buyer;
- (c) each of the Second Lien Noteholders to the fullest extent permissible under applicable law, as such law may be extended or interpreted at any time, shall be deemed to forever release, waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, or then existing or thereafter arising in law, equity or otherwise, that are based in whole or in part on any act, omission, transaction or other occurrence taking place at any time, or from time to time, in any way relating to the Trustee that such entity has, had or may have, against the Trustee, its estate, all Persons claiming through it, and any of its present or former directors, officers, employees, agents, representatives, attorneys, accountants, underwriters, investment bankers or financial advisors and any of its successors or assigns. This release, waiver and discharge will be in addition to the discharge of claims and termination of interests provided herein and under any other Order of the Court and/or any applicable bankruptcy, rehabilitation or liquidation laws; and
- (d) the Sellers, their estates, all Persons claiming through them, all Persons who have held, hold or may hold claims against the Sellers, and any of their successors, assigns or representatives, shall be deemed to have waived, released and

discharged all rights or claims, whether based upon tort, fraud, contract or otherwise, and whether arising out of the Sellers' restructuring, rehabilitation, liquidation, or otherwise, which they possessed or may possess at any time or from time to time against the Trustee, and its present or former directors, officers, employees, agents, representatives, attorneys, accountants, underwriters, investment bankers or financial advisors, and any of its successors or assigns. This release, waiver and discharge will be in addition to the discharge of claims and termination of interests provided herein and under any Order of the Court and/or any applicable bankruptcy, rehabilitation or liquidation laws.

DISTRIBUTION OF SHARES OF BUYER

15. The Trustee shall instruct DTC to, and DTC shall: (i) establish an escrow position at 5:00 p.m. (Toronto time) on the date hereof (the "**Distribution Record Time**") representing the respective positions of the Second Lien Noteholders as of the Distribution Record Time for the purposes of making distributions to Second Lien Noteholders on and after the Closing Date based on their holdings of the Second Lien Notes as at the Distribution Record Time; and (ii) block any further trading in the Second Lien Notes, effective as of the Distribution Record Time, all in accordance with the customary practices and procedures of DTC. The Sellers and the Trustee will have the right but not the obligation to recognize any transfer of the Second Lien Notes after the Distribution Record Time and will be entitled instead to recognize and deal for all purposes with only those holders of record of the Second Lien Notes at the Distribution Record Time (the "**Second Lien Noteholders of Record**").
16. On the first Business Day following the Distribution Record Time, the Buyer, with the assistance of the Trustee, shall distribute to the Second Lien Noteholders of Record documentation reasonably satisfactory to the Trustee for the purposes of obtaining delivery and registration instructions for the issuance of the Buyer Common Shares (defined below) to the Second Lien Noteholders of Record (the "**Registration and Delivery Instructions**"). Second Lien Noteholders of Record must complete the Registration and Delivery Instructions and deliver them to the Buyer by no later than

12:00 p.m. (Toronto time) on December 20, 2016 (the "**Registration and Delivery Instruction Deadline**") in order to receive their Buyer Common Shares on the Closing Date.

17. On the Closing Date, as consideration for the acknowledgement by the Second Lien Noteholders of the full repayment and satisfaction of the principal amount owing under the Second Lien Note Indenture and in order to complete the reorganization contemplated by the Transaction, the Buyer shall cause to be issued, in a manner reasonably satisfactory to the Trustee, and in accordance with this Order, to the Second Lien Noteholders of Record common shares of the Buyer (having a fair market value equal to the fair market value of the Purchased Assets less the aggregate of the following amounts: the Credit Facility Payment Amount, the Assumed Liabilities and the Deficiency Payment) (the "**Buyer Common Shares**") on a pro rata basis (determined based on the outstanding principal amount of Second Lien Notes held by such Second Lien Noteholder of Record divided by the principal amount of all Second Lien Notes). The delivery of the Buyer Common Shares in accordance with this paragraph 17 shall be made by share certificate or through the facilities of a direct registration system operated by the Buyer or a transfer agent appointed by the Buyer, in the Buyer's sole discretion.
18. In the event that a Second Lien Noteholder of Record fails to deliver its Registration and Delivery Instructions by the Registration and Delivery Instruction Deadline, the Buyer Common Shares in respect of such Second Lien Noteholder of Record shall not be delivered to such Second Lien Noteholder of Record on the Closing Date; however, if such Second Lien Noteholder of Record provides its Registration and Delivery Instructions within 30 days following the Closing Date (the "**Grace Period**") the Buyer shall issue and deliver to such Second Lien Noteholder of Record its Buyer Common Shares as soon as practicable following receipt of its Registration and Delivery Instructions. Following the expiration of the Grace Period, the Buyer shall be entitled to cancel, and shall have no further obligation to issue or deliver, any Buyer Common Shares in respect of which Registration and Delivery Instructions were not received.

CANCELLATION OF PERSONAL PROPERTY SECURITY REGISTRATIONS

19. Upon (i) receipt of the Monitor's Certificate and any applicable registration fees by the applicable PPR Registrar (as defined below) and (ii) the filing of a certified copy of this Order with such PPR Registrar:
- (a) the Registrar of the Personal Property Registry (Alberta) (the "**Alberta PPR Registrar**") is hereby authorized and directed to cancel and discharge those Encumbrances listed in **Schedule "B-1"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets;
 - (b) the Registrar of the Personal Property Registry (Saskatchewan) (the "**Saskatchewan PPR Registrar**") is hereby authorized and directed to cancel and discharge those Encumbrances listed in **Schedule "B-2"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets;
 - (c) the Registrar of the Personal Property Registry (British Columbia) (the "**BC PPR Registrar**") is hereby authorized and directed to cancel and discharge those Encumbrances listed in **Schedule "B-3"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets;
 - (d) the Registrar of the Personal Property Registry (Manitoba) (the "**Manitoba PPR Registrar**") is hereby authorized and directed to cancel and discharge those Encumbrances listed in **Schedule "B-4"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets; and
 - (e) the Registrar of the Personal Property Registry (Northwest Territories) (the "**Northwest Territories PPR Registrar**") and, together with the Alberta PPR Registrar, the Saskatchewan PPR Registrar, the BC PPR Registrar and the Manitoba PPR Registrar, the "**PPR Registrars**" and each a "**PPR Registrar**") is hereby authorized and directed to cancel and discharge those Encumbrances listed in **Schedule "B-5"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets.

REAL PROPERTY AND MINERAL RIGHTS IN ALBERTA

20. Upon (i) receipt of the Monitor's Certificate and any applicable registration fees by the applicable Alberta Governmental Authority (as defined below), and (ii) the filing of a certified copy of this Order with such Alberta Governmental Authority:
- (a) notwithstanding Section 191(1) of the *Land Titles Act* (Alberta), the Registrar of Land Titles of Alberta (the "**Alberta Land Registrar**") is hereby authorized, requested, and directed to:
 - (i) cancel the existing Certificates of Title for the Alberta Lands (as defined and set out in **Schedule "C-1"** hereto);
 - (ii) enter the Buyer as the owner and/or lessee of the mines and minerals comprising the Purchased Assets (as defined in the Purchase Agreement) (the "**Alberta Real or Mineral Property**");
 - (iii) delete and expunge from title to the Alberta Real or Mineral Property all of the Encumbrances listed in **Schedule "B-1"** hereto;
 - (iv) issue new Certificates of Title for the Alberta Lands in the name of the Buyer (or its nominee); and
 - (v) register such transfers, discharges, discharge statements or conveyances, as may be required to convey clear title to the Alberta Lands to the Buyer (or its nominee), which Certificates of Title shall be subject only to the Permitted Encumbrances; and
 - (b) the Department of Energy and the Minister of Energy (the "**Alberta Department and Minister of Energy**") and together with the Alberta Land Registrar and the Alberta PPR Registrar, the "**Alberta Governmental Authorities**" and each an "**Alberta Governmental Authority**") are hereby authorized, requested, and directed to:

- (i) enter the Buyer as the owner and/or lessee of the mines and minerals comprising the Alberta Real or Mineral Property subject only to the Permitted Encumbrances; and
- (ii) delete and expunge from title to the Alberta Real or Mineral Property all of the Encumbrances listed in **Schedule "B-1"** hereto,

in each case, in order to convey clear title to such mines and minerals comprising the Alberta Real or Mineral Property to the Buyer subject only to Permitted Encumbrances. For further certainty, the Alberta Department and Minister of Energy shall not cancel or discharge the registration of any builders' liens or security notices registered against estates or interests other than the estate or interest of the Sellers.

REAL PROPERTY AND MINERAL RIGHTS IN SASKATCHEWAN

21. Upon (i) receipt of the Monitor's Certificate and any applicable registration fees by the applicable Saskatchewan Governmental Authority (as defined below) and (ii) the filing of a certified copy of this Order with such Saskatchewan Governmental Authority:
- (a) the Registrar of Titles under the *Land Titles Act* (Saskatchewan) (the "**Saskatchewan Land Registrar**") shall and is hereby authorized, requested and directed to:
 - (i) cancel and discharge all Encumbrances listed in **Schedule "B-2"** hereto, if any, registered against the estate and interest of Sellers in and to the Purchased Assets located in the Province of Saskatchewan;
 - (ii) transfer the interests in the name of any one or more of the Sellers listed in **Schedule "C-2"** into the name of the Buyer (or its nominee) free and clear of all Encumbrances other than the Permitted Encumbrances that are registered against the said interests,

in order to convey clear title to such Purchased Assets to the Buyer, subject only to Permitted Encumbrances.

(b) the Ministry of the Economy for the Province of Saskatchewan (the "**Saskatchewan Ministry of Economy**") and together with the Saskatchewan Land Registrar and the Saskatchewan PPR Registrar, the "**Saskatchewan Governmental Authorities**" and each a "**Saskatchewan Governmental Authority**") is hereby authorized, requested, and directed to:

- (i) cancel and discharge those Encumbrances listed in **Schedule "B-2"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets located in the Province of Saskatchewan; and
- (ii) transfer the Crown leases, well licences and facility licences in the name of any one or more the Sellers listed in **Schedule "C-2"** into the name of the Buyer (or its nominee), free and clear of all Encumbrances, subject only to Permitted Encumbrances,

in each case, in order to convey clear title to such Purchased Assets to the Buyer, subject only to Permitted Encumbrances. For further certainty, the Saskatchewan Governmental Authorities shall not cancel or discharge the registration of any builders' liens or security notices registered against estates or interests other than the estate or interest of the Sellers.

REAL PROPERTY AND MINERAL RIGHTS IN BRITISH COLUMBIA

22. Upon (i) receipt of delivery of the Monitor's Certificate and any applicable registration fees by the applicable BC Governmental Authority, and (ii) the filing of a certified copy of this Order with such BC Governmental Authority,

- (a) a Registrar or Registrars under the (i) *Land Title Act* (BC), (ii) British Columbia Ministry of Natural Gas Development, Upstream Development Division, Tenure and Geoscience Branch, (iii) the British Columbia Ministry of Agriculture and Lands, (iv) FrontCounterBC, (v) British Columbia Oil and Gas Commission, and (vi) all other government ministries and authorities in British Columbia exercising jurisdiction with respect to the Purchased Assets (collectively, and together with the BC PPR Registrar, the "**BC Governmental Authorities**" and each a "**BC**

Governmental Authority") are hereby authorized, requested and directed to (in each case, as applicable):

- (i) enter the Buyer as the owner and/or lessee and/or licensee of the Purchased Assets (including the Crown mineral leases listed in **Schedule "C-3"** hereto);
- (ii) delete and expunge from the existing title documents respecting the Purchased Assets, all Encumbrances listed in **Schedule "B-3"** hereto; and
- (iii) register such transfers, discharges, discharge statements or conveyances, as may be required to convey clear title to the Purchased Assets, subject only to Permitted Encumbrances.

in each case, in order to convey clear title to such Purchased Assets to the Buyer, subject only to Permitted Encumbrances. For further certainty, the BC Governmental Authorities shall not cancel or discharge the registration of any builders' liens or security notices registered against estates or interests other than the estate or interest of the Sellers.

REAL PROPERTY AND MINERAL RIGHTS IN MANITOBA

23. Upon (i) receipt of delivery of the Monitor's Certificate and any applicable registration fees by the applicable Manitoba Governmental Authority (defined below), and (ii) the filing of a certified copy of this Order with such Manitoba Governmental Authority,
- (a) the Registrar under the *Real Property Act* (Manitoba) (the "**Manitoba Land Registrar**") shall and is hereby authorized, requested and directed to:
 - (i) cancel and discharge all Encumbrances listed in **Schedule "B-4"** hereto, if any, registered against the estate and interest of Sellers in and to the Purchased Assets located in the Province of Manitoba;
 - (ii) transfer the interests in the name of any one or more of the Sellers listed in **Schedule "C-4"** into the name of the Buyer (or its nominee) free and

clear of all Encumbrances other than the Permitted Encumbrances that are registered against the said interests,

in order to convey clear title to such Purchased Assets to the Buyer, subject only to Permitted Encumbrances.

(b) the Ministry for Growth, Enterprise and Trade (Petroleum Branch and Mines Branch) for the Province of Manitoba (the "**Manitoba Ministry of Economy**") and together with the Manitoba Land Registrar and the Manitoba PPR Registrar, the "**Manitoba Governmental Authorities**" and each a "**Manitoba Governmental Authority**") is hereby authorized, requested, and directed to:

- (i) cancel and discharge those Encumbrances listed in **Schedule "B-4"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets located in the Province of Manitoba; and
- (ii) transfer the Crown leases, well licences and facility licences in the name of any one or more of the Sellers listed in **Schedule "C-4"** into the name of the Buyer (or its nominee), free and clear of all Encumbrances, subject only to Permitted Encumbrances,

in each case, in order to convey clear title to such Purchased Assets to the Buyer, subject only to Permitted Encumbrances. For further certainty, the Manitoba Governmental Authorities shall not cancel or discharge the registration of any builders' liens or security notices registered against estates or interests other than the estate or interest of the Sellers.

REAL PROPERTY AND MINERAL RIGHTS IN NORTHWEST TERRITORIES

24. Upon (i) receipt of delivery of the Monitor's Certificate and any applicable registration fees by the applicable NWT Governmental Authority (defined below), and (ii) the filing of a certified copy of this Order with such NWT Governmental Authority,

(a) the Registrar under the *Land Titles Act* (NWT) (the "**NWT Land Registrar**") shall and is hereby authorized, requested and directed to:

- (i) cancel and discharge all Encumbrances listed in **Schedule "B-5"** hereto, if any, registered against the estate and interest of Sellers in and to the Purchased Assets located in the Northwest Territories;
- (ii) transfer the interests in the name of any one or more of the Sellers listed in **Schedule "C-5"** into the name of the Buyer (or its nominee) free and clear of all Encumbrances other than the Permitted Encumbrances that are registered against the said interests,

in order to convey clear title to such Purchased Assets to the Buyer, subject only to Permitted Encumbrances.

- (b) the Department of Industry, Tourism and Investment for the Northwest Territories (the "**NWT Ministry of Economy**") and together with the NWT Land Registrar and the NWT PPR Registrar, the "**NWT Governmental Authorities**" and each a "**NWT Governmental Authority**") is hereby authorized, requested, and directed to:

- (i) cancel and discharge those Encumbrances listed in **Schedule "B-5"** hereto, if any, registered against the estate or interest of Sellers in and to the Purchased Assets located in the Northwest Territories; and
- (ii) transfer the Crown leases, well licences and facility licences in the name of any one or more of the Sellers listed in **Schedule "C-5"** into the name of the Buyer (or its nominee), free and clear of all Encumbrances, subject only to Permitted Encumbrances,

in each case, in order to convey clear title to such Purchased Assets to the Buyer, subject only to Permitted Encumbrances. For further certainty, the NWT Governmental Authorities shall not cancel or discharge the registration of any builders' liens or security notices registered against estates or interests other than the estate or interest of the Sellers.

WIND-DOWN AMOUNT

25. The Wind-Down Amount shall not be considered to be proceeds of sale of the Purchased Assets and no Encumbrances shall attach to the Wind-Down Amount, other than the Administration Charge, Directors' Charge, KERP Charge and KEIP Charge (each as created by and defined in the Initial Order and as may be amended by subsequent Order of the Court, including herein), which shall each attach to the Wind-Down Amount with the same terms and priority they had with respect to the Purchased Assets immediately prior to the sale.
26. The Monitor is hereby authorized and directed to disburse payments from the Wind-Down Amount in accordance with the provisions of the Purchase Agreement, including, without limitation, Section 2.9 thereof.
27. All right, title and interest in and to any portion of the Wind-Down Amount that is no longer required to be held by the Monitor, as determined in accordance with the provisions of the Purchase Agreement, including, without limitation, Section 2.9 thereof, shall be released by the Monitor and promptly be delivered to the Buyer as a Purchased Asset.

RESERVE PAYMENT AMOUNT

28. The Reserve Payment Amount shall not be considered to be proceeds of sale of the Purchased Assets and no Encumbrances shall attach to the Reserve Payment Amount, other than the Financial Advisors' Charge (as created by and defined in the Initial Order and as may be amended by subsequent Order of the Court, including herein) which shall attach to the Reserve Payment Amount with the same terms and priority it had with respect to the Purchased Assets immediately prior to the sale.
29. The Monitor is hereby authorized and directed to administer the Reserve Payment Amount in accordance with the provisions of the Purchase Agreement, including, without limitation, Section 2.10 thereof.

30. All right, title and interest in and to any portion of the Reserve Payment Amount that is no longer required to be held in the Reserve Payment Amount as determined by the Monitor in accordance with the provisions of the Purchase Agreement, including, without limitation, Section 2.10 thereof, shall be released by the Monitor and promptly be distributed to the Buyer as a Purchased Asset.

CASH COLLATERAL AMOUNT

31. The Applicants are authorized and directed to open a segregated bank account with the Agent (the "**Existing Lenders' Cash Collateral Account**") forthwith and in any event prior to or concurrently with Closing, into which the Applicants shall deposit \$11,455,000.00 or such other amount as the Applicants, the Agent and the Monitor may agree (the "**Cash Collateral Funds**"), which Cash Collateral Funds shall be cash collateral held by the Agent on its behalf and on behalf of the Existing Lenders to secure and, if necessary, to pay any and all obligations of the Applicants owing to the Agent or the Existing Lenders that arise or come due after Closing on account of: (i) any outstanding letters of credit provided by the Existing Lenders that remain in place for some period of time following Closing until replaced or amended by the Applicants or the Buyer; and (ii) any fees or disbursements of the Agent, including in connection with the continued use following Closing (whether by the Applicants or the Monitor) of the Applicants' existing bank accounts and cash management system (collectively, the "**Post-Closing Obligations**").
32. The Agent and the Existing Lenders shall be entitled to the benefits of and are hereby granted a charge (the "**Cash Collateral Charge**") on the Cash Collateral Funds to secure the Post-Closing Obligations. The Cash Collateral Charge shall have priority over any and all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise, in favour of any person, including, without limitation, priority over any priority charge previously granted by this Honourable Court in these proceedings. For greater certainty, and notwithstanding anything to the contrary herein, the Cash Collateral Charge shall survive Closing and the vesting of the Purchased Assets in the Buyer pursuant to paragraph 4 of this Order.

33. Upon satisfaction of any Post-Closing Obligations, including on the replacement or amendment of any letter of credit, the balance of the Cash Collateral Funds or the applicable portion thereof, if any, shall be delivered by the Agent to the Buyer, and such residual amounts shall at all times be property of the Buyer and not property of the Applicants or their estates, and upon receipt of such funds by Buyer, the residual funds shall be vested in the Buyer free and clear of all claims and encumbrances in accordance with paragraph 4 of this Order.
34. The Cash Collateral Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Agent and the Existing Lenders to the benefit of the Cash Collateral Charge shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made by the Applicants;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignment(s) for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing agreement that binds the Applicants or any of them;

and the rights of the Agent and the Existing Lenders in and to the Cash Collateral Funds pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transactions under the BIA or any other applicable federal or provincial

legislation, nor shall it constitute conduct oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

35. The filing, registration or perfection of the Cash Collateral Charge shall not be required, and the Cash Collateral Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Cash Collateral Charge coming into existence, notwithstanding any such failure to file, register, record or perfect..

RELEASE AND REDUCTION OF CHARGES

36. Upon delivery of the Monitor's Certificate to the Buyer:
- (a) The Credit Card Charge (as created by and defined in the Initial Order) is hereby released, expunged and discharged;
 - (b) The Administration Charge (as created by and defined in the Initial Order) shall be reduced to the maximum aggregate amount of \$500,000;
 - (c) The KERP Charge be released, expunged and discharged; and
 - (d) The KEIP Charge be released, expunged and discharged.

OCCUPANCY AGREEMENT

37. LTS is hereby authorized to enter into an Occupancy Agreement with the Buyer with respect to the premises subject to the Office Lease, in substantially the form attached as Exhibit "D" to the Scott Affidavit and by entering into such Occupancy Agreement, the Buyer shall not be deemed to have acquired any interest in the Office Lease pursuant to the Occupancy Agreement, whether as a lessee, sub-lessee or assignee of the lease or otherwise.

REORGANIZATION OF THE CCAA PARTIES

38. Nothing in the CCAA or the Initial Order shall prohibit or be deemed to prohibit the Sellers, in consultation with the Monitor, and as may be directed by the Buyer under

Section 3.5 of the Purchase Agreement and permitted under Applicable Law, from taking such corporate actions and steps as are deemed necessary or desirable by the Buyer to maximize the Tax Pools that may be utilized by the Buyer (including as may be required to transfer legal and beneficial title to all of the Purchased Assets to LTS prior to Closing), including, without limitation, some or all of the following:

- (a) the amendment of the partnership agreements for LTS Resources Partnership and Bakken Resources Partnership;
- (b) the assignment and transfer of the partnership interests from 1863359 Alberta Ltd. and 1863360 Alberta Ltd. to LTS;
- (c) the dissolution of one or more of the Sellers on or prior to the Closing Date; and
- (d) any such actions or corporate steps that are necessary or incidental to any of the foregoing;

provided that nothing in this paragraph shall constitute a determination by this Court as to the appropriateness of any such action.

AID AND RECOGNITION

- 39. The Alberta Governmental Authorities, Saskatchewan Governmental Authorities, BC Governmental Authorities, and any other applicable registrar or government ministries or authorities exercising jurisdiction with respect to the Purchased Assets (collectively, the "**Governmental Authorities**") are expressly authorized and directed to include in the discharges of the Encumbrances described above all Encumbrances registered after the date the Initial Order was granted, other than the Permitted Encumbrances.
- 40. In order to affect the discharges and transfers described above, this Court requests that the Governmental Authorities each take such steps as are necessary to give effect to the terms of this Order, and the Purchase Agreement authorized herein. Presentment of this Order and a copy of the Monitor's Certificate shall be the sole and sufficient authority of the Governmental Authorities to make and register the said transfers and cancel and

discharge the registrations of any Encumbrances on the Purchased Assets other than the Permitted Encumbrances.

41. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in the United States of America, Canada or in any of its provinces or territories, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Monitor, the Sellers and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of the Court, and the Sellers, as may be necessary or desirable to give effect to this Order or to assist the Monitor, the Sellers and their agents in carrying out the terms of this Order.

MISCELLANEOUS MATTERS

42. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, SC 2000, c 5, or any similar provision of any applicable provincial legislation, Sellers are authorized and permitted to disclose and transfer to the Buyer all human resources and payroll information in the Sellers' records pertaining to the Sellers' past and current employees. The Buyer (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Sellers.
43. The Sellers, Buyer and Monitor may pursue the provisional execution of this Order, including without limiting the general application of the foregoing, notwithstanding any appeal and without requirement to provide any security or provision for costs whatsoever. Without limiting the generality of the foregoing, this Order shall be registered by the Alberta Land Registrar notwithstanding the requirements of section 191(1) of the *Land Titles Act* (Alberta) and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.

44. Leave is granted to the Monitor, the Buyer and any other interested party, and such parties shall be at liberty to apply for further advice, assistance and directions as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
45. This Order must be served only upon those interested parties attending or represented at the within Application and service may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents. Service of this Order on any party not attending this Application is hereby dispensed with.

"S.J. LoVecchio"

J.C.Q.B.A.