



Clerk's stamp:

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

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

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

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

PARTIES IN INTEREST LTS RESOURCES PARTNERSHIP AND BAKKEN RESOURCES PARTNERSHIP

DOCUMENT **TRANSITION ORDER (Enhanced Monitor Powers)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
3500 Bankers Hall East
855 – 2nd Street SW
Calgary, Alberta T2P 4J8

I hereby certify this to be a true copy of the original *[Signature]*

Dated this 8 day of Dec 2016

[Signature]
for Clerk of the Court

Attention: Kelly Bourassa / Milly Chow
Telephone No.: 403-260-9697 / 416-863-2594
Email: kelly.bourassa@blakes.com/milly.chow@blakes.com
Fax No.: 403-260-9700
File: 89691/8

DATE ON WHICH ORDER WAS PRONOUNCED: December 8, 2016

LOCATION OF HEARING: Calgary Court Centre, Justice Chambers

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

UPON the application (the "**Application**") of Lightstream Resources Ltd, 1863359 Alberta Ltd and 1863360 Alberta Ltd (collectively, the "**Applicants**"), LTS Resources Partnership and Bakken Resources Partnership (collectively the "**CCAA Parties**" and together with the Applicants, the "**Lightstream Group**"); **AND UPON** having read the Application, the Affidavit of Peter D. Scott sworn November 29, 2016 (the "**Scott Affidavit**"), the Third Report of FTI Consulting Canada Inc., in its capacity as Court-appointed monitor (the "**Monitor**"), dated November 29, 2016, the Confidential Supplement to the Third Report dated November 30, 2016, and the Affidavit of Service of Lindsay Farr sworn December 6, 2016; **AND UPON** hearing counsel for the CCAA Parties, the First Lien Lenders, the *Ad Hoc* Committee of Secured Noteholders, the Plaintiffs, the Monitor and any other interested parties in attendance;

IT IS HEREBY ORDERED AND DECLARED THAT:

Service

1. Capitalized terms not otherwise defined herein have the meanings given to them in the Scott Affidavit, the Purchase Agreement (as hereinafter defined) or the Order of the Honourable Justice A.D. Macleod dated September 26, 2016 in these proceedings (the "**Initial Order**"), as the context may require.
2. Service of this Application is hereby abridged, if necessary, and the Application is properly returnable today and any requirement for service of the Application upon any party not served is hereby dispensed with.

Transition: Expansion of the Monitor's Powers

3. Paragraphs 5 to 10 of this Order shall come into force and effect upon the filing of the Monitor's Certificate as contemplated by and defined in paragraph 4 of the Approval and Vesting Order (the "**AVO**") granted on December 8, 2016, confirming the closing of the sale of the Purchased Assets to 1090247 B.C Ltd. (the "**Buyer**") pursuant to the asset purchase agreement dated as of November 29, 2016 between the Lightstream Group and the Buyer (as may be amended, restated, supplemented or otherwise modified from time to time, the "**Purchase Agreement**"). Paragraphs 5 to 10 of this Order shall be of no force and effect until the filing of the Monitor's Certificate.

4. The expansion of the Monitor's powers in respect of the Lightstream Group as set forth below is hereby authorized and approved, on the terms and conditions set out herein. Nothing in this Order shall derogate from the powers of the Monitor as provided for in the CCAA and the Initial Order.
5. Subject to paragraph 6 herein, the Lightstream Group shall remain in possession and control of the Property comprised of the Excluded Assets (other than the assets subject to a ROFR and sold to a Third Party holder of a ROFR pursuant to section 2.12(f) of the Purchase Agreement) remaining after closing of the sale of the Purchased Assets to the Buyer as contemplated and approved in the Purchase Agreement (the "**Remaining Property**").
6. In addition to the powers and duties of the Monitor set out in the Initial Order, without altering in any way the limitations and obligations of the Lightstream Group as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not obligated, without any personal liability therefor, in the name of and on behalf of the Lightstream Group, to:
 - (a) preserve, protect and maintain control of the Remaining Property, or any parts thereof;
 - (b) take all steps and actions the Monitor considers necessary or desirable in these proceedings including, without limitation:
 - (i) entering into any agreements or disclaiming any agreements that are Excluded Contracts;
 - (ii) administering and winding down all employee benefit plans (not assumed by the Buyer) of the Lightstream Group and making and endorsing all filings related thereto (including without limitation, financial statements, tax returns and tax filings); and
 - (iii) ceasing to carry on all or any part of the Business of the Lightstream Group, including without limitation, causing any member of the

Lightstream Group to cease to perform its obligations under any executory contract, agreement or Excluded Contract;

- (c) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (d) receive, collect and take possession of all monies and accounts now owed or hereafter owing to any one of the Lightstream Group, including proceeds payable pursuant to the sale of the Purchased Assets;
- (e) execute, assign, issue and endorse documents of whatever nature in respect of any of the Remaining Property, whether in the Monitor's name or in the name and on behalf any one of the Lightstream Group (including, without limitation, financial statements, tax returns and tax filings);
- (f) file any tax returns for the Lightstream Group and claim any and all rebates, refunds, and other amounts of tax (including sale taxes, capital taxes and income taxes) paid by or payable to the Lightstream Group;
- (g) abandon any or all of the Remaining Property;
- (h) take any and all actions regarding the corporate actions and governance of the Lightstream Group (the "**Governance Action**"), including without limitation, authorizing and effecting:
 - (i) amendments or updates to bylaws;
 - (ii) amendments to certificates of incorporation;
 - (iii) merger or consolidation with any entity;
 - (iv) changes to the jurisdiction of incorporation or formation;
 - (v) dissolution and winding up of any of the Lightstream Group; and

(vi) the removal or appointment of directors of the Lightstream Group;

and any Governance Action so taken by the Monitor is hereby authorized without requiring any further action or approval by the applicable entity or the Lightstream Group's directors, former or existing shareholders or officers. In regard to any Governance Action taken on behalf of any member of the Lightstream Group by the Monitor, all applicable regulatory or governmental units or agencies are hereby directed to accept any such certificates or other documents filed by the Monitor and take all such steps necessary or appropriate to allow and effect the Governance Action in question;

- (i) in the event of dissolution and winding up of any member of the Lightstream Group, execute, acknowledge and file all necessary or appropriate certificates or other documents with the appropriate governmental agency or unit on behalf of any such member of the Lightstream Group and to make and take any other action necessary or appropriate to effect such dissolution and wind-up of each such member of the Lightstream Group and to withdraw such member of the Lightstream Group from qualification in any jurisdiction it is qualified to do business, including without limitation, the execution and filing of certificates of dissolution and the payment of any associated filing fees and state taxes and the filing of any tax returns deemed necessary or appropriate (and the payment of related taxes) on behalf of such entity;
- (j) initiate, prosecute and make and respond to applications in, and continue the prosecution of any and all proceedings on behalf of or involving the Lightstream Group (including the within proceedings) and settle or compromise any proceedings or claims, by or against the Lightstream Group. For greater certainty, such authority shall include the ability to represent the Lightstream Group in any negotiations or mediation in respect to such claims by or against the Lightstream Group. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceedings;

- (k) exercise any rights which the Lightstream Group may have;
- (l) provide instructions and directions to the advisors of the Lightstream Group;
- (m) exercise any rights or authority granted to the Applicants or the CCAA Parties in the Initial Order or otherwise in these proceedings;
- (n) make any distribution or payments required by the Lightstream Group under any Order in these proceedings;
- (o) take control of the existing bank accounts of the Lightstream Group listed in Schedule "A" (the "**Bank Accounts**") attached hereto and the funds credited thereto or deposited therein including, but not limited to, transferring any funds received into these bank accounts as necessary in accordance with the terms of the Purchase Agreement and this Order; provided that the Monitor shall endeavor to cause LTS to perform the obligations of the Lightstream Group with respect to such bank accounts, including the payment of any fees or expenses arising in the ordinary course from the use of the accounts. Provided always that nothing in this Order or anything done by the Monitor in furtherance of its duties as Monitor shall create any obligation or liability on the part of the Monitor in respect of any amounts owing by the Lightstream Group on account of payment of such fees or expenses, or otherwise;
- (p) the financial institutions maintaining such Bank Accounts shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in accordance with the instructions of the Monitor or as to the use or application of funds transferred, paid, collected or otherwise dealt with in accordance with such instructions and such financial institutions shall be authorized to act in accordance with and in reliance upon such instructions without any liability in respect thereof to any Person. For greater certainty and except to the extent that any of the terms of the documentation applicable to the Cash Management System (as defined in the Initial Order) are inconsistent with the authorities granted to the Monitor pursuant

to sub-paragraph 6(o) (dealing with Monitor control and access to bank accounts), nothing in this Order shall or shall be deemed to derogate from, limit, restrict or otherwise affect the protections granted pursuant to paragraph 5 of the Initial Order in favour of any bank providing cash management services to the Lightstream Group;

- (q) apply to the Court upon notice as required under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and where the Court is of the opinion on the making of such an application that it is proper and in the best interests of the estate, to assign the Lightstream Group (or any of them) into bankruptcy or consent to bankruptcy orders against the Lightstream Group (or any of them). Nothing in this Order shall prevent the Monitor from acting as trustee of the bankrupt estate of the Lightstream Group (or any of them);
- (r) to prepare and file the Lightstream Group's employee-related remittances, T4 statements and records of employment for the Lightstream Group's former employees based solely upon information provided by the Lightstream Group and on the basis that the Monitor shall incur no liability or obligation to any Person with respect to such returns, remittances, statements, records or other documentation;
- (s) to perform such other duties or take any steps reasonably incidental to the exercise of such powers and obligations conferred upon the Monitor by this Order or any other order of this Court;
- (t) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to its exercise of the enhanced powers granted in this Order and other matters as may be relevant to the proceedings herein and immediately adverse change in the financial circumstances of the Lightstream Group; and
- (u) hold funds in trust or in escrow, to extent required, to facilitate settlements between the Lightstream Group and any other Person.

7. In addition to its prescribed rights under the CCAA, the powers granted by the Initial Order, this Order and all other orders granted in these proceedings, the Monitor is empowered and authorized to take such additional actions and execute such additional documents, in the name of and on behalf of the Lightstream Group, that may be incidental or ancillary to its prescribed rights and the powers granted to it, in order to facilitate the orderly completion of these proceedings and the winding up of the Lightstream Group's estate.
8. All Persons in possession or control of any Remaining Property shall forthwith advise the Monitor of such and shall, upon the Monitor's request, grant immediate and continued access to such Remaining Property to the Monitor and shall forthwith deliver all such Remaining Property as directed by the Monitor upon the Monitor's request, other than documents or information which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
9. Nothing contained in this Order or anything done by the Monitor in carrying out its duties shall be construed in a fashion to deem the Monitor as an officer, director or employee of any of the Lightstream Group or to create or impose a fiduciary duty on the Monitor to any party including, without limitation, any creditor or shareholder of the Lightstream Group. Additionally, nothing contained in this Order or anything done by the monitor in carrying out its duties shall constitute or be deemed to constitute the Monitor as a receiver, trustee, assignee, agent, legal representative, liquidator or receiver and manager of the Lightstream Group or any Remaining Property or Excluded Contract. Any distribution made to creditors of the Lightstream Group will be deemed to have been made by the Lightstream Group.
10. The Lightstream Group and their current and former officers, directors, agents and representatives shall fully co-operate with the Monitor in the exercise of its powers and discharge of its duties and obligations under this Order or any other Order of the Court.
11. In addition to the rights and powers afforded the Monitor under the CCAA or as an officer of the Court, the Monitor shall continue to have the benefit of all of the

protections and priorities as set out in the Initial Order and any such protections and priorities shall apply to the Monitor in fulfilling its duties under this Order or in carrying out the provisions of this Order.

12. The Monitor is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, in any foreign jurisdiction, for the recognition of this Order and for assistance in carrying out the terms of this Order and to take such actions necessary or appropriate in furtherance of the recognition of these proceedings in any such jurisdiction.
13. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order.

"S.J. Lovecchio"

J.C.Q.B.A.

Schedule "A" – Bank Accounts

All bank accounts are held at:

TD Canada Trust
340 – 5th Avenue SW
Calgary, AB T2P 0L3

Bank ID:004
Branch Transit: 80609
SWIFT: TDOMCATTOR

Lightstream Resources Ltd.

8060-5353247 CAD
8060-5345988 CAD
8060-5346054 CAD - PAYROLL
8060-5348278 CAD
8060-7338455 USD

Bakken Resources Partnership:

8060-5396760 CAD
8060-7350161 USD

LTS Resources Partnership:

8060-5396787 CAD
8060-5346569 CAD – BC LEASE RENTALS
8060-7350188 USD

1863359 Alberta Ltd:

8060-5396698 CAD

1863360 Alberta Ltd:

8060-5396809 CAD