

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 26 day of Sept, 2016

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: CCAA INITIAL 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: September 26, 2016

NAME OF JUDGE WHO MADE THIS ORDER: Honourable Mr. Justice A.D. Macleod

LOCATION OF HEARING: Calgary Courts Centre

UPON the application of Lightstream Resources Ltd. ("LTS"), 1863359 Alberta Ltd. and 1863360 Alberta Ltd. (collectively with LTS, the "**Applicants**"); AND UPON having read the Originating Application, the Affidavit of Peter D. Scott, sworn September 21, 2016, filed (the "**Scott Affidavit**"), the Supplemental Affidavit of Peter D. Scott, sworn September 23, 2016, filed and the Affidavits of Service of Serene Hawkins, sworn September 22, 2016, and September 26, 2016, each filed; AND UPON reading the consent of FTI Consulting Canada Inc. to act as monitor (the "**Monitor**"); AND UPON noting that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application; AND UPON hearing counsel for the Applicants, counsel for the agent (the "**Agent**") and certain other financial institutions, as lenders (together with the Agent, the "**First Lien Lenders**") under a third amended and restated credit agreement, as amended from time to time, dated as of May 29, 2015 (the "**Credit Agreement**"), counsel for an *ad hoc* committee of certain holders (the "**Ad Hoc Committee**") of 9.875% second lien secured notes due June 15, 2019 pursuant to a note indenture dated July 2, 2015, counsel for certain holders (the "**Unsecured Noteholders**") 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; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and deemed good and sufficient and this application is properly returnable today.

APPLICATION

2. The Applicants are companies to which the CCAA applies and, although not Applicants, LTS Resources Partnership and Bakken Resources Partnership (collectively, the "**CCAA Parties**") are necessary parties and shall receive the benefit of the relief granted in this Order.

PLAN OF ARRANGEMENT

3. The Applicants and the CCAA Parties shall have the authority to file and may, subject to further order of this Court, file with this Court a plan or plans of compromise or arrangement (hereinafter referred to as the "**Plan**").
4. The First Lien Lenders shall be treated as unaffected in any Plan filed by the Applicants and the CCAA Parties under the CCAA, or any proposal filed by the Applicants and the CCAA Parties under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), with respect to any obligations of the Applicants and the CCAA Parties under the Credit Agreement or the Loan Documents, including the Swap Documents (each as defined in the Credit Agreement). The Applicants and the CCAA Parties are hereby authorized and, to the extent within the control of the Applicants and the CCAA Parties, directed to fulfil their obligations under the Second Forbearance Agreement dated September 15, 2016, between the Applicants, the CCAA Parties, the Agent and the First Lien Lenders (the "**Forbearance Agreement**").

POSSESSION OF PROPERTY AND OPERATIONS

5. The Applicants and the CCAA Parties shall:
 - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");
 - (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property;
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order;
 - (d) subject to the terms of the Forbearance Agreement, continue to have access to their cash accounts with The Toronto-Dominion Bank;

- (e) be entitled to continue to utilize the corporate credit cards in place with HSBC Bank Canada (the "**Credit Cards**"). HSBC Bank Canada is hereby granted a charge (the "**Credit Card Charge**") on the Property to secure all obligations owed to it by the Applicants or the CCAA Parties relating to the Credit Cards, including without limitation principal interest and fees, to a maximum amount of \$105,000. The Credit Card Charge shall have the priority set out in paragraphs 35 and 37 hereof;
 - (f) be entitled to continue to utilize the centralized Cash Management System currently in place as described at paragraph 39 of the Scott Affidavit, and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined herein) other than the Applicants and the CCAA Parties; and
 - (g) be authorized to make inter-company transfers and advances to pay costs, expenses and amounts otherwise authorized in these proceedings.
6. To the extent permitted by law, the Applicants and the CCAA Parties shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any Assistants retained or employed by the Applicants and the CCAA Parties in respect of these proceedings, at their standard rates and charges.

7. The engagement letter entered into between TD Securities Inc., ("**TD Securities**") and LTS dated May 26, 2016, the engagement letter entered into between Evercore Capital L.L.C. ("**Evercore**") and LTS dated May 1, 2016, the engagement letter entered into between RBC Dominion Securities Inc. ("**RBC**") and LTS dated June 1, 2016, as amended on July 14, 2016, and the engagement letter entered into among BMO Nesbitt Burns Inc. ("**BMO**"), LTS, Goodmans LLP and the members of the *Ad Hoc* Committee and dated May 17, 2016 (the "**Financial Advisors' Engagement Letters**") attached as Exhibits "16", "17", "18" and "21" to the Scott Affidavit, are hereby approved and LTS is authorized and directed to continue the engagement of TD Securities, Evercore and RBC as Assistants thereunder and to comply with all of its obligations thereunder (TD Securities, Evercore, RBC and BMO in its capacity as financial advisor to the *Ad Hoc* Committee; are hereinafter collectively referred to as the "**Financial Advisors**"). The Financial Advisors are hereby granted a single charge in the maximum aggregate amount of \$19,410,000 (collectively, the "**Financial Advisors' Charge**") on the Property to secure all obligations under the Financial Advisors' Engagement Letters. The Financial Advisors' Charge shall have the priority set out in paragraphs 35 and 37 hereof. The claims of the Financial Advisors under the Financial Advisors' Engagement Letters shall be treated as unaffected in any Plan filed by the Applicants and the CCAA Parties under the CCAA, or any proposal filed by the Applicants and the CCAA Parties under the BIA.
8. Except as otherwise provided to the contrary herein, the Applicants and the CCAA Parties shall be entitled but not required to pay all reasonable expenses incurred by the Applicants or the CCAA Parties in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services;
 - (b) payment for goods or services actually supplied to the Applicants or the CCAA Parties following the date of this Order;

- (c) payments in respect of the Credit Cards required by paragraph 5(e) hereof; and
- (d) subject to the cash flow forecast attached as Exhibit "22" to the Scott Affidavit (the "**Cash Flow Forecast**"), payment of certain pre-filing amounts or honouring cheques issued prior to the date of filing that, in consultation with the Monitor, are necessary to facilitate the Applicants' and the CCAA Parties' ongoing operations.

9. The Applicants and the CCAA Parties shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

- (i) employment insurance,
- (ii) Canada Pension Plan, and
- (iv) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants or the CCAA Parties in connection with the sale of goods and services by the Applicants or the CCAA Parties, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants and the CCAA Parties.

10. Until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants and the CCAA Parties may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants or the CCAA Parties from time to time for the period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.
11. Except as specifically permitted in this Order, the Applicants and the CCAA Parties are hereby directed, until further order of this Court:
 - (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants or the CCAA Parties to any of their creditors as of the date of this Order other than interest payments under the Credit Agreement and other Loan Documents (as defined in the Credit Agreement);
 - (b) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of their Property; and
 - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. The Applicants and the CCAA Parties shall, subject to such requirements as are imposed by the CCAA and the terms and conditions of the Amended and Restated Support Agreement entered into among the Applicants, the CCAA Parties and the members of the Ad Hoc Committee (the "**Support Agreement**"), have the right to:
 - (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$3,000,000 in any one transaction or \$12,500,000 in the aggregate, with proceeds paid to the Agent in permanent reduction of any obligations under the Credit Agreement and the Loan Documents (as defined in the Credit Agreement), provided that any sale that is either (i) in excess of the above thresholds, or (ii) in

favour of a person related to the Applicants and the CCAA Parties (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;

- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate on such terms as may be agreed upon between the Applicants or the CCAA Parties and such employee, or failing such agreement, to deal with the consequences thereof in the Plan; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants and the CCAA Parties to proceed with an orderly restructuring of the Business (the "**Restructuring**").

13. The Applicants and the CCAA Parties shall provide each of the relevant landlords with notice of the Applicants' or the CCAA Parties' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' or the CCAA Parties' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants or the CCAA Parties, as applicable, or by further order of this Court upon application by the Applicants and the CCAA Parties on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants or the CCAA Parties disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' or the CCAA Parties' claim to the fixtures in dispute.

14. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
- (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants, the CCAA Parties and the Monitor 24 hours' prior written notice; and
 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants or the CCAA Parties, as applicable, in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants or the CCAA Parties, as applicable, of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS, THE CCAA PARTIES OR THE PROPERTY

15. Until and including October 26, 2016, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants, the CCAA Parties or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or the CCAA Parties or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**"), whether judicial or extra-judicial, statutory

or non-statutory against or in respect of the Applicants, the CCAA Parties or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

- (a) empower the Applicants and the CCAA Parties to carry on any business which the Applicants and the CCAA Parties are not lawfully entitled to carry on;
- (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
- (c) prevent the filing of any registration to preserve or perfect a security interest; or
- (d) prevent the registration of a claim for lien.

17. Nothing in this Order shall prevent any party from taking an action against the Applicants or the CCAA Parties where such an action must be taken in order to comply with statutory time limitations in order to preserve its rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

18. During the Stay Period, no person (other than the First Lien Lenders, in respect of any rights of termination under the Forbearance Agreement, and the *Ad Hoc* Committee, in respect of any rights of termination under the Support Agreement) shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants or the CCAA Parties, including, without limitation, any rights or remedies or provision that purports to effect or cause a cessation of operatorship, in any agreement, construction, ownership and operating agreement, joint venture agreement or any such similar agreements to which any of the Applicants or CCAA Parties is a party as a result of the occurrence of any default or non-performance by or the insolvency of any of the Applicants or the CCAA Parties, the making or filing of these proceedings or any

allegation, admission or evidence in these proceedings and under no circumstances shall any of the Applicants or the CCAA Parties be replaced as operator pursuant to any such agreements, except with the written consent of the Applicants or the CCAA Parties, as applicable, and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

19. During the Stay Period, all persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Applicants or the CCAA Parties, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business, the Applicants or the CCAA Parties,

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or the CCAA Parties or exercising any other remedy provided under such agreements or arrangements. The Applicants and the CCAA Parties shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants and the CCAA Parties in accordance with the payment practices of the Applicants and the CCAA Parties, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants, the CCAA Parties, and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

20. Notwithstanding anything else contained in this Order, no creditor of the Applicants or the CCAA Parties shall be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants or the CCAA Parties.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 17 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants or the CCAA Parties whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants and the CCAA Parties, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants and the CCAA Parties or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
23. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$2,500,000, as security for the indemnity provided in paragraph 22 of this Order. The Directors' Charge shall have the priority set out in paragraphs 35 and 37 herein.

24. Notwithstanding any language in any applicable insurance policy to the contrary:
- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
 - (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

APPOINTMENT OF MONITOR

25. FTI Consulting Canada Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business and financial affairs of the Applicants and the CCAA Parties with the powers and obligations set out in the CCAA or set forth herein and that the Applicants, the CCAA Parties and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants or the CCAA Parties pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
26. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicants' and the CCAA Parties' receipts and disbursements, Business and dealings with the Property;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants and the CCAA Parties;
 - (c) advise the Applicants and the CCAA Parties in their development of the Plan and any amendments to the Plan;

- (d) advise the Applicants and the CCAA Parties, to the extent required by them, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants and the CCAA Parties to the extent that is necessary to adequately assess the Applicants' and the CCAA Parties' Property, Business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (g) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants or the CCAA Parties and any other Person; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

27. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

28. The Monitor shall provide any creditor of the Applicants or the CCAA Parties with information provided by the Applicants or the CCAA Parties in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants or the CCAA Parties is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants or the CCAA Parties, as applicable, may agree.
29. The Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
30. The Monitor, counsel to the Monitor, counsel to the Applicants and the CCAA Parties, independent counsel to the Applicants' directors and officers, counsel to the First Lien Lenders, PricewaterhouseCoopers Inc. ("PwC"), in its capacity as financial advisor to the First Lien Lenders, counsel to the *Ad Hoc* Committee and BMO (on account of BMO's monthly work fee) shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements) in each case at their standard rates and charges, by the Applicants and the CCAA Parties as part of the costs of these proceedings. The Applicants and the CCAA Parties are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, counsel for the Applicants and the CCAA Parties, counsel for the First Lien Lenders, PwC and counsel for the *Ad Hoc* Committee on a bi-weekly basis and the accounts of BMO on a monthly basis, in addition, the Applicants and the CCAA Parties are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants and the CCAA Parties, retainers in the respective amounts of \$100,000, \$100,000 and \$250,000, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.
31. The Monitor and its legal counsel shall pass their accounts from time to time.

32. The Monitor, counsel to the Monitor, counsel to the Applicants and the CCAA Parties, independent counsel to the Applicants' directors and officers, counsel to the First Lien Lenders, PwC, counsel to the *Ad Hoc* Committee and BMO (on account of BMO's monthly work fee), as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$2,000,000, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor, PwC, and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 35 and 37 hereof.

KEY EMPLOYEE RETENTION AND INCENTIVE PLANS

33. The Key Employee Retention Plan and the Key Employee Incentive Plan described in the Scott Affidavit (the "**KERP**" and "**KEIP**", respectively), are hereby authorized and approved and the Applicants and the CCAA Parties are authorized and directed to make the payments contemplated in the KERP and the KEIP. The directors and officers of the Applicants shall have no liability for the payments contemplated in the KERP or the KEIP (and for certainty, any and all claims under the KERP or the KEIP shall be secured solely by the KERP Charge or the KEIP Charge (each as defined below), as applicable, and shall not be secured, directly or indirectly, by the Directors' Charge).
34. The beneficiaries of the KERP are hereby granted a charge (the "**KERP Charge**") on the Property to secure all obligations under the KERP, up to the maximum amount of \$4,115,250. The beneficiaries of the KEIP are hereby granted a charge (the "**KEIP Charge**") on the Property to secure all obligations under the KEIP, up to the amount of \$5,007,417. The KERP Charge and the KEIP Charge shall have the priority set out in paragraphs 35 and 37 hereof.

VALIDITY AND PRIORITY OF CHARGES

35. The priorities of the Administration Charge, the Credit Card Charge, the Directors' Charge, the KERP Charge, the KEIP Charge and the Financial Advisors' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$2,000,000);

Second – Credit Card Charge (to the maximum amount of \$105,000);

Third – Directors' Charge (to the maximum amount of \$2,500,000);

Fourth – (and subordinate to the indebtedness to the First Lien Lenders under the Credit Agreement) KERP Charge (to the maximum amount of \$4,115,250);

Fifth – (and subordinate to the indebtedness to the First Lien Lenders under the Credit Agreement) KEIP Charge (to the maximum amount of \$5,007,417); and

Sixth – (and subordinate to the indebtedness to the First Lien Lenders under the Credit Agreement) Financial Advisors' Charge (to the maximum amount of \$19,410,000),

(all of which are, collectively, the "**Charges**").

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

37. The Charges (all as constituted and defined herein) shall constitute a charge on the Property and, subject always to section 34(11) of the CCAA, such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except as otherwise set out herein.

38. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants and the CCAA Parties shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the

Applicants and the CCAA Parties also obtain the prior written consent of the Monitor, and the other beneficiaries of the Charges, or further order of this Court.

39. The Charges, shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (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 assignments 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 loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants or the CCAA Parties, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicants or the CCAA Parties of any Agreement to which it is a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
 - (iii) the payments made by the Applicants and the CCAA Parties pursuant to this order, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive

conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

40. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Charges, amongst the various assets comprising the Property.

SALE PROCEDURES

41. The sale procedures (the "**Sale Procedures**") attached as Appendix "A" to this Order be and are hereby approved, and TD Securities, the Monitor, the Applicants and the CCAA Parties are authorized and directed to perform each of their obligations thereunder and to do all things reasonably necessary to perform their obligations thereunder.
42. Each of the Monitor and TD Securities, and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Procedures, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor or TD Securities, as applicable, in performing its obligations under the Sale Procedures (as determined by this Court).
43. In connection with the Sale Procedures and pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act (Canada)*, the Applicants, the CCAA Parties, TD Securities and the Monitor are authorized and permitted to disclose personal information of identifiable individuals to prospective purchasers or offerors and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sale transactions (each, a "**Transaction**"). Each prospective purchaser or offeror to whom such information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to its evaluation of the Transaction, and if it does not complete a Transaction, shall: (i) return all such information to the Applicants, the CCAA Parties, TD Securities or the Monitor, as

applicable; (ii) destroy all such information; or (iii) in the case of such information that is electronically stored, destroy all such information to the extent it is reasonably practical to do so. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Applicants and the CCAA Parties, and shall return all other personal information to the Applicants, the CCAA Parties, TD Securities or the Monitor, as applicable, or ensure that all other personal information is destroyed.

SEALING

44. The Confidential KERP/KEIP Summary marked as Exhibit "20" of the Scott Affidavit shall be sealed on the Court file, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*. The Confidential KERP/KEIP Summary shall be kept confidential and shall not form part of the public record. The Confidential KERP/KEIP Summary shall be placed, separate and apart from all contents in the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order.

SERVICE AND NOTICE

45. The Monitor shall (i) without delay, publish in the Calgary Herald, Daily Oil Bulletin, and Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants or the CCAA Parties of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
46. The Applicants, the CCAA Parties, and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence,

by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' and the CCAA Parties' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and the CCAA Parties and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor shall establish and maintain a website in respect of these proceedings at cfcanada.fticonsulting.com/Lightstream and shall post there as soon as practicable:

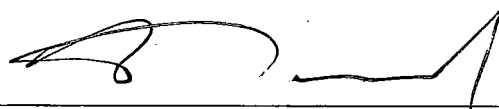
- (a) all materials prescribed by statute or regulation to be made publically available; and
- (b) all applications, reports, affidavits, orders or other materials filed in these proceedings by or behalf of the Monitor, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

GENERAL

- 47. The Applicants, the CCAA Parties or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
- 48. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
- 49. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the CCAA Parties, the Business or the Property.
- 50. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the CCAA Parties, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory

and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants, the CCAA Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants, the CCAA Parties and the Monitor and their respective agents in carrying out the terms of this Order.

51. Each of the Applicants, the CCAA Parties and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
52. Any interested party (including the Applicants, the CCAA Parties and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
53. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.



Justice of the Court of Queen's Bench of Alberta

Appendix "A"

LIGHTSTREAM

Sale Procedures

Pursuant to an initial order (as it may be amended, restated or supplemented from time to time, the "Initial Order") of the Court of Queen's Bench of Alberta (the "Court") dated September 26, 2016, Lightstream Resources Ltd. ("LTS") and its wholly owned direct and indirect subsidiaries, 1863359 Alberta Ltd. and 1863360 Alberta Ltd., LTS Resources Partnership and Bakken Resources Partnership (collectively, "Lightstream" or the "Company", and each individually, a "Lightstream Entity") obtained protection from their creditors pursuant to proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA") bearing Court File No. 1601-12571 (the "CCAA Proceedings").

Pursuant to the Initial Order, the Court approved sale procedures to be continued in respect of the Company to seek a Successful Bid, in accordance with the terms and conditions set forth herein (as such process may be amended, restated or supplemented pursuant to the terms herein, the "Sale Procedures").

Defined Terms; Interpretation

1. All capitalized terms used herein shall have the meanings given to them in **Appendix "A"** hereto.

Sale Process

2. These Sale Procedures describe, among other things (collectively, the "Sale Process"):
 - (a) the manner and timelines in which any interested party (each, a "Prospective Bidder") may gain access to or continue to have access to due diligence materials concerning the Lightstream Property and the Lightstream Business;
 - (b) the manner and timelines in which Prospective Bidders may submit an Indication of Interest for all or substantially all of the Lightstream Property or any of the Parcels, and the required content of any Indication of Interest;
 - (c) the manner and timelines in which Qualified Phase I Bidders may submit a Qualified Indication of Interest and the required content of a Qualified Indication of Interest;
 - (d) the manner and timelines in which Qualified Phase II Bidders may submit a Qualified Bid and the required content of a Qualified Bid;
 - (e) the process and criteria for the ultimate selection of one or more Successful Bids; and
 - (f) the process for obtaining approval of one or more Successful Bids by the Court.

Conduct of the Sale Procedures

3. The Sale Process will be carried out by the Company in accordance with these Sale Procedures, with the assistance of, and in consultation with, the Sale Advisor and the Monitor. The Company, the Sale Advisor and the Monitor are fully and exclusively authorized, empowered and directed to take any and all actions and steps pursuant to these Sale Procedures. In the event that there is a disagreement as to the interpretation or application of these Sale Procedures, the Court will have the jurisdiction to hear and resolve such dispute.
4. In addition to the disclosure covenants in the Support Agreement with the *Ad Hoc* Committee of Second Lien Noteholders and the Second Forbearance Agreement with the First Lien Lenders, the Company shall provide the *Ad Hoc* Committee of Second Lien Noteholders, the First Lien Agent and their respective legal and financial advisors, on a confidential basis, with such additional information and disclosures regarding the Sale Process (Indications of Interest and Qualified Phase 1 Bidders, Qualified Bids and Qualified Phase II Bidders, Successful Bids and Successful Bidders) as they may request.

Sale Opportunity

5. The Sale Advisor, in consultation with the Company, the Monitor and their respective advisors, shall prepare a list of persons who may constitute Prospective Bidders and shall distribute to each such person, (a) the Process Letter, (b) a teaser (the "**Teaser**") describing the opportunity to acquire the Lightstream Property or any of the Parcels, (c) a copy of the Initial Order (including the Sale Procedures), and (d) the form of required Confidentiality Agreement. Any offer for a Parcel will be considered in combination with other offers, if any, received for other Parcels.

"As Is, Where Is"

6. Any Sale will be on an "as is, where is" and "without recourse" basis and without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Company, Sale Advisor, Monitor or any of their Representatives, except to the extent set forth in a Definitive Agreement with a Successful Bidder.

Free of Any and All Claims and Interests

7. Except to the extent otherwise set forth in the relevant definitive purchase and sale agreement (a "**Definitive Sale Agreement**") with a Successful Bidder, in the event of a Sale, all of the rights, title and interests of the Company in and to the Lightstream Property or any of the Parcels to be acquired pursuant to an approval and vesting Order of the Court will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon.

Participation Requirements

8. Unless otherwise provided for herein, ordered by the Court, or agreed by the Company, in order to participate in the Sale Procedures and be considered for qualification as a Qualified Phase I Bidder, a Prospective Bidder must deliver to the Company in the

manner and at the address specified in **Schedule "A"** hereto, and prior to the distribution of any confidential information by the Company to a Prospective Bidder:

- (a) an executed Confidentiality Agreement, which shall enure to the benefit of any Successful Bidder of the Lightstream Property or any of the Parcels on the closing of the Successful Bid;
- (b) a specific indication of the anticipated sources of capital for such Prospective Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit support or enhancement that will allow the Company and its Representatives, including the Sale Advisor, to make, in their reasonable business or professional judgment, a determination as to the Prospective Bidder's financial and other capabilities to consummate the proposed Sale.
- (c) a letter setting forth the identity of the Prospective Bidder, the contact information for such Prospective Bidder, full disclosure of the direct and indirect owners of the Prospective Bidder and their principals; and
- (d) a written acknowledgement of receipt of a copy of the Initial Order approving these Sale Procedures and agreeing to accept and be bound by the provisions contained therein.

9. A Prospective Bidder that has satisfied all of the requirements described in section 8 above and who the Company, in consultation with the Sale Advisor and the Monitor, determines has a reasonable prospect of completing a transaction contemplated herein, will be deemed a "**Qualified Phase I Bidder**" and will be promptly notified of such classification by the Company. Notwithstanding these requirements, the Company may, in consultation with the Sale Advisor and the Monitor, designate any Prospective Bidder as a Qualified Phase I Bidder in its sole discretion.

Due Diligence

10. The Company or Sale Advisor shall provide any person deemed to be a Qualified Phase I Bidder with access to the Data Room and the Company shall provide to the Qualified Phase I Bidders further access to such due diligence materials and information relating to (i) the Lightstream Property available for Sale (including the Parcels); and (ii) the debt and equity interests of the Company as the Company deems appropriate, including, as appropriate, access to further information in the Data Room, and management presentations, where appropriate and only to the extent that such management presentations do not cause unreasonable disruption to the Company's management and/or the Lightstream Business operations.
11. The Company and its Representatives (including the Sale Advisor) and the Monitor do not make any representations or warranties whatsoever, and shall have no liability of any kind whatsoever, as to the information or the materials provided through the due diligence process or otherwise made available to any Prospective Bidder, Qualified Phase I Bidder, Qualified Phase II Bidder, Qualified Bidder, Qualified Parcel Bidder, or Successful Bidder, with respect to the Lightstream Property or any of the Parcels, Lightstream or the Lightstream Business, including any information contained in the

Process Letter, Teaser, or Data Room and provided or made in any management presentations.

12. The Company reserves the right to limit any Prospective Bidder's or Qualified Phase I Bidder's access to any confidential information (including any information in the Data Room), where, in the Company's discretion, such access could negatively impact the Sale Procedures, the ability to maintain the confidentiality of confidential information, or the value of the Lightstream Property. Requests for additional information are to be made to the Sale Advisor.

Phase I

Seeking Indications of Interest from Qualified Phase I Bidders

13. From the Filing Date until the Phase I Bid Deadline, the Company and the Sale Advisor will continue to identify and qualify Qualified Phase I Bidders, and will solicit non-binding indications of interest from Qualified Phase I Bidders to acquire all of the Lightstream Property or any of the Parcels (each an "Indication of Interest").
14. In order to continue to participate in these Sale Procedures, a Qualified Phase I Bidder must deliver an Indication of Interest to the Company in the manner and at the address specified in **Schedule "A"** hereto so as to be received not later than 5:00 p.m. (Mountain Time) on Friday, October 21, 2016 or such later date or time as the Company may determine appropriate in consultation with the First Lien Agent, the *Ad Hoc* Committee of Second Lien Noteholders, the Sale Advisor and the Monitor, or as the Court may order (as it may be extended, as described in this section 14, the "**Phase I Bid Deadline**").

Indications of Interest by Qualified Phase I Bidders

15. Subject to Section 16, unless otherwise ordered by the Court, an Indication of Interest will be considered a "**Qualified Indication of Interest**" only if:
 - (a) it is submitted by a Qualified Phase I Bidder, received on or before the Phase I Bid Deadline;
 - (b) contains an indication of whether the Qualified Phase I Bidder is making an offer to acquire all of the Lightstream Property or any of the Parcels (a "**Sale Proposal**"), which identifies:
 - (i) the Lightstream Property or Parcels to be included in the Sale Proposal and a detailed listing of any of the assets to be excluded from the Sale Proposal;
 - (ii) the proposed purchase price for such Sale Proposal, and an explanation of proposed adjustments, if any, to the final purchase price payable at closing;
 - (iii) details as to the form of consideration for the Sale Proposal, including, if non-cash consideration is being offered, supporting rationale for the value being ascribed to such consideration;

- (iv) a description of any liabilities to be assumed by the Qualified Phase I Bidder and the Qualified Phase I Bidder's estimated value of such assumed liabilities;
- (v) a specific indication of sources of capital for the Qualified Phase I Bidder and preliminary evidence of the availability of such capital, or such other form of financial disclosure and credit-quality support or enhancement, including contact information for capital/financing sources, that will allow the Company to make a reasonable business judgement as to the Qualified Phase I Bidder's financial or other capabilities to consummate the contemplated transaction;
- (vi) an acknowledgement that the contemplated Sale will be made on an "as is, where is" and "without recourse" basis;
- (vii) a description of approvals (including approvals from the board of directors, management, or investment committee, as applicable) received to date authorizing submission of the Sale Proposal and any anticipated corporate, shareholder, internal or regulatory approvals required to close the transaction and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (viii) specific statements concerning the treatment of employees and plans for the ongoing involvement and roles of the Company's employees;
- (ix) a timeline to closing with critical milestones and a statement with respect to the Qualified Phase I Bidder's ability to consummate the contemplated transaction by the Outside Closing Date;
- (x) a detailed description of any additional due diligence required or desired to be conducted prior to the Phase II Bid Deadline, if any, and an estimated timeline for the completion of such due diligence (including with respect to any specific technical diligence matters relating to petroleum and natural gas rights or wells owned by the Company or any environmental due diligence);
- (xi) all material conditions to closing that the Qualified Phase I Bidder may wish to impose;
- (xii) an indication as to whether the Qualified Phase I Bidder is intending to effect the Sale Proposal through a special purpose vehicle;
- (xiii) any other terms and conditions which the Qualified Phase I Bidder believes are material to the transaction;
- (xiv) contact information for any business, financial or legal advisors retained or to be retained in connection with the contemplated transaction; and
- (xv) such other information reasonably requested by the Lightstream Group.

16. For greater certainty, the Company shall be entitled, either prior to or following the Phase I Bid Deadline, to seek to clarify the terms of an Indication of Interest or with respect to any of the other requirements of section 15 above, and the Company, in consultation with the Monitor, may accept a revised, clarified Indication of Interest, provided that the initial Indication of Interest was received prior to the Phase I Bid Deadline. The Company, in consultation with the Sale Advisor and the Monitor, may waive compliance with any one or more of the requirements specified in Sections 15, and deem any non-compliant Indication of Interest to be a Qualified Indication of Interest.

Assessment of Qualified Indications of Interest

17. Promptly following the Phase I Bid Deadline, the Company will, in consultation with the Sale Advisor and the Monitor, assess Qualified Indications of Interest received during Phase I, if any, and will determine whether there is a reasonable prospect of obtaining a Qualified Bid. For the purpose of such consultations and evaluations, the Company, the Sale Advisor and the Monitor may request clarification of the terms of any Qualified Indication of Interest.
18. In assessing a Qualified Indication of Interest, the Company, following consultation with the Monitor, will consider, among other things, the following:
- (a) whether the form and amount of consideration being offered will satisfy at closing the Qualified Consideration Requirement;
 - (b) whether the cash consideration being offered, will be sufficient at closing to satisfy the Secured Debt Repayment Requirement;
 - (c) the nature and amount of debt and other liabilities to be assumed by the Qualified Phase I Bidder;
 - (d) the assets to be included in or excluded from the Sale Proposal and the transaction costs and risks associated with closing multiple transactions versus a single sale transaction for all, or substantially all, of the Lightstream Property;
 - (e) the demonstrated financial capability of the Qualified Phase I Bidder to consummate the proposed transaction;
 - (f) the transition services required from the Company post-closing and any related costs;
 - (g) the proposed treatment of stakeholders, including the shareholders, First Lien Lenders, Second Lien Noteholders, Unsecured Noteholders, employees and other creditors;
 - (h) the conditions to closing of the proposed transaction; and
 - (i) other factors affecting the speed, certainty and value of the Sale Proposal (including any remaining due diligence, regulatory approvals and others conditions required to close on or before the Outside Closing Date and whether,

in the Company's reasonable business judgment, it is reasonably likely to close on or before the Outside Closing Date.

19. If the Company, in consultation with the Sale Advisor and the Monitor, determine that there are or will be no Qualified Indication of Interest that would be sufficient to satisfy the Qualified Consideration Requirement and the Secured Debt Repayment Requirement at closing, the Credit Bid shall be deemed to be the "**Successful Bid**" and the Credit Bid Party shall be the "**Successful Bidder**" and the Company may forthwith terminate these Sale Procedures and seek to implement the Credit Bid.
20. If the Company, in consultation with the Monitor, determines that (i) one or more Qualified Indications of Interest (other than the Credit Bid) were received that would be sufficient to satisfy the Qualified Consideration Requirement and the Secured Debt Repayment Requirement at closing, and (ii) proceeding with these Sale Procedures is in the best interests of the Company and its stakeholders, these Sale Procedures will continue and each Qualified Phase I Bidder who has submitted a Qualified Indication of Interest that is determined by the Company likely to be able to be consummated, shall be deemed to be, and notified by the Company that it is, a "**Qualified Phase II Bidder**".

Phase II

Seeking Qualified Bids by Qualified Phase II Bidders

21. In order to continue to participate in these Sale Procedures, a Qualified Phase II Bidder must deliver a Qualified Bid to the Company and such bid must be received by the Company no later than 5:00 p.m. (Mountain Time) on Monday, November 21, 2016 or such later date or time as the Company may determine appropriate in consultation with the First Lien Lenders, the *Ad Hoc* Committee of Second Lien Noteholders, the Sale Advisor and the Monitor (the "**Phase II Bid Deadline**").

Qualified Bids

22. A Sale Proposal submitted by a Qualified Phase II Bidder will be considered a "**Qualified Bid**" only if the Sale Proposal complies with all of the following:
 - (a) it is received by no later than the Phase II Bid Deadline;
 - (b) it includes a letter stating that the Sale Proposal is irrevocable until the earlier of (i) 11:59 p.m. on the Business Day following the closing of a transaction with a Successful Bidder in respect of the Lightstream Property or the same Parcel thereof, and (ii) thirty (30) Business Days following the Phase II Bid Deadline; provided, however, that if such Sale Proposal is selected as a Successful Bid, it shall remain irrevocable until 11:59 p.m. (Mountain Time) on the Business Day following the closing of the Successful Bid or Successful Bids, as the case may be;
 - (c) it includes a duly authorized and executed Definitive Agreement based on the Form of Purchase Agreement and accompanied by a mark-up (in the form of a blackline) of the Form of Purchase Agreement showing proposed amendments and modifications made thereto, specifying the consideration, and such ancillary agreements as may be required by the Qualified Phase II Bidder with all exhibits

and schedules thereto (or term sheets that describe the material terms and provisions of such ancillary agreements) and the proposed Orders to approve such Sale by the Court;

- (d) it does not include any request or entitlement to any break-fee, expense reimbursement or similar type of payment;
- (e) it provides for consideration at closing sufficient to satisfy the Qualified Consideration Requirement;
- (f) it provides for cash consideration at closing sufficient to satisfy the Secured Debt Repayment Requirement;
- (g) it includes evidence sufficient to allow the Company, in consultation with the Monitor, to make a reasonable determination as to the bidder's (and its direct and indirect owners' and their principals') financial and other capabilities to consummate the transaction contemplated by the Sale Proposal, which evidence could include but is not limited to evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution;
- (h) it is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Phase II Bidder and/or (ii) obtaining any financing capital and includes an acknowledgement and representation that the Qualified Phase II Bidder has had an opportunity to conduct any and all required due diligence prior to making its Sale Proposal;
- (i) it fully discloses the identity of each entity that is bidding or otherwise that will be sponsoring or participating in the Sale Proposal, including the identification of the Qualified Phase II Bidder's direct and indirect owners and their principals, and the complete terms of any such participation;
- (j) it includes an acknowledgement and representation that the Qualified Phase II Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Sale Proposal; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Company, Sale Advisor or Monitor or any of their Representatives, except as expressly stated in the Definitive Sale Agreement submitted by it; (iii) is a sophisticated party capable of making its own assessments in respect of making its Sale Proposal; and (iv) has had the benefit of independent legal advice in connection with its Sale Proposal;
- (k) it includes evidence, in form and substance reasonably satisfactory to the Company, in consultation with the Monitor, of authorization and approval from the Qualified Phase II Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Sale Proposal;

- (l) except in the case of a Credit Bid, it is accompanied by a refundable deposit (the "Deposit") in the form of a wire transfer delivered to the Monitor (to a trust account specified by the Monitor); or such other form acceptable to the Monitor, in trust, in an amount equal to two and a half percent (2.5%) of the proposed gross Purchase Price, to be held and dealt with in accordance with these Sale Procedures;
- (m) it provides for closing of a Qualified Bid by no later than the Outside Closing Date;
- (n) if the Qualified Phase II Bidder is an entity newly formed for the purpose of the transaction, the bid shall contain an equity or debt commitment letter from the parent entity or sponsor, which is satisfactory to the Company, that names the Company as a third party beneficiary of any such commitment letter with recourse against such parent entity or sponsor;
- (o) it includes evidence, in form and substance reasonably satisfactory to the Company, in consultation with the Monitor, of compliance or anticipated compliance with any and all applicable Canadian and any foreign regulatory approvals (including, if applicable, anti-trust regulatory approval and any approvals with respect to the grant or transfer of any permits or licenses), the anticipated time frame for such compliance and any anticipated impediments for obtaining such approvals;
- (p) it includes specific statements concerning the proposed treatment of employees and plans for the ongoing involvement and roles of the Company's employees;
- (q) it identifies the particular contracts and leases the Qualified Phase II Bidder wishes to assume and reject, contains full details of the Qualified Phase II Bidder's proposal for the treatment of related cure costs (and provides adequate assurance of future performance thereunder) and it identifies any particular executory contract or unexpired lease the assumption and assignment of which is a condition to closing; and
- (r) it contains other information reasonably requested by the Company, in consultation with the Sale Advisor and the Monitor.

Qualified Bids

- 23. Each bidder who has submitted a Qualified Bid shall hereinafter be referred to as a "**Qualified Bidder**".
- 24. For greater certainty, a Sale Proposal may be in respect of only one or more Parcels and in such case, such Sale Proposal shall constitute a "**Qualified Parcel Bid**" if it satisfies the requirements in section 22 hereof, as applicable, and in such case, the bidder shall constitute a "**Qualified Parcel Bidder**". Each Qualified Parcel Bid shall be deemed to be a Qualified Bid, and each Qualified Parcel Bidder shall be deemed to be a Qualified Bidder for all purposes of the Sale Procedures.
- 25. The Credit Bid shall be deemed to be a Qualified Bid and the Credit Bid Party shall be deemed to be a Qualified Bidder for the purposes of these Sale Procedures.

26. For greater certainty, the Company shall be entitled, either prior to or following the Phase II Bid Deadline, to seek to clarify the terms of any Sale Proposal submitted by a Qualified Phase II Bidder, and the Company, in consultation with the Monitor, may accept a revised and/or clarified Sale Proposal, provided that the initial Sale Proposal by the Qualified Phase II Bidder was received prior to the Phase II Bid Deadline.
27. Notwithstanding section 22 hereof, the Company, in consultation with the Monitor, may waive compliance with any one or more of the Qualified Bid requirements specified herein, and deem such non-compliant bids to be Qualified Purchase Bids; provided, however, that the Company shall not be entitled to waive the Qualified Consideration Requirement and Secured Debt Repayment Requirement nor deem any Sale Proposal that fails to satisfy such requirements to be a Qualified Bid.

Credit Bid

28. The Credit Bid Party will be submitting the Credit Bid, which Credit Bid when submitted shall, as set out above, be deemed to be a Qualified Indication of Interest and Qualified Bid for the purpose of these Sale Procedures and in the event that the Credit Bid is deemed to be the Successful Bid (as a result of no other Qualified Indications of Interest having been received that satisfies the Qualified Consideration Requirement and the Secured Debt Repayment Requirement or no Qualified Bid received (other than the Credit Bid)), the Company may forthwith terminate these Sale Procedures and proceed to seek implementation of the Credit Bid.
29. The Credit Bid Party shall not be entitled to increase the consideration of its Credit Bid. No members of the *Ad Hoc* Committee of Second Lien Noteholders or any of their Affiliates (other than the Credit Bid Party) shall be permitted to submit a Sale Proposal. For greater certainty, nothing in this Section 29 shall restrict the ability of the Credit Bid Party to, as agreed to by the Company, make amendments to the assets to be acquired and/or liabilities to be assumed pursuant to the Credit Bid.
30. If the Credit Bid is terminated at any time during the Sale Process, and there is no Sale Proposal received that satisfies the Qualified Consideration Requirement and the Secured Debt Repayment Requirement, the Company shall apply to the Court to seek advice and directions as to the continuation, modification or termination of the Sale Process.

Assessment of Qualified Bids

31. The Company, in consultation with the Sale Advisor and the Monitor, will assess Qualified Bids received (other than the Credit Bid), if any, and will determine whether it is likely that the transactions contemplated by such Qualified Bids are likely to be able to be consummated and whether proceeding with these Sale Procedures is in the best interests of the Company and its stakeholders. Such assessments will be made as promptly as practicable after the Phase II Bid Deadline.
32. If the Company, in consultation with the Sale Advisor and the Monitor, in accordance with section 31 above, determines that (i) no Qualified Bid has been received (other than the Credit Bid); and (ii) there is no reasonable prospect of obtaining a Qualified Bid (other than the Credit Bid), the Credit Bid shall be deemed to be the "**Successful Bid**"

and the Credit Bid Party shall be the "**Successful Bidder**" and the Company may forthwith terminate these Sale Procedures and seek to implement the Credit Bid.

33. If the Company, in consultation with the Sale Advisor and the Monitor, in accordance with section 31 above, determines that only one Qualified Bid was received (other than the Credit Bid) (which could be a combination of non-overlapping Qualified Parcel Bids), such Qualified Bid shall be a "**Successful Bid**", and the Qualified Bidder(s) making the Successful Bid shall be a "**Successful Bidder**" or "**Successful Bidders**", as the case may be) and Company may take such steps as are necessary to finalize, complete and seek Court approval of the Successful Bid. For greater certainty, the Company may accept a combination of non-overlapping Qualified Parcel Bids which commit to provide consideration of no less than the Qualified Consideration at closing (collectively, an "**Aggregated Qualified Bid**") to create one "**Successful Bid**" and in such case, the applicable Qualified Parcel Bidders will become "**Successful Bidders**".
34. If the Company, in consultation with the Sale Advisor and the Monitor, in accordance with section 31 above, determines that more than one Qualified Bid (and/or more than one Aggregated Qualified Bid, in each case other than the Credit Bid) was received with respect to one or more Parcels by the Phase II Bid Deadline, then these Sale Procedures will not be terminated and the Company may, in consultation with the Monitor and the Sale Advisor, choose (i) in consultation with the Sale Advisor, to continue negotiations with a select number of Qualified Bidders, with a view to selecting one or more non-overlapping Qualified Bids (which could be new or amended Qualified Bids, including a combination of new or amended non-overlapping Qualified Parcel Bids) as the "**Successful Bid**" and the Qualified Bidder(s) making the Successful Bid shall be a "**Successful Bidder**" or "**Successful Bidders**", as the case may be, and (ii) to take such steps as are necessary to finalize, seek Court approval of the Successful Bid.

Selection Criteria

35. In selecting the Successful Bid(s), the Company, in consultation with the Sale Advisor and the Monitor, will review each Qualified Bid:
36. Evaluation criteria with a Sale Proposal may include, but are not limited to items such as: (i) the proposed purchase price and new value (including assumed liabilities and other obligations to be performed by the bidder) and the form of such new value; (ii) the firm, irrevocable commitment for financing the proposed transaction; (iii) the claims likely to be created by such bid in relation to other bids; (iv) the counterparties to the proposed transaction; (v) the terms of proposed transaction documents; (vi) other factors affecting the speed, certainty and value of the proposed transaction (including regulatory approvals required to close the proposed transaction); (vii) proposed treatment of stakeholders; (viii) the assets proposed to be included and excluded from the bid; (ix) proposed treatment of employees; (x) any transition services required from Lightstream post-closing and related restructuring costs; and (xi) the likelihood and timing of consummating the proposed transaction.

Definitive Agreements

37. The Company and/or any Lightstream Entity, as applicable, will finalize Definitive Agreements in respect of any Successful Bidder, conditional upon approval of the Court, by no later than 5:00 p.m. (Mountain Time) on Friday, December 2, 2016 or such later

date or time as the Company may determine appropriate in consultation with the First Lien Lenders, the *Ad Hoc* Committee of Second Lien Noteholders, the Sale Advisor and the Monitor.

Approval Hearing

38. As soon as reasonably possible after the execution of a Definitive Agreement by the Company and the Successful Bidder, the Company shall apply to the Court (the "**Approval Hearing**") for: (i) an Order approving each Successful Bid(s) and authorizing the Company and/or any Lightstream Entity, as applicable, to enter into any and all necessary agreements with respect to a Successful Bidder; and (ii) any Order that may be required vesting title to Lightstream Property or any of the Parcels in the name of any Successful Bidder(s).
39. The Approval Hearing will be held on a date to be scheduled by the Court upon application by the Company, and in any event, not later than Thursday, December 15, 2016 or such later date as the Company, in consultation with the First Lien Agent, the *Ad Hoc* Committee of Second Lien Noteholders, the Sale Advisor and the Monitor, and the Successful Bidder may agree.
40. All Qualified Bids (other than any Successful Bid(s)) shall be deemed rejected on and as of the date of closing of the Successful Bid or date upon which all Successful Bids have closed, as the case may be.

Deposits

41. All Deposits shall be retained by the Monitor and deposited in a non-interest bearing trust account. If there is/are Successful Bid(s), the Deposit paid by a Successful Bidder whose bid is approved at the Approval Hearing shall be applied to the Purchase Price to be paid by that Successful Bidder upon closing of the approved transaction and will be non-refundable. The Deposits of Qualified Bidders not selected as a Successful Bidder shall be returned to such bidders within five (5) Business Days after the date on which their Qualified Bid is no longer irrevocable in accordance with section 22(b), as applicable. If there is no Successful Bid, all Deposits shall be returned to the bidders within five (5) Business Days of the date upon which these Sale Procedures are terminated.
42. If (i) a Successful Bidder breaches any of its obligations under any Definitive Agreements, or (ii) a Qualified Bidder breaches its obligations under the terms of the Sale Procedures or fails to complete the transaction contemplated by its Qualified Bid if required by any Lightstream Entity to complete such transaction, then, in each case, such Qualified Bidder's Deposit will be forfeited to the applicable Lightstream Entity as liquidated damages and not as a penalty. The Company shall apply and use their share of any forfeited Deposit in a manner agreed upon by the Company and the Monitor.

Approvals

43. For greater certainty, the approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the applicable law in order to implement a Successful Bid.

No Amendment

44. There will be no amendments to the Sale Procedures without the approval of the Court on notice to the Service List in the CCAA Proceedings, subject to such non-material amendments as may be agreed to by the Company and the Monitor.

General

45. The Initial Order, the Sale Procedures, and any other Orders of the Court made in the CCAA Proceedings relating to the Sale Procedures shall exclusively govern the process for soliciting and selecting bids for the Sale of all of the Lightstream Property or any of the Parcels.
46. These Sale Procedures do not, and will not be interpreted to create any contractual or other legal relationship between any Lightstream Entity and any Qualified Bidder, other than as specifically set forth in any Definitive Agreements that may be signed with Lightstream or any Lightstream Entity.
47. Unless otherwise indicated herein, any event that occurs on a day that is not a Business Day shall be deemed to occur on the next Business Day.
48. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency.
49. Each Qualified Phase I Bidder, upon being declared as such under the Sale Procedures, shall be deemed to have irrevocably and unconditionally attorned and submitted to the jurisdiction of the Court in respect of any action, proceeding or dispute in relation to the conduct or any aspect of the Sale Procedures and the Sale Process.
50. At any time during these Sale Procedures, the Company, Sale Advisor or Monitor may apply to the Court for advice and directions with respect to their obligations and duties herein.

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APPENDIX "A"

Defined Terms

"**Ad Hoc Committee of Second Lien Noteholders**" means an *ad hoc* committee of Second Lien Noteholders representing approximately 91.5 percent of the total outstanding principal amount of Second Lien Notes.

"**Aggregated Qualified Bid**" has the meaning set out in section 33.

"**Alberta/BC Lightstream Business Unit**" means the portion of the Lightstream Business related to British Columbia and Alberta (excluding the Cardium Lightstream Business Unit).

"**Approval Hearing**" has the meaning set out in section 38.

"**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are open for business in the City of Calgary.

"**Cardium Lightstream Business Unit**" means the portion of the Lightstream Business related to central Alberta.

"**CCAA**" has the meaning given to it in the recitals to these Sale Procedures.

"**CCAA Proceedings**" has the meaning given to it in the recitals to these Sale Procedures.

"**Company**" has the meaning given to it in the recitals to these Sale Procedures.

"**Confidentiality Agreement**" means a confidentiality agreement in favour of the Company executed by a Prospective Bidder, in form and substance satisfactory to the Company, which shall enure to the benefit of any Successful Bidder.

"**Court**" has the meaning given to it in the recitals to these Sale Procedures.

"**Credit Agreement**" means the Third Amended and Restated Credit Agreement dated May 29, 2012, as amended by a consent and first amending agreement made as of July 2, 2015, and as further amended by a second amending agreement made as of December 2, 2015, as amended, restated, supplemented, replaced or otherwise modified from time to time.

"**Credit Bid**" means any offer to acquire the Lightstream Property submitted by the Credit Bid Party in the form of a Sale Proposal, pursuant to which the consideration offered includes an exchange for, and in full and final satisfaction of, all of the Second Lien Notes Debt, as it may be amended or supplemented from time to time, subject to section 29.

"**Credit Bid Party**" means, the Second Lien Notes Trustee, acting on the direction of the Majority Noteholders under the Second Lien Indenture, or its agent.

"**Data Room**" means a confidential virtual data room which contains documents furnished by the Company and a physical data room providing access to relevant technical information.

"**Definitive Agreements**" means all Definitive Sale Agreements.

"Definitive Sale Agreement" has the meaning set out in section 7.

"Deposit" has the meaning set out in section 22(l).

"Filing Date" means the date the Company obtained protection from its creditors under the CCAA, being September 26, 2016.

"First Lien Agent" means The Toronto-Dominion Bank, as administrative agent for the First Lien Lenders.

"First Lien Debt" means, as at closing, all amounts owing by Lightstream to the First Lien Lenders under the Credit Agreement, including, without limitation, the aggregate outstanding principal amount (which, as at the date hereof is \$370,920,485), together with all swap indebtedness, outstanding letters of credit and all accrued interest, fees, costs, expenses and other charges.

"First Lien Lenders" means the syndicate of lenders under the Credit Agreement.

"Form of Purchase Agreement" means the form of purchase and sale agreement to be developed by the Company in consultation with the Monitor, the Sale Advisor, the First Lien Lenders and the *Ad Hoc* Committee of Second Lien Noteholders and provided to those Qualified Phase II Bidders that submitted a Qualified Indication of Interest.

"Indication of Interest" has the meaning set out in section 13.

"Initial Order" has the meaning given to it in the recitals to these Sale Procedures.

"Lightstream" has the meaning given to it in the recitals to these Sale Procedures.

"Lightstream Business" means the business of the Company.

"Lightstream Entity" has the meaning given to it in the recitals to these Sale Procedures.

"Lightstream Property" means all property, assets and undertakings of the Company, including, without limitation, all of the Parcels.

"LTS" has the meaning given to it in the recitals to these Sale Procedures.

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

"Monitor" means FTI Consulting Canada Inc., in its capacity as monitor in the CCAA Proceedings and not in its personal or corporate capacity.

"Outside Closing Date" means December 31, 2016.

"Parcels" means any one or more of the (i) property, assets and undertakings of the Company related to the Saskatchewan Lightstream Business Unit, (ii) the property, assets and undertakings of the Company related to the Cardium Lightstream Business Unit, or (iii) the property, assets and undertakings of the Company related to the Alberta/BC Lightstream Business Unit.

"**Phase I Bid Deadline**" has the meaning set out in section 14.

"**Phase II Bid Deadline**" has the meaning set out in section 21.

"**Process Letter**" means a letter from the Sale Advisor to Qualified Phase I Bidders outlining, among other things, the Sale Process and the Sale Procedures timelines.

"**Prospective Bidders**" has the meaning set out in section 2(a).

"**Purchase Price**" has the meaning set out in section 15(b)(i).

"**Qualified Bid**" and "**Qualified Bids**" have the meaning set out in section 23.

"**Qualified Bidder**" has the meaning set out in section 23 and for greater certainty, includes all Qualified Parcel Bidders and "**Qualified Bidders**" means more than one of them.

"**Qualified Consideration**" means consideration sufficient to repay immediately on closing (a) in full and in cash (A) the First Lien Debt and (B) so long as the Credit Bid has not been terminated in accordance with its terms, the Second Lien Notes Debt, and (b) in full and in cash or through an assumption of liabilities (i) any claims ranking senior in priority thereto that are or would be payable in the CCAA Proceedings, and (ii) any amounts owing by the Company in respect of goods and services provided to the Company on or after the Filing Date and prior to closing of the Successful Bid, and (c) any other amounts incurred by the Company in compliance with the Initial Order or any other Orders granted in the CCAA Proceedings.

"**Qualified Consideration Requirement**" means the requirement that any Sale, whether on its own, or in combination with one or more non-overlapping Sale Proposal for different Parcels, provides for consideration of at least the Qualified Consideration.

"**Qualified Indication of Interest**" has the meaning set out in section 15.

"**Qualified Phase I Bidder**" has the meaning set out in section 9 and "**Qualified Phase I Bidders**" means all of them.

"**Qualified Phase II Bidder**" has the meaning set out in section 20, and "**Qualified Phase II Bidders**" means all of them.

"**Qualified Parcel Bid**" means a Qualified Bid for Parcel, and "**Qualified Parcel Bid**" means more than one of them.

"**Qualified Parcel Bidder**" has the meaning set out in section 24.

"**Qualified Purchase Bid**" has the meaning set out in section 22.

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

"**Sale**" means the acquisition of all of the Lightstream Property or any of the Parcels.

"**Sale Advisor**" means means TD Securities Inc., in its capacity as sale advisor to the Company.

"**Sale Proposal**" has the meaning set out in section 15(b).

"**Saskatchewan Lightstream Business Unit**" means the portion of the Lightstream Business related to Saskatchewan.

"**Second Forbearance Agreement**" means the Second Forbearance Agreement dated as of September 15, 2016, between each Lightstream Entity and the First Lien Lenders.

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

"**Second Lien Noteholders**" means holders of Second Lien Notes.

"**Second Lien Notes Debt**" means all amounts owed under the Second Lien Notes, including all outstanding principal, accrued and unpaid interest, premiums, make-whole, fees, costs and expenses (which, for clarity, shall be in an amount not less than U.S.\$650 million in respect of principal, U.S.\$48.2 million in respect of the make-whole, and all other accrued interest, fees, costs, expenses and other amounts owing in respect of the Second Lien Notes), as valued by the Company, in consultation with the Monitor, or the Court on or before the Phase 1 Bid Deadline.

"**Second Lien Notes Trustee**" means the trustee under the indenture dated as of July 2, 2015 pursuant to which the Second Lien Notes were issued by Lightstream.

"**Second Lien Notes**" means the 9.875% second lien secured notes due June 15, 2019 and issued by Lightstream pursuant to an indenture dated as of July 2, 2015.

"**Secured Debt**" means, collectively, (i) the First Lien Debt and (ii) so long as the Credit Bid has not been terminated in accordance with its terms, the Second Lien Notes Debt.

"**Secured Debt Repayment Requirement**" means the requirement that any Sale, whether on its own, or in combination with one or more non-overlapping Sale Proposal for different Parcels, provides for cash consideration sufficient to repay to the First Lien Lenders, and if the Credit Bid has not been terminated in accordance with its terms, the Second Lien Noteholders, in full and in cash and immediately on closing, the Secured Debt.

"**Sale Procedures**" has the meaning given to it in the recitals to these Sale Procedures.

"**Sale Process**" has the meaning set out in section 2.

"**Successful Bid(s)**" has the meaning set out in section 19, section 32, section 33 and section 34.

"**Successful Bidder**" has the meaning set out in section 19, section 32, section 33 and section 34.

"**Support Agreement**" means the amended and restated restructuring support agreement between the Company and members of the *Ad Hoc* Committee of Second Lien Noteholders dated August 26, 2016, as may be further amended from time to time.

"Teaser" has the meaning given to it section 5.

"Unsecured Noteholders" means holders of Unsecured Notes.

"Unsecured Notes" means the 8.625% unsecured notes due February 1, 2020 and issued by Lightstream pursuant to an indenture dated as of January 30, 2012 as supplemented by the supplemental indenture dated as of February 25, 2015.

SCHEDULE "A"

TO THE COMPANY:

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2800-525 8th Avenue SW
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TO THE SALE ADVISOR:

TD Securities Inc.

36th Floor, 421-7th Avenue S.W.
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Attention: Ruben Contreras and Michael Charron

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Email: Ruben.Contreras@tdsecurities.com / Michael.Charron@tdsecurities.com

WITH COPY TO:

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3500-855 2nd Street SW
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WITH A COPY TO:

FTI Consulting Canada Inc.

in its capacity as Court-Appointed Monitor of Lightstream Resources Inc., et al.

Ernst & Young Tower

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Canada

Attention: Deryck Helkaa, Senior Managing Director

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