

8. *Governing Law.*

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

9. *Abbreviations.*

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and U/G/M/A/ (= Uniform Gifts to Minors Act).

The Company shall furnish a copy of the Indenture to any Holder upon written request and without charge.

[FORM OF TRANSFER NOTICE]

FOR VALUE RECEIVED the undersigned registered holder hereby sell(s), assign(s) and transfer(s) unto

Insert Taxpayer Identification No.

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Please print or typewrite name and address including zip code of assignee

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the within Note and all rights thereunder, hereby irrevocably constituting and appointing

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attorney to transfer said Note on the books of the Company with full power of substitution in the premises.

In connection with any transfer of this Note occurring prior to \_\_\_\_\_, the undersigned confirms that such transfer is made without utilizing any general solicitation or general advertising and further as follows:

*Check One*

- (1) This Note is being transferred to a “qualified institutional buyer” in compliance with Rule 144A under the Securities Act of 1933, as amended and certification in the form of Exhibit G to the Indenture is being furnished herewith.
- (2) This Note is being transferred to a Non-U.S. Person in compliance with the exemption from registration under the Securities Act of 1933, as amended, provided by Regulation S thereunder, and certification in the form of Exhibit F to the Indenture is being furnished herewith.

*or*

- (3) This Note is being transferred other than in accordance with (1) or (2) above and documents are being furnished which comply with the conditions of transfer set forth in this Note and the Indenture.

If none of the foregoing boxes is checked, the Trustee is not obligated to register this Note in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in the Indenture have been satisfied.

Date: \_\_\_\_\_

\_\_\_\_\_  
Seller

By \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within-mentioned instrument in every particular, without alteration or any change whatsoever.

Signature Guarantee:<sup>5</sup> \_\_\_\_\_

By \_\_\_\_\_  
To be executed by an executive officer

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<sup>5</sup>Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you wish to have all of this Note purchased by the Company pursuant to Section 4.11 or Section 4.12 of the Indenture, check the box: .

If you wish to have a portion of this Note purchased by the Company pursuant to Section 4.11 or Section 4.12 of the Indenture, state the amount (in original principal amount) below:

US\$\_\_\_\_\_.

Date:\_\_\_\_\_

Your Signature:\_\_\_\_\_

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee:<sup>1</sup>\_\_\_\_\_

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<sup>1</sup>Signatures must be guaranteed by an “**eligible guarantor institution**” meeting the requirements of the Trustee, which requirements include membership or participation in the Securities Transfer Association Medallion Program (“**STAMP**”) or such other “**signature guarantee program**” as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

**SCHEDULE OF EXCHANGES OF NOTES**

The following exchanges of a part of this Global Note for Physical Notes or a part of another Global Note have been made:

<b>Date of Exchange</b>	<b>Amount of decrease in principal amount of this Global Note</b>	<b>Amount of increase in principal amount of this Global Note</b>	<b>Principal amount of this Global Note following such decrease (or increase)</b>	<b>Signature of authorized officer of Trustee</b>

**EXHIBIT B****SUPPLEMENTAL INDENTURE**

dated as of \_\_\_\_\_, \_\_\_\_

among

**PETROBAKKEN ENERGY LTD.,**

The Subsidiary Guarantor(s) Party Hereto

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

**COMPUTERSHARE TRUST COMPANY OF CANADA**  
as Canadian Trustee

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8.625% Senior Notes due 2020

THIS SUPPLEMENTAL INDENTURE (this “**Supplemental Indenture**”), entered into as of \_\_\_\_\_, \_\_\_\_\_, among PETROBAKKEN ENERGY LTD., an Alberta corporation (the “**Company**”), [insert each Subsidiary Guarantor executing this Supplemental Indenture and its jurisdiction of incorporation] (each an “**Undersigned**”), U.S. BANK NATIONAL ASSOCIATION, as trustee (the “**Trustee**”) and Computershare Trust Company of Canada, as Canadian Trustee (the “**Canadian Trustee**”).

### **RECITALS**

WHEREAS, the Company, the Subsidiary Guarantors party thereto and the Trustee entered into the Indenture, dated as of January 30, 2012 (the “**Indenture**”), relating to the Company’s 8.625% Senior Notes due 2020 (the “**Notes**”);

WHEREAS, as a condition to the Trustee entering into the Indenture and the purchase of the Notes by the Holders, the Company agreed pursuant to the Indenture to cause any newly acquired or created Domestic Restricted Subsidiaries to provide Subsidiary Guarantees.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and intending to be legally bound, the parties to this Supplemental Indenture hereby agree as follows:

Section 1. Capitalized terms used herein and not otherwise defined herein are used as defined in the Indenture.

Section 2. Each Undersigned, by its execution of this Supplemental Indenture, agrees to be a Subsidiary Guarantor under the Indenture and to be bound by the terms of the Indenture applicable to Subsidiary Guarantors, including, but not limited to, Article 10 thereof.

Section 3. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

Section 4. This Supplemental Indenture may be signed in various counterparts which together shall constitute one and the same instrument.

Section 5. This Supplemental Indenture is an amendment supplemental to the Indenture and the Indenture and this Supplemental Indenture shall henceforth be read together.



IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

PETROBAKKEN ENERGY LTD., as Issuer

By: \_\_\_\_\_  
Name:  
Title:

[GUARANTOR]

By: \_\_\_\_\_  
Name:  
Title:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_  
Name:  
Title:

COMPUTERSHARE TRUST COMPANY  
OF CANADA, as Canadian Trustee

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT C****RESTRICTED LEGEND**

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS, AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF PETROBAKKEN ENERGY LTD. (“PETROBAKKEN”) THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) TO PETROBAKKEN OR ANY OF ITS SUBSIDIARIES, (II) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (III) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (IV) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN EACH OF CASES (I) THROUGH (V) IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS, AND IN CASE (IV) SUBJECT TO PETROBAKKEN’S AND THE TRUSTEES’ RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THIS LEGEND CAN ONLY BE REMOVED IN THE DISCRETION OF PETROBAKKEN.

**EXHIBIT D****DTC LEGEND**

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“**DTC**”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS A BENEFICIAL INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE ARE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF CEDE & CO. OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE ARE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE TRANSFER PROVISIONS OF THE INDENTURE.

**EXHIBIT E**

## CANADIAN LEGEND

UNLESS PERMITTED UNDER CANADIAN SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE MAY 31, 2012.

**EXHIBIT F**

## Regulation S Certificate

\_\_\_\_\_ , \_\_\_\_\_

U.S. Bank National Association, Corporate Trust Services  
 1420 5th Avenue, 7th Floor  
 PD-WA-T7CT  
 Seattle, WA 98101  
 Attention: Corporate Trust Administration

Re: **PETROBAKKEN ENERGY LTD.**  
 8.625% Senior Notes due 2020 (the “**Notes**”)  
 Issued under the Indenture (the “**Indenture**”) dated as  
of January 30, 2012 relating to the Notes

Ladies and Gentlemen:

Terms are used in this Certificate as used in Regulation S (“Regulation S”) under the Securities Act of 1933, as amended (the “Securities Act”), except as otherwise stated herein.

*[CHECK A OR B AS APPLICABLE.]*

- A. This Certificate relates to our proposed transfer of US\$ \_\_\_\_ principal amount of Notes issued under the Indenture. We hereby certify as follows:
1. The offer and sale of the Notes was not and shall not be made to a person in the United States (unless such person is excluded from the definition of “U.S. person” pursuant to Rule 902(k)(2)(vi) or the account held by it for which it is acting is excluded from the definition of “U.S. person” pursuant to Rule 902(k)(2)(i) under the circumstances described in Rule 902(h)(3)) and such offer and sale was not and shall not be specifically targeted at an identifiable group of U.S. citizens abroad.
  2. Unless the circumstances described in the parenthetical in paragraph 1 above are applicable, either (a) at the time the buy order was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the United States or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market, and neither we nor any person acting on our behalf knows that the transaction was pre-arranged with a buyer in the United States.
  3. Neither we, any of our affiliates, nor any person acting on our or their behalf has made any directed selling efforts in the United States with respect to the Notes.
  4. The proposed transfer of Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act.

5. If we are a dealer or a person receiving a selling concession, fee or other remuneration in respect of the Notes, and the proposed transfer takes place during the Restricted Period (as defined in the Indenture), or we are an officer or director of the Company or an Initial Purchaser (as defined in the Indenture), we certify that the proposed transfer is being made in accordance with the provisions of Rule 904(b) of Regulation S.
- B. This Certificate relates to our proposed exchange of US\$\_\_\_\_\_ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us. We hereby certify as follows:
1. At the time the offer and sale of the Notes was made to us, either (i) we were not in the United States or (ii) we were excluded from the definition of “U.S. person” pursuant to Rule 902(k)(2)(vi) or the account held by us for which we were acting was excluded from the definition of “U.S. person” pursuant to Rule 902(k)(2)(i) under the circumstances described in Rule 902(h)(3); and we were not a member of an identifiable group of U.S. citizens abroad.
  2. Unless the circumstances described in paragraph 1(ii) above are applicable, either (a) at the time our buy order was originated, we were outside the United States or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market and we did not pre-arrange the transaction in the United States.
  3. The proposed exchange of Notes is not part of a plan or scheme to evade the registration requirements of the Securities Act.

You and the Company are entitled to rely upon this Certificate and are irrevocably authorized to produce this Certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Very truly yours,

[NAME OF SELLER (FOR TRANSFERS) OR  
OWNER (FOR EXCHANGES)]

By: \_\_\_\_\_  
Name:  
Title:  
Address:

Date: \_\_\_\_\_

## EXHIBIT G

## Rule 144A Certificate

U.S. Bank National Association, Corporate Trust Services  
 1420 5th Avenue, 7th Floor  
 PD-WA-T7CT  
 Seattle, WA 98101  
 Attention: Corporate Trust Administration

Re:       PETROBAKKEN ENERGY LTD.  
           8.625% Senior Notes due 2020 (the “Notes”)  
           Issued under the Indenture (the “Indenture”) dated as of  
           January 30, 2012 relating to the Notes

Ladies and Gentlemen:

TO BE COMPLETED BY PURCHASER IF (1) ABOVE IS CHECKED.

This Certificate relates to:

*[CHECK A OR B AS APPLICABLE.]*

- A. Our proposed purchase of US\$\_\_\_\_ principal amount of Notes issued under the Indenture.
- B. Our proposed exchange of US\$\_\_\_\_ principal amount of Notes issued under the Indenture for an equal principal amount of Notes to be held by us.

We and, if applicable, each account for which we are acting in the aggregate owned and invested more than US\$100,000,000 in securities of issuers that are not affiliated with us (or such accounts, if applicable), as of \_\_\_\_\_, 20\_\_, which is a date on or since close of our most recent fiscal year. We and, if applicable, each account for which we are acting, are a qualified institutional buyer within the meaning of Rule 144A (“Rule 144A”) under the Securities Act of 1933, as amended (the “Securities Act”). If we are acting on behalf of an account, we exercise sole investment discretion with respect to such account. We are aware that the transfer of Notes to us, or such exchange, as applicable, is being made in reliance upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Prior to the date of this Certificate we have received such information regarding the Company as we have requested pursuant to Rule 144A(d)(4) or have determined not to request such information.

You and the Company are entitled to rely upon this Certificate and are irrevocably authorized to produce this Certificate or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.



Very truly yours,

[NAME OF PURCHASER (FOR  
TRANSFERS) OR OWNER (FOR  
EXCHANGES)]

By: \_\_\_\_\_

Name:

Title:

Address:

Date: \_\_\_\_\_

Upon transfer, the Notes would be registered in the name of the new beneficial owner as follows:

By: \_\_\_\_\_

Date: \_\_\_\_\_

Taxpayer ID number: \_\_\_\_\_

**EXHIBIT H**

## FORM OF NOTATION OF GUARANTEE

For value received, each Subsidiary Guarantor hereby irrevocably and unconditionally guarantees, jointly and severally, on an unsecured basis, to the extent set forth and subject to the provisions in the Indenture dated as of January 30, 2011 (the “**Indenture**”) among PetroBakken Energy Ltd., an Alberta corporation, as the Company, the Guarantors party thereto, U.S. Bank National Association, a national banking association, as trustee (the “**Trustee**”), and Computershare Trust Company of Canada, a trust company duly existing under the laws of Canada, as Canadian trustee (the “**Canadian Trustee**”), the full and punctual payment (whether at Stated Maturity, upon redemption, purchase pursuant to an Asset Sale Offer or Change of Control Offer or acceleration, or otherwise) of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes, and the full and punctual payment of all other amounts payable by the Company under the Indenture. The obligations of the Guarantors to the Holders of Notes pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth in Article 10 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee. Each Holder of a Note, by accepting the same, agrees to and shall be bound by such provisions and appoints the Trustee attorney-in-fact of such Holder for such purpose.

Capitalized terms used herein are used as defined in the Indenture unless otherwise indicated.

[NAME OF GUARANTOR(S)]

By: \_\_\_\_\_  
 Name:  
 Title:

**TAB 3(B)**

This is Exhibit "B" referred to in the Affidavit of David Kirsch  
sworn September 23, 2016



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*Notary Public in and for the State of New York  
(or as may be)*

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02W16198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016

**See Tab 2: Statement of Claim of FrontFour  
Capital Corp and FrontFour Capital Group LLC  
(FrontFour)**

**TAB 3(C)**

This is Exhibit "C" referred to in the Affidavit of David Kirsch  
sworn September 23, 2016



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*Notary Public in and for the State of New York  
(or as may be)*

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02W16166048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



Form 7  
[Rule 3.8]

COURT FILE NUMBER *CV- 1501 - 08782*

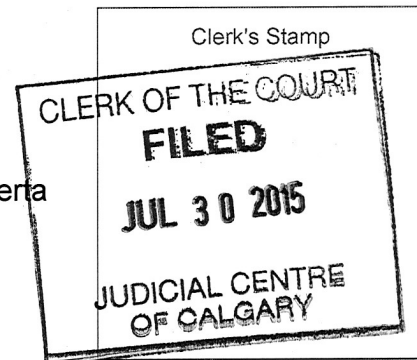
COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary

APPLICANT MUDRICK CAPITAL MANAGEMENT, L.P.

RESPONDENT LIGHTSTREAM RESOURCES LTD.

DOCUMENT **ORIGINATING APPLICATION**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**CASSELS BROCK & BLACKWELL LLP**  
2100 Scotia Plaza  
40 King Street West  
Toronto, ON M5H 3C2

Tel: 416.869.5300  
Fax: 416.360.8877

Timothy Pinos  
Tel: 416.869.5784  
Fax: 416.350.6903  
tpinos@casselsbrock.com

Stephanie Voudouris  
Tel: 416.860.6617  
Fax: 416.642.7145  
svoudouris@casselsbrock.com

#### **NOTICE TO THE RESPONDENT(S)**

This Application is made against you. You are a Respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the Application is heard as shown below:

**Date:** September 15, 2015  
**Time:** 10:00am  
**Where:** Calgary Courts Centre, 601 - 5 Street S.W.  
Calgary, AB T2P 5P7  
**Before Whom:** Justice Chambers

Go to the end of this document to see what you can do and when you must do it.

**Basis for this Claim:**

1. The Applicant brings this claim on the following ground:
  - (a) The Respondent, Lightstream Resources Ltd. ("**Lightstream**" or the "**Company**"), has conducted itself in a manner that is oppressive, unfairly prejudicial to, and unfairly disregards the interests of, the Applicant, Mudrick Capital Management, L.P. ("**Mudrick**") in violation of section 242 of the *Business Corporations Act*, Alberta, RSA 2000, c B-9 (the "**ABCA**");
  - (b) Such further and other grounds as counsel may advise and this Honourable Court may accept.

The Parties and Basis for Application

2. Lightstream is a light oil-focused exploration and production company operating in Western Canada. Lightstream is publicly traded on the Toronto Stock Exchange ("**TSX**") and its corporate headquarters is located in Calgary, Alberta. In 2013 it changed its corporate name from PetroBakken Energy Ltd. ("**PetroBakken**") to Lightstream.

3. Mudrick is an SEC-registered investment advisor which manages capital for a diverse group of institutions and individuals. It is a complainant under section 239 of the ABCA.

4. In 2012, Lightstream issued \$900 million of 8.625% Senior Notes due 2020 (the “**Unsecured Notes**”) issued pursuant to an indenture dated January 30, 2012 by and among PetroBakken (now Lightstream) as Issuer, PetroBakken Capital Ltd and PBN Partnership as Guarantors, US Bank National Association as Trustee, and Computershare Trust Company of Canada as Canadian Trustee (the “**Indenture**”). The holders of those Unsecured Notes ranked equally in their positions as creditors of Lightstream.

5. As described below, Mudrick acquired approximately USD\$32 million of Unsecured Notes issued pursuant to the Indenture for its clients between January and April 2015.

6. In July 2015, Lightstream announced a transaction whereby it agreed to exchange \$465 million of the Unsecured Notes for \$395 million of secured second lien notes (the “**Secured Notes**”), and issued a further \$200 million of Secured Notes (“**the Secured Notes Transaction**” and “**Transaction**”). The Secured Notes Transaction was entered into with some (the “**Secured Transaction Parties**”), but not all, of the holders of the Unsecured Notes. Lightstream did not offer the Transaction to Mudrick, and refused to extend such offer when requested to do so.

7. The Secured Notes Transaction had the effect of promoting the Secured Transaction Parties into secured creditors, thereby placing them in a superior security position to the remaining holders of Unsecured Notes who were excluded from the Secured Notes Transaction, including Mudrick and its clients. It also adversely affected the market price of the remaining Unsecured Notes.

8. Mudrick takes the position that the Secured Notes Transaction by Lightstream is oppressive of and unfairly prejudicial to its interests, and unfairly disregards those interests.

#### *Mudrick's Decision to Purchase Unsecured Notes from Lightstream*

9. Mudrick reviewed the Indenture and understood that it provided a number of protections for holders of Unsecured Notes. Mudrick also contacted Lightstream on a

number of occasions and Lightstream represented that it had adequate liquidity, was cash flow positive and had no requirement or intention to restructure its debt which included the Unsecured Notes.

10. Mudrick's decision to acquire Unsecured Notes was based on the following factors:

- (a) Lightstream appeared to have sufficient liquidity and continuing oil production to withstand any short to medium-term declines in oil prices without the need for additional capital or debt restructuring;
- (b) Lightstream had a limited amount of debt ahead of the Unsecured Notes; and
- (c) Mudrick viewed the value of Lightstream as being in excess of the market valuation of USD\$1.1 billion.

11. Mudrick acquired the Unsecured Notes for its clients in several instalments as follows:

- (a) On January 22, 2015, Mudrick acquired Unsecured Notes in two instalments:
  - (i) USD\$10,000,000 Unsecured Notes; and
  - (ii) USD\$4,500,000 Unsecured Notes;
- (b) On January 29, 2015, Mudrick acquired Unsecured Notes in another two instalments:
  - (i) USD\$5,000,000 Unsecured Notes; and
  - (ii) USD\$10,000,000 Unsecured Notes.
- (c) On April 1, 2015, Mudrick acquired USD\$500,000 Unsecured Notes;
- (d) On April 7, 2015, Mudrick acquired USD\$1,000,000 Unsecured Notes; and

- (e) On May 28, 2015, Mudrick acquired USD\$1,200,000 Unsecured Notes.

*Lightstream Enters Into The Secured Notes Transaction to the Exclusion of Mudrick and Other Unsecured Note Holders*

12. In May 2015, rumours began circulating in the industry that Lightstream was receiving many proposals to restructure its debt and enter into private transactions which could involve the exchange of Unsecured Notes for Secured Notes.
13. Both in private communications with Mudrick and in Lightstream's public communications, the Company continued to represent that it was sufficiently liquid, with positive cash flows, and did not need to restructure its debt.
14. Notwithstanding these representations, on July 2, 2015, Lightstream announced the Secured Notes Transaction.
15. Lightstream did not disclose and has not disclosed the identities of the Secured Transaction Parties. Various media outlets have since speculated that Apollo Global Management LLC and Fidelity Investments, two of Lightstream's largest holders of Unsecured Notes, participated in the Secured Notes Transaction.
16. The Secured Notes Transaction was only offered to the Secured Transaction Parties, to the exclusion of other holders of the remaining \$335 million of the Unsecured Notes, including Mudrick, despite Mudrick's repeated requests to participate in the Secured Transaction.
17. Throughout the time when Mudrick first acquired Unsecured Notes in January of 2015, up to and including the present, there was ample opportunity for Lightstream to present the Secured Notes Transaction to Mudrick especially given that Mudrick repeatedly communicated its desire to be part of any debt restructuring that Lightstream might consider.

18. In addition to its discussions with Lightstream, Mudrick also spoke to a representative of RBC Capital Markets, LLC (“RBC”), Lightstream’s financial advisor in connection with the Secured Notes Transaction. Mudrick made its desire to participate in the Transaction clear. Mudrick was told that the Transaction would not be offered to the remaining holders of Unsecured Notes, but that Lightstream was considering an additional transaction on terms significantly less favourable than those that had been offered to, and accepted by, the Secured Transaction Parties. Mudrick was further told to provide the lowest price it would be willing to accept for an exchange and Lightstream would consider the offer.

19. Mudrick explained that it would not accept terms less favourable than those offered to the Secured Transaction Parties and again reiterated its desire to participate in the Transaction.

*The Transaction Was Oppressive, Unfairly Prejudicial To and Unfairly Disregarded the Interests of the Applicant*

20. Lightstream’s conduct was oppressive, unfairly prejudicial to, and unfairly disregarded the interests of the Applicant for the following reasons:

- (a) The Secured Notes Transaction unfairly discriminated among holders of Unsecured Notes notwithstanding that all of the holders had purchased the exact same type of debt from Lightstream as governed by the Indenture;
- (b) The Secured Notes Transaction was unnecessary. In Lightstream’s public filings, and public communications, it indicated that it had sufficient liquidity and did not need to – or plan to – add additional liquidity or restructure its debt;
  - (i) Further, even if Lightstream believed that the Transaction would be beneficial, it was still obligated to treat all of its Unsecured Note holders equitably. Offering the Transaction only to some of the Unsecured Note holders was opportunistic and prejudicial;

-7-

- (ii) Had the Transaction been offered to all holders of Unsecured Notes, most if not all of the Unsecured Note holders, including Mudrick, would have participated to ensure that they would not be left in the worse position they find themselves in now.
  - (c) The Secured Notes Transaction did not comply with the terms of the Indenture;
  - (d) Lightstream repeatedly assured Mudrick that it was not contemplating a transaction similar to the Secured Notes Transaction, and that if it did, it would make any such transaction available to all holders of the Unsecured Notes; and
  - (e) Lightstream repeatedly declined Mudrick's request to participate in the Secured Notes Transaction and indicated that it would not be making the Transaction available to the remaining holders of Unsecured Notes.
21. As a result of the Secured Notes Transaction, the Unsecured Notes have substantially decreased in value and are subordinated to the Secured Notes issued pursuant to the Transaction. Specifically:
- (a) The market price for the Unsecured Notes peaked at \$0.7900 on the dollar in the middle of May. As rumours began circulating that Lightstream was contemplating an exchange, the Unsecured Notes dropped to \$0.6400 on the dollar. Immediately following the announcement of the Transaction, the notes further dropped to \$0.5000 on the dollar and, at present, the Unsecured Notes are being offered at \$0.4400 on the dollar, well below the value of the Unsecured Notes at the times Mudrick had made its acquisitions between January 21 2015 and May 28 2015; and
  - (b) Prior to the Transaction, the Company had CDN\$638 million in debt senior to the Unsecured Notes. After the Transaction, the amount of debt ahead of the Unsecured Notes increased by CDN\$480 million such that there is now CDN\$1.121 billion in debt senior to the Unsecured Notes.

**Remedy sought:**

22. The Applicant seeks the following:

- (a) an Order pursuant to section 242 of the ABCA, declaring that the Secured Notes Transaction was oppressive, unfairly prejudicial, and unfairly disregarded the interests of the Applicant;
- (b) Appropriate remedial orders pursuant to section 242, specifically:
  - (i) that the Secured Notes Transaction be set aside;
  - (ii) alternatively, that Lightstream be required to offer the Transaction to Mudrick and its clients on the same terms and conditions as offered to the Secured Transaction Parties;
  - (iii) alternatively, that Lightstream be required to redeem the Unsecured Notes of Mudrick's clients for the "make-whole" price specified in the Indenture;
  - (iv) further, that Lightstream compensate Mudrick and its clients for its losses as a consequence of the Secured Notes Transaction;
  - (v) the reasonable and proper costs of this application on full indemnity basis or double or triple costs basis, as appropriate; and
  - (vi) such other order as may be appropriate under section 242 and be just in the circumstances.

**Affidavit or other evidence to be used in support of this Application:**

23. The affidavit of David Kirsch, sworn July 29, 2015, and exhibits thereto, to be filed.

24. Such further and other documents as counsel may present and this Honourable Court may consider.



**Applicable Acts and regulations:**

25. The Applicant relies on the following Acts and regulations:

- (a) Section 242 of the *Business Corporations Act*, Alberta, RSA 2000, c B-9;
- (b) Rules 1.2, 3.2, and 3.8 of the *Alberta Rules of Court*, Alta Reg 124/2010;  
and
- (c) Such further and other Acts and regulations as counsel may advise and this Honourable Court may accept.

**WARNING**

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

**TAB 3(D)**

This is Exhibit "D" referred to in the Affidavit of David Kirsch  
sworn September 23, 2016



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*Notary Public in and for the State of New York  
(or as may be)*

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02WI6198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016

**See Tab 1: Statement of Claim of Mudrick Capital Management, LP (“Mudrick”)**

**TAB 3(E)**

This is Exhibit "E" referred to in the Affidavit of David Kirsch  
sworn September 23, 2016



---

*Notary Public in and for the State of New York  
(or as may be)*

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02WIG198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016

**See Tab 6: Affidavit of David Kirsch, sworn July  
29, 2015**

**TAB 3(F)**



This is Exhibit "F" referred to in the Affidavit of David Kirsch  
sworn September 23, 2016



---

*Notary Public in and for the State of New York  
(or as may be)*

TREVOR WIESSMANN, ESQ.  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 02WI6198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016

**See Tab 7: Affidavit of Stephen Loukas sworn  
June 28, 2016**

**TAB 3(G)**

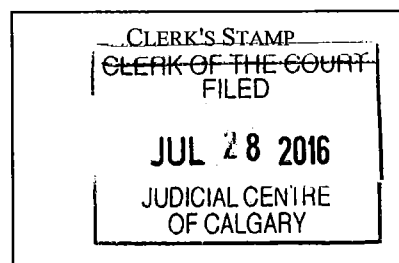
This is Exhibit "G" referred to in the Affidavit of David Kirsch  
sworn September 23, 2016



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*Notary Public in and for the State of New York  
(or as may be)*

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02W16198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



COURT FILE NUMBER 1601 – 08725  
 COURT COURT OF QUEEN'S BENCH OF ALBERTA  
 JUDICIAL CENTRE CALGARY  
 APPLICANTS LIGHTSTREAM RESOURCES LTD. AND 9817158 CANADA LTD.

**IN THE MATTER OF SECTION 192 OF THE CANADA  
 BUSINESS CORPORATIONS ACT, RSC 1985, c C-44, AS  
 AMENDED**

**AND IN THE MATTER OF A PROPOSED  
 ARRANGEMENT INVOLVING LIGHTSTREAM  
 RESOURCES LTD. AND 9817158 CANADA LTD.**

DOCUMENT

**APPLICATION (INTERIM ORDER)**

ADDRESS FOR SERVICE AND  
 CONTACT INFORMATION OF  
 PARTY FILING THIS  
 DOCUMENT

**BLAKE, CASSELS & GRAYDON LLP**  
 Barristers and Solicitors  
 3500 Bankers Hall East  
 855 – 2<sup>nd</sup> Street SW  
 Calgary, Alberta T2P 4J8  
 Attention: Kelly Bourassa / Milly Chow  
 Telephone No.: 403-260-9697  
 Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com)/[milly.chow@blakes.com](mailto:milly.chow@blakes.com)  
 Fax No.: 403-260-9700  
 File: 89691/8

### **NOTICE TO THE RESPONDENTS**

This application is made against you. You are a respondent.  
 You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: August 5, 2016  
 Time: 2:00 pm  
 Where: Calgary Courts Centre, 601 – 5<sup>th</sup> Street S.W., Calgary  
 Before: The Honourable Mr. Justice C.M. Jones

Go to the end of this document to see what you can do and when you must do it.

**Basis for this application:**

1. On July 13, 2016, the Applicants sought and received an order (the "**Preliminary Interim Order**") which, among other things, authorized 9817158 Canada Ltd. ("**ArrangeCo**") and Lightstream Resources Ltd. ("**LTS**", and together with ArrangeCo, the "**Applicants**") to bring this application for an interim order (the "**Interim Order**") before this Court on or before August 5, 2016 and provided for a stay of proceedings until and including August 12, 2016.
2. The Applicants seek the Interim Order in connection with a proposed arrangement (the "**Arrangement**") pursuant to section 192 of the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended (the "**CBCA**").
3. The terms of the Arrangement are set out in a plan of arrangement included as Appendix "H" to the management information circular of LTS, a draft copy of which management information circular is attached as Exhibit "B" to the Affidavit of Peter D. Scott, sworn July 28, 2016.
4. ArrangeCo is a corporation incorporated pursuant to the CBCA with its registered office in Calgary, Alberta.
5. ArrangeCo is a direct wholly-owned subsidiary of LTS and is not insolvent.
6. LTS is a corporation governed by the provisions of the *Business Corporations Act*, RSA 2000, c B-9 (the "**ABCA**") with its registered office in Calgary, Alberta.
7. The proposed Arrangement involves (i) the Applicants, (ii) holders of 9.875% secured second lien notes maturing on June 15, 2019 (the "**Secured Notes**" and the holders, the "**Secured Noteholders**"); (iii) holders of 8.625% unsecured notes maturing on February 1, 2020 (the "**Unsecured Notes**", and the holders, the "**Unsecured Noteholders**"); and (iv) holders of common shares of LTS (the "**Common Shares**", and the holders, "**Shareholders**").
8. The Arrangement is an "arrangement" as defined in Section 192(1) of the CBCA.

9. The Arrangement is being pursued and put forward in good faith.
10. The Arrangement is fair and reasonable as the Shareholders, Secured Noteholders and Unsecured Noteholders will each be in a better position from a financial point of view under the Arrangement than they would be if LTS were to be liquidated.
11. All statutory requirements under section 192 of the CBCA and other applicable provisions of the CBCA have been fulfilled or will be fulfilled by the return date of this application.
12. The proposed Arrangement contemplates a series of steps and transactions with a number of parties, including the Secured Noteholders, the Unsecured Noteholders, and the Shareholders, making it impracticable to affect the result of the proposed Arrangement under any provisions of the CBCA other than section 192.
13. LTS requires relief from the requirement under the ABCA to hold an annual general meeting of Shareholders by no later than August 14, 2016 in order to hold the annual general meeting at the same time as the Shareholders' Meeting (as defined below).
14. Notice of this application is being given to the director appointed under section 260 of the CBCA as required under section 192(5) of the CBCA.
15. This Honourable Court has the jurisdiction to grant the Interim Order pursuant to section 192(4) of the CBCA and section 132(4) of the ABCA.
16. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**Remedy sought:**

17. The Applicants respectfully request that this Honourable Court grant the Interim Order, substantially in the form attached hereto as Schedule "A", which, among other things:
  - (a) abridges the time for service of this application, if necessary, and declares that this application is properly returnable and dispenses with any further service of this application;

- (b) relieves LTS, until September 30, 2016, of its obligation under section 132 of the ABCA to call an annual meeting of Shareholders not later than 15 months after holding the last preceding annual meeting of Shareholders, being August 14, 2016;
- (c) authorizes the Applicants to call, hold and conduct special meetings of each of the Secured Noteholders and the Unsecured Noteholders, and an annual general and special meeting of Shareholders (collectively, the "**Meetings**") to, among other things, consider and vote upon resolutions to approve the Arrangement and related relief (collectively, the "**Arrangement Resolutions**");
- (d) sets a record date of August 5, 2016 for determining the Secured Noteholders, the Unsecured Noteholders and the Shareholders entitled to vote on their respective Arrangement Resolutions;
- (e) establishes the classes and majorities required to pass the Arrangement Resolutions at the respective Meetings;
- (f) directs the conduct of each of the Meetings;
- (g) establishes procedures for the offering of new second lien secured notes of LTS to existing eligible Secured Noteholders;
- (h) declares that the only persons entitled to notice of, and to appear and be heard at, subsequent applications within these proceedings shall be those parties as specifically set out in the Interim Order and on such terms as set out in the Interim Order;
- (i) permits ArrangeCo to pass an unanimous shareholder resolution to approve the Arrangement in lieu of calling, holding and conducting a special meeting of its shareholder for the purposes thereof;
- (j) extends the Stay Period (as defined in paragraph 3 of the Preliminary Interim Order of the Honourable Justice G.C. Hawco granted in these proceedings on July 13, 2016) to September 30, 2016;



- (k) requests the aid and recognition of any court, tribunal, or any judicial, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to the Interim Order and to assist the Applicants and their agents in carrying out the terms of the Interim Order and for such courts, tribunals, regulatory and administrative bodies to provide such assistance as necessary to give effect to the Interim Order; and
- (l) grants such further and other relief as this Honourable Court may deem just.

**Material or evidence to be relied on:**

18. The Applicants intend to rely upon the following materials:

- (a) the Affidavit of Peter D. Scott sworn July 28, 2016, filed;
- (b) the Affidavit of Peter D. Scott sworn July 12, 2016, filed;
- (c) the Affidavit of Emily Primrose sworn July 13, 2016, filed;
- (d) the Bench Brief of the Applicants; and
- (e) such further and other material as counsel may advise and this Honourable Court may permit.

**Applicable rules**

19. The Applicants will rely upon and refer to the *Alberta Rules of Court* during the making of this application.

**Applicable Acts and regulations:**

20. The Applicants will rely upon and refer to the following during the making of this application:

- (a) *Canada Business Corporations Act*, RSC 1985, c C-44, as amended;
- (b) *Business Corporations Act*, RSA 2000, c B-9, as amended; and
- (c) such further and other Acts and Regulations as counsel may advise.

**Any irregularity complained of or objection relied on:**

21. None.

**How application is proposed to be heard or considered:**

22. Oral submission by counsel at an application before the Honourable Mr. Justice C.M. Jones on August 5, 2016.

**AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.****WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

Clerk's stamp

COURT FILE NUMBER 1601 - 08725

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

MATTER IN THE MATTER OF SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, RSC 1985, c C-44, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING LIGHTSTREAM RESOURCES LTD. AND 9817158 CANADA LTD.

APPLICANTS Lightstream Resources Ltd. and 9817158 Canada Ltd.

RESPONDENT Not Applicable

DOCUMENT INTERIM ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **BLAKE, CASSELS & GRAYDON LLP**  
Barristers and Solicitors  
3500 Bankers Hall East  
855 - 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 4J8

Attention: Kelly Bourassa / Milly Chow  
Telephone No.: 403-260-9697  
Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) / [milly.chow@blakes.com](mailto:milly.chow@blakes.com)  
Fax No.: 403-260-9700

DATE ON WHICH ORDER WAS PRONOUNCED: August 5, 2016

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice C.M. Jones

LOCATION OF HEARING: Calgary, Alberta

UPON the application (the "**Application**") of Lightstream Resources Ltd. ("**LTS**") and 9817158 Canada Ltd. ("**ArrangeCo**", and together with LTS, the "**Applicants**") for an Order (the "**Interim Order**") pursuant to Section 192 of the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended (the "**CBCA**") in connection with a proposed arrangement under Section 192 involving the Applicants;

AND UPON reading the Application, the affidavit of Peter D. Scott, sworn July 12, 2016 (the "**Preliminary Interim Order Affidavit**"), the affidavit of Peter D. Scott, sworn July 28,

2016 (the "**Interim Order Affidavit**") and the documents referred to therein, including a draft management information circular;

**AND UPON** hearing submissions from counsel for the Applicants, counsel for the *Ad Hoc* Committee of Secured Noteholders (as defined below), and counsel to certain Unsecured Noteholders (as defined below);

**AND UPON** being advised that notice of this Application has been given to the Director (the "**Director**") appointed under section 260 of the CBCA;

**FOR THE PURPOSES OF THIS ORDER:**

- (a) The capitalized terms not defined in this Interim Order shall have the meanings attributed to them in the management information circular of LTS (the "**Information Circular**"), a draft copy of which is attached as Exhibit "B" to the Interim Order Affidavit; and
- (b) All references to "**Arrangement**" used herein mean the plan of arrangement as described in the Interim Order Affidavit and in substantially the same form attached as Appendix "H" of the Information Circular.

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**Service**

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

**General**

2. The Arrangement is an "Arrangement" within the definition of the CBCA and the Applicants may proceed with the Arrangement.
3. LTS shall, in the manner set forth below, seek approval of the Arrangement by the (i) holders of 9.875% secured second lien notes maturing on June 15, 2019 (the "**Secured Notes**", and the holders, the "**Secured Noteholders**"), (ii) holders of 8.625% unsecured notes maturing on February 1, 2020 (the "**Unsecured Notes**", and the holders, the "**Unsecured Noteholders**" and together with the Secured Noteholders, the "**Noteholders**"), and (iii) holders of common shares of LTS (the "**Common Shares**", and

the holders, the "**Shareholders**", and together with the Noteholders, the "**Security Holders**").

4. LTS is relieved until September 30, 2016 of its obligation under Section 132 of the *Business Corporations Act* (Alberta), RSA 2000, c B-9, as amended (the "**ABCA**") to call an annual meeting of Shareholders not later than 15 months after holding the last preceding annual meeting of Shareholders.

### **Meetings of Noteholders**

#### Calling and Conduct

5. LTS shall call and conduct (i) a special meeting of Secured Noteholders (the "**Secured Noteholders' Meeting**") at 10:00 a.m. (Calgary Time) on September 13, 2016 at Eighth Avenue Place, 4<sup>th</sup> Floor, 525 - 8th Avenue SW, Calgary, Alberta, T2P 1G1 ("**Eighth Avenue Place**"), and (ii) a special meeting of Unsecured Noteholders (the "**Unsecured Noteholders' Meeting**") and together with the Secured Noteholders' Meeting, the "**Noteholders' Meetings**") at 10:30 a.m. (Calgary Time) on September 13, 2016 at Eighth Avenue Place.
6. At each of the Noteholders' Meetings, the respective Noteholders will consider and vote on a special resolution to approve the Arrangement, substantially in the form set forth in Appendix "B" to the Information Circular (respectively, the "**Secured Noteholders' Arrangement Resolution**" and the "**Unsecured Noteholders' Arrangement Resolution**"), and such other business as may properly be brought before each of the Noteholders' Meetings, or any adjournment or postponement thereof, all as more particularly described in the Information Circular.
7. The Chair of each of the Noteholders' Meetings shall be any officer or director of LTS (the "**Meetings Chair**").
8. The Secretary of each of the Noteholders' Meetings shall be Annie Belecki or, in her absence, a person (who need not be an officer or employee of the Applicants) selected for that purpose by the Meetings Chair (the "**Meetings Secretary**"), provided that the Meetings Secretary shall be entitled to retain others to assist in the performance of its

- duties. The Meetings Secretary shall be responsible for maintaining, or causing to be maintained, the records and proceedings of each of the Noteholders' Meetings.
9. A quorum at each of the Noteholders' Meetings shall be at least two of the Noteholders entitled to vote at each such Noteholders' Meeting, present in person or represented by proxies.
  10. If within 30 minutes from the time appointed for any of the Noteholders' Meetings a quorum is not present, such Noteholders' Meeting shall stand adjourned to a date as may be determined by the Meetings Chair. No notice of an adjourned Noteholders' Meeting shall be required and, if at such adjourned Noteholders' Meeting a quorum is not present, the Noteholders present and entitled to vote at such adjourned Noteholders' Meeting in person or represented by duly-appointed proxy shall constitute a quorum for all purposes.
  11. In addition to adjournments of any Noteholders' Meetings pursuant to paragraph 10 hereof, the Meetings Chair is authorized to adjourn or postpone each of the Noteholders' Meetings, on one or more occasions (whether or not a quorum is present) and for such period or periods of time as the Meetings Chair deems advisable, without the necessity of first convening such Noteholders' Meeting or first obtaining any vote of the applicable Noteholders in respect of the adjournment or postponement. Notice of such adjournment or postponement to the applicable Noteholders may be given by such method as LTS determines is appropriate in the circumstances. This provision shall not limit the authority of the Meetings Chair in respect of any adjournment or postponement of any Noteholders' Meetings. If any of the Noteholders' Meetings are adjourned or postponed in accordance with this Interim Order, all references to such Noteholders' Meeting(s) in this Interim Order shall be deemed to be such Noteholders' Meeting(s) as adjourned or postponed as the context allows.
  12. Each of the Noteholders' Meetings shall be called, held and conducted in accordance with the applicable provisions of the CBCA, the articles and by-laws of LTS in effect at the time of such Noteholders' Meetings, the terms of the Information Circular, the rulings and directions of the Meetings Chair and this Interim Order, or any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Interim Order and the CBCA or articles or by-laws of LTS, the terms of this Interim Order shall govern.

13. The following persons are entitled to attend and speak at the Secured Noteholders' Meeting:
- (a) any of the Secured Noteholders, duly-appointed proxy holders and their authorized representatives and advisors, including legal counsel and financial advisors to the *ad hoc* committee of Secured Noteholders (the "***Ad Hoc Committee of Secured Noteholders***");
  - (b) any collateral agent, indenture trustee or similar person in respect of the Secured Notes; and
  - (c) such other person(s) who may be permitted to attend by the Meetings Chair.
14. The following persons are entitled to attend and speak at the Unsecured Noteholders' Meeting:
- (a) any of the Unsecured Noteholders, duly-appointed proxy holders and their authorized representatives and advisors;
  - (b) any collateral agent, indenture trustee or similar person in respect of the Unsecured Notes; and
  - (c) such other person(s) who may be permitted to attend by the Meetings Chair.
15. The following persons are entitled to attend and speak at both Noteholders' Meetings:
- (a) the Applicants' directors, officers and auditors, and the Applicants' authorized representatives and advisors, including legal counsel and financial advisors;
  - (b) the Director; and
  - (c) the Meetings Chair, Meetings Secretary, scrutineers and their authorized representatives.
16. Other than the persons set out at paragraphs 13, 14 and 15 above, no person shall be entitled to attend or speak at any of the Noteholders' Meetings.

Voting

17. The Secured Noteholders shall vote in respect of the Secured Noteholders' Arrangement Resolution together as a single voting class at the Secured Noteholders' Meeting.
18. The Unsecured Noteholders shall vote in respect of the Unsecured Noteholders' Arrangement Resolution together as a single voting class at the Unsecured Noteholders' Meeting.
19. The Secured Noteholders entitled to vote at the Secured Noteholders' Meeting will be entitled to one vote for each US\$1.00 of the outstanding principal amount of the Secured Notes held by them as of the Noteholders Record Date (as defined below) in respect of the Secured Noteholders' Arrangement Resolution and any other matters to be considered at the Secured Noteholders' Meeting.
20. The Unsecured Noteholders entitled to vote at the Unsecured Noteholders' Meeting will be entitled to one vote for each US\$1.00 of the outstanding principal amount of the Unsecured Notes held by them as of the Noteholders Record Date (as defined below) in respect of the Unsecured Noteholders' Arrangement Resolution and any other matters to be considered at the Unsecured Noteholders' Meeting.
21. The record date for Noteholders entitled to receive notice of, and vote at, each of the Noteholders' Meetings shall be August 5, 2016 (the "**Noteholders Record Date**"). Only Noteholders whose names have been entered on the register of Secured Noteholders or Unsecured Noteholders as at the close of business on the Noteholders Record Date will be entitled to receive notice of, and to vote at, the applicable Noteholders' Meetings. Any Noteholders who acquire their Secured Notes or Unsecured Notes after the Noteholders Record Date will not be entitled to notice of, or to vote at, any of the Noteholders' Meetings with respect to such notes.
22. The number of votes required to pass the Secured Noteholders' Arrangement Resolution and the Unsecured Noteholders' Arrangement Resolution shall be not less than two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast by Secured Noteholders and Unsecured Noteholders, as applicable, either in person or by duly-appointed proxy, voting together as a single class at the Secured Noteholders' Meeting or Unsecured Noteholders' Meeting, as applicable.



The accidental omission to give notice of any of the Noteholders' Meetings or the non-receipt of such notice shall not invalidate any resolution passed or proceedings taken at any of the Noteholders' Meetings.

### **New Secured Notes Offering**

23. Only Eligible Secured Noteholders shall be entitled to participate in the New Secured Notes Offering.
24. Eligible Secured Noteholders that are interested in participating in the New Secured Notes Offering will be required to:
  - (a) properly complete and duly execute their New Secured Notes Participation Form;
  - (b) ensure that their applicable intermediary completes the required information on the New Secured Notes Participation Form; and
  - (c) forward their properly completed and duly executed New Secured Notes Participation Form to LTS in accordance with the delivery instructions contained therein by the Participation Deadline.
25. Eligible Secured Noteholders will not be permitted to participate in the New Secured Notes Offering if LTS has not received its New Secured Notes Participation Form, properly completed and duly executed, by the Participation Deadline.

### **Meeting of Shareholders**

#### Calling and Conduct

26. LTS shall call and conduct an annual and special meeting of Shareholders (the "**Shareholders' Meeting**") at 9:00 a.m. on September 13, 2016 at Eighth Avenue Place.
27. At the Shareholders' Meeting, the Shareholders will consider and vote on the following:
  - (a) a special resolution approving the continuance of LTS into the federal jurisdiction of Canada under the CBCA (the "**Continuance Resolution**");
  - (b) a special resolution approving the Arrangement (the "**Shareholders' Arrangement Resolution**");

- (c) an ordinary resolution to elect directors of LTS;
  - (d) an ordinary resolution to appoint an auditor of LTS for the ensuing year and to authorize the board of directors of LTS to fix such auditor's remuneration; and
  - (e) such other business as may properly be brought before the Shareholders' Meeting,
- all as more particularly described in the Information Circular, and with respect to (a) through (d), each substantially in the form set out in Appendix "A" to the Information Circular.
28. The Chair of the Shareholders' Meeting shall be the Meetings Chair.
  29. The Secretary of the Shareholders' Meeting shall be the Meetings Secretary, provided that the Meetings Secretary shall be entitled to retain others to assist in the performance of its duties. The Meetings Secretary shall be responsible for maintaining, or causing to be maintained, the records and proceedings of the Shareholders' Meeting.
  30. A quorum at the Shareholders' Meeting shall be at least one Shareholder entitled to vote at the Shareholders' Meeting representing an aggregate of not less than 25 percent of the outstanding Common Shares, present in person or represented by duly-appointed proxy.
  31. If within 30 minutes from the time appointed for the Shareholders' Meeting a quorum is not present, the Shareholders' Meeting shall stand adjourned to a date as may be determined by the Meetings Chair. No notice of an adjourned Shareholders' Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Shareholders present and entitled to vote at such adjourned Shareholders' Meeting in person or represented by duly-appointed proxy shall constitute a quorum for all purposes.
  32. The Meetings Chair is authorized to adjourn or postpone the Shareholders' Meeting, on one or more occasions (whether or not a quorum is present) and for such period or periods of time as the Meetings Chair deems advisable, without the necessity of first convening such meeting or first obtaining any vote of the applicable Shareholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as LTS determines is appropriate in the circumstances. This provision shall not limit the authority of the Meetings Chair in

respect of any adjournment or postponement of a Shareholders' Meeting. If the Shareholders' Meeting is adjourned or postponed in accordance with this Interim Order, all references to the Shareholders' Meeting in this Interim Order shall be deemed to be the Shareholders' Meeting as adjourned or postponed as the context allows.

33. The Shareholders' Meeting shall be called, held and conducted in accordance with the applicable provisions of the ABCA, the articles and by-laws of LTS in effect at the time of such meeting, the terms of the Information Circular, the rulings and directions of the Meetings Chair and this Interim Order, or any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Interim Order and the ABCA, or articles or by-laws of LTS, the terms of this Interim Order shall govern.
34. The only persons entitled to attend and speak at the Shareholders' Meeting are:
  - (a) the Applicants' directors, officers and auditors, and the Applicants' authorized representatives and advisors, including legal counsel and financial advisors;
  - (b) any of the registered Shareholders, duly-appointed proxy holders and their authorized representatives and advisors, including legal counsel and financial advisors;
  - (c) the Director;
  - (d) the Meetings Chair, Meetings Secretary, scrutineers and their authorized representatives;
  - (e) such other person(s) who may be permitted to attend by the Meetings Chair.

#### Voting

35. The Shareholders shall vote in respect of the Shareholders' Arrangement Resolution together as a single voting class at the Shareholders' Meeting.
36. The Shareholders entitled to vote at the Shareholders' Meeting will be entitled to one vote for each Common Share held by them in respect of the Shareholders' Arrangement Resolution and any other matters to be considered at the Shareholders' Meeting.

37. The record date for Shareholders entitled to receive notice of, and vote at, the Shareholders' Meeting shall be August 5, 2016, unless a Shareholder has transferred any Common Shares following August 5, 2016, in which case such transferee shall be entitled to receive notice of, and vote at the Shareholders' Meeting provided that at least ten days prior to the Shareholders' Meeting (the "**Shareholders Record Date**"), such transferee establishes ownership of the Common Shares and demands that its name be included on the list of Shareholders entitled to vote at the Shareholders' Meeting. Only Shareholders whose names have been entered on the register of Shareholders as at the close of business on the Shareholders Record Date will be entitled to receive notice of, and to vote at the Shareholders' Meeting. Any of the Shareholders who acquire their Common Shares after the Shareholders Record Date will not be entitled to notice of, or to vote at, the Shareholders' Meeting with respect to such Common Shares.
38. The number of votes required to pass the Shareholders' Arrangement Resolution shall be not less than (i) two-thirds ( $66\frac{2}{3}\%$ ) of the votes cast by Shareholders, either in person or by duly-appointed proxy, voting together as a single class at the Shareholders' Meeting, and (ii) one-half (50%) of the votes cast by Shareholders, either in person or by duly-appointed proxy, voting together as a single class at the Shareholders' Meeting, in each case after excluding the votes cast by those persons whose votes are required to be excluded in accordance with Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*.
39. The accidental omission to give notice of the Shareholders' Meeting or the non-receipt of such notice shall not invalidate any resolution, passed or proceedings taken at the Shareholders' Meeting.

#### **Solicitation and Revocation of Proxies**

40. LTS is authorized to use the form of proxy enclosed with the Information Circular, subject to its ability to insert dates and other relevant information in the final form. LTS is authorized, at its expense, to solicit proxies from Noteholders and/or Shareholders directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose, as well as through the *Ad Hoc* Committee of Secured Noteholders, in each case, by mail or such other forms of personal and electronic communications as it may determine appropriate in its sole discretion.

41. To be valid, a proxy must be deposited with Computershare Trust Company of Canada in the manner described in the Information Circular by no later than 9:00 a.m. (Calgary Time) on September 9, 2016, or in the case of any adjournment to the Secured Noteholders' Meeting, Unsecured Noteholders' Meeting or Shareholders' Meeting, at least 48 hours (excluding weekends and holidays) before such adjourned Secured Noteholders' Meeting, Unsecured Noteholders' Meeting or Shareholders' Meeting, as applicable. Proxies that are properly signed and dated but which do not contain voting instructions shall be deemed to have voted in favour of the Secured Noteholders' Arrangement Resolution, the Unsecured Noteholders' Arrangement Resolution, or the Shareholders' Arrangement Resolution and the Continuance Resolution (and those other matters as set out in paragraph 27, above), as applicable. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Notwithstanding the foregoing, the Meetings Chair is authorized to use reasonable discretion to waive strict compliance with the requirements as to the manner of completion and time of delivery of a proxy.
42. Any of the Shareholders or Noteholders that has given a proxy or conversion notice is entitled to revoke such proxy or conversion notice at any time before it is acted upon, by depositing an instrument in writing executed by such person or by an attorney authorized in writing, or, if such person is a corporation, by a duly authorized officer or properly appointed attorney thereof in the manner described in the Information Circular.

### Scrutineers

43. Subject to its agreement, the scrutineer for each of the Noteholders' Meetings and the Shareholders' Meeting shall be Computershare Trust Company of Canada (acting through its representatives). The duties of the scrutineer shall be, *inter alia*, to monitor and report on attendance and to monitor and report on all ballots and motions taken at each of the Noteholders' Meetings and at the Shareholders' Meeting. The duties of the scrutineer will extend to:
- (a) invigilating and reporting to the Meetings Chair on the deposit and validity of proxies;
  - (b) reporting to the Meetings Chair on the quorum of the Noteholders' Meetings and the Shareholders' Meeting;

- (c) reporting to the Meetings Chair on any polls taken or ballots cast at the Noteholders' Meetings and the Shareholders' Meeting; and
- (d) providing to LTS, the Meetings Chair and the Meetings Secretary written reports on matters related to their duties.

#### **Passing of Arrangement**

44. The passing of the Secured Noteholders' Arrangement Resolution, Unsecured Noteholders' Arrangement Resolution and Shareholders' Arrangement Resolution shall be sufficient to authorize the Applicants to do all such acts and things as are necessary and desirable to give effect to the Arrangement on a basis consistent with what is described in the Information Circular and the Arrangement without the necessity of further approvals whatsoever, subject to the granting of the Final Order (as defined below) by this Court.

#### **Amendments to the Arrangement**

45. Subject to the terms of the Support Agreement and paragraph 60 below, the Applicants are authorized to make such amendments, revisions or supplements to the Arrangement as they may determine necessary or desirable, provided that such amendments, revisions or supplements are made in writing, in the manner contemplated by the Arrangement and the Arrangement Agreement and in accordance with any other Order of this Court. The Arrangement as amended, revised or supplemented shall be deemed to be the Arrangement submitted to each of the Noteholders' Meetings and Shareholders' Meeting, as applicable, and the subject of the Secured Noteholders' Arrangement Resolution, Unsecured Noteholders' Arrangement Resolution and Shareholders' Arrangement Resolution, as applicable, without any need to return to this Court to amend this Interim Order.

#### **Amendments to Meeting Materials**

46. Subject to paragraph 60 below, LTS is authorized to make such amendments, revisions or supplements ("**Additional Information**") as the Applicants may determine necessary or desirable to the Information Circular, forms of proxy ("**Proxy**"), notices of the Noteholders' Meetings and Shareholders' Meeting (collectively, the "**Notices of Meetings**"), form of letter of transmittal ("**Letter of Transmittal**"), forms of conversion

notice (the "**Conversion Notice**") and notice of Application ("**Notice of Application**"). The Applicants may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by LTS. Without limiting the generality of the foregoing, Additional Information may be communicated by news release, newspaper advertisement or notice sent to (i) Noteholders and Shareholders of record, at the addresses for such holders as they appear in the records of LTS as at the Noteholders Record Date or Shareholders Record Date, as applicable, and (ii) intermediaries and registered nominees of non-registered Noteholders and Shareholders, at the addresses for such intermediaries and registered nominees as they appear in the records of LTS as at the Noteholders Record Date or Shareholders Record Date, as applicable.

**Notice of Noteholders' Meetings and the Shareholders' Meeting**

47. The Information Circular, substantially in the form attached as Exhibit "B" to the Interim Order Affidavit, with such amendments thereto as LTS may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Interim Order), and including the Notices of Meetings, the Proxy, the Notice of Application and this Interim Order, together with any other communications or documents determined by LTS to be necessary or advisable including the Conversion Notice and the Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to (i) Secured Noteholders, Unsecured Noteholders and Shareholders as of the Noteholders Record Date and Shareholders Record Date, as applicable, (ii) the directors and auditors of LTS, and (iii) the Director, by one or more of the following methods:
- (a) in the case of registered Noteholders or Shareholders, by pre-paid first class or ordinary mail, by courier, or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of LTS as of the Noteholders Record Date or Shareholders Record Date, as applicable, at least 21 days prior to the Noteholders' Meetings or Shareholders' Meeting, as applicable;
  - (b) in the case of non-registered Noteholders or Shareholders, by pre-paid first class or ordinary mail, by courier, or by delivery in person, to intermediaries and registered nominees of such non-registered Noteholders or Shareholders as shown on the books and records of LTS as of the Noteholders Record Date or

Shareholders Record Date, as applicable, and in each case, in accordance with National Instrument 54 -101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* at least three (3) Business Days prior to the 21<sup>st</sup> day prior to the Noteholders' Meetings or Shareholders' Meeting, as applicable; and

- (c) in the case of the directors and auditors of the Applicants, or the Director, by e-mail or other electronic means, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, at least 21 days prior to the Noteholders' Meetings and Shareholders' Meeting.
48. The accidental omission to give notice of the Noteholders' Meetings and/or the Shareholders' Meeting, or the non-receipt of such notice by one or more of the aforesaid persons, shall not invalidate any resolution passed or proceedings taken at the Noteholders' Meetings and/or the Shareholders' Meeting, respectively.
49. Delivery of the Meeting Materials in the manner directed by this Interim Order shall be deemed to be good and sufficient service upon the Noteholders, Shareholders, directors and auditors of each of the Applicants, and the Director for the purposes of Section 192 of the CBCA, and the Applicants shall not be required to send to the Noteholders or Shareholders any other or additional statement pursuant to Section 192 of the CBCA.
50. The mailing of the Meeting Materials in accordance with the provisions of this Interim Order shall constitute good and sufficient service in respect of this Application and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, and service of this Application and the Interim Order Affidavit is dispensed with, except for service thereof on the Director.
51. The Meeting Materials shall be deemed, for the purposes of this Interim Order, to have been received by the Noteholders and the Shareholders:
- (a) in the case of mailing to registered Noteholders or Shareholders, when deposited in a post office or public letter box;
  - (b) in the case of delivery by courier or in person to registered Noteholders or Shareholders, upon personal delivery to the applicable registered Noteholders'



and/or Shareholders' address as it appears on the applicable securities register of LTS as at the Noteholders Record Date and the Shareholder Record Date;

- (c) in the case of mailing to intermediaries and registered nominees of non-registered Noteholders or Shareholders, three (3) Business Days after being deposited in a post office or public letter box; and
- (d) in the case of delivery by courier or in person to intermediaries and registered nominees of non-registered Noteholders or Shareholders, one (1) Business Day after personal delivery to the address of the applicable intermediary or registered nominee as it appears on the applicable securities register of LTS as at the Noteholders Record Date and the Shareholder Record Date.

### **Dissent Rights**

- 52. Registered Shareholders as at the Shareholders Record Date are accorded the right to dissent under section 191 of the ABCA with respect to the Continuance Resolution which must be exercised in the manner set out in the Information Circular.
- 53. There shall be no dissent rights in respect of the Shareholders' Arrangement Resolution pursuant to the arrangement provisions in section 192 of the CBCA.

### **ArrangeCo**

- 54. ArrangeCo is hereby permitted to pass a unanimous shareholder resolution to approve the Arrangement in lieu of calling, holding and conducting a special meeting of its shareholder for the purposes thereof.

### **Final Application**

- 55. Subject to further order of this Court, and provided that the Noteholders and Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicants have not revoked their approval, the Applicants may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on September 20, 2016 at 10:00 a.m. (Calgary Time) or as soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the certificate of arrangement,

the Applicants, all Noteholders, all Shareholders and all other persons affected will be bound by the Arrangement in accordance with its terms.

56. Any of the Noteholders, Shareholders or any other interested party (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order (other than the *Ad Hoc* Committee of Secured Noteholders and the First Lien Lenders, as defined below) is required to file with this Court and serve upon the Applicants, on or before 5:00 p.m. (Calgary Time) on September 14, 2016, a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an e-mail address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application for the Final Order or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicants shall be effected by service upon the solicitors for the Applicants, Blake, Cassels & Graydon LLP, 3500 Bankers Hall East, 855 – 2<sup>nd</sup> Street SW, Calgary, Alberta T2P 4J8, Attention: Kelly Bourassa.
57. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties having served a Notice of Intention to Appear in accordance with paragraph 56 of this Interim Order, shall have notice of the adjourned date.

#### **Application to Vary Interim Order**

58. The Applicants are entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

#### **Stay of Proceedings**

59. The Stay Period (as defined in paragraph 3 of the Preliminary Interim Order of Justice G.C. Hawco dated July 13, 2016) is hereby extended until and including September 30, 2016.
60. The lenders under LTS' credit facility (the "**First Lien Lenders**") shall be treated as unaffected by the Arrangement and the Final Order in the within proceedings and shall

not be subject to any stay of proceedings in the within proceedings, and nothing in this Interim Order shall prevent the filing of any registration to preserve or perfect a security interest in respect of the Secured Notes.

### **General**

61. To the extent of any inconsistency or discrepancy with respect to the matters determined in the Interim Order, between the Interim Order and the terms of any instrument creating or governing or collateral to the Secured Notes or to which the Secured Notes are collateral, the terms of any instrument creating or governing the Unsecured Notes or to the articles and/or by-laws or other constating documents of the Applicants, this Interim Order shall govern.
62. 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 Interim Order and to assist the Applicants and their agents in carrying out the terms of this Interim Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants as may be necessary or desirable to give effect to this Interim Order.
63. This Court may grant such further and other relief as this Court deems appropriate and just.

---

Justice of the Court of Queen's  
Bench of Alberta

**TAB 3(H)**

This is Exhibit "H" referred to in the Affidavit of David Kirsch  
sworn September 23, 2016



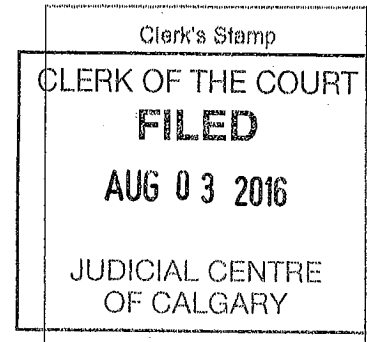
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*Notary Public in and for the State of New York  
(or as may be)*

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02W16198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016

Form 49  
[Rule 13.19]

COURT FILE NUMBER 1601-08725  
COURT Court of Queen's Bench of Alberta  
JUDICIAL CENTRE Calgary



APPLICANT IN THE MATTER OF AN APPLICATION UNDER  
SECTION 192 OF THE *CANADA BUSINESS*  
*CORPORATIONS ACT*, RSC 1985, c C-44, AS AMENDED  
AND IN THE MATTER OF A PROPOSED  
ARRANGEMENT OF LIGHTSTREAM RESOURCES LTD.  
AND 9817158 CANADA LTD.  
DOCUMENT **AFFIDAVIT**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY  
FILING THIS  
DOCUMENT

**BENNETT JONES LLP**  
Barristers and Solicitors  
4500, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4K7

Attention: Anthony L. Friend, Q.C. / Sean Zweig

Tel No.: 403-298-3182 / 416-777-6254  
Fax No.: 403-265-7219 / 416-863-1716

**AFFIDAVIT OF:** DAVID KIRSCH

**SWORN ON:**

---

I, David Kirsch, of New York, in the United States of America, Senior Analyst at Mudrick Capital Management, LP, SWEAR THAT:

1. I am a Senior Analyst at Mudrick Capital Management, LP ("**Mudrick**"). Mudrick is an SEC-registered investment advisor, with its head office in New York. Mudrick is an SEC-registered investment advisor which manages capital for a diverse group of institutions and individuals.
2. Mudrick is the beneficial owner of approximately USD\$ 97 million of 8.625% Senior Notes due 2020 (the "**Unsecured Notes**") issued pursuant to an indenture dated January 30, 2012 by and among Lightstream (f/k/a Petrobakken Energy Ltd), as Issuer, Petrobakken Capital Ltd and PBN Partnership as Guarantors, US Bank National Association as Trustee and Computershare Trust Company of Canada as Canadian Trustee (the "**Indenture**").
3. I am swearing this affidavit to respond to or address certain matters in the affidavit of Peter Scott, sworn July 28, 2016 in this matter (the "**Scott Affidavit**").

#### **The Oppression Actions, their Status and Scope**

4. Paragraph 70 of the Scott Affidavit is correct in its reference to the actions commenced against it in the Court of Queen's Bench of Alberta by Mudrick Capital Management, LP (Court File No. 1501-08782) and by FrontFour Capital Corp. and FrontFour Group LLC (Court File No. 1501-07813) (the "**Oppression Actions**").
5. The Claim in the Mudrick Oppression Action is attached as Exhibit A. The Claim in the FrontFour Oppression Action is attached as Exhibit B.
6. The description of the Oppression Actions in paragraph 71 of the Scott Affidavit is incomplete and inaccurate. These omissions and inaccuracies include the following:

- (a) It fails to identify the fact that the Oppression Actions are based primarily (in the case of the FrontFour Oppression Action) and solely (in the case of the Mudrick Oppression Action) on the oppression remedy provisions in section 242 of the *Alberta Business Corporation Act*.
- (b) It fails to identify that Mudrick and Frontfour seek access to broad remedies under section 242, including:
  - (i) that the Second Lien Notes Transaction be set aside;
  - (ii) alternatively, that Lightstream be required to offer the Transaction to Mudrick and FrontFour on the same terms and conditions as offered to the Second Lien Notes Transaction parties;
  - (iii) alternatively, that Lightstream be required to redeem the Unsecured Notes of the clients of Mudrick and FrontFour for the “make-whole” price specified in the Indenture; and
  - (iv) that Lightstream compensate the clients of Mudrick and Frontfour for their losses as a consequence of the Second Lien Notes Transaction.
- (c) It understates significantly the magnitude of the potential claims against Lightstream by citing a damages request by FrontFour only that was qualified by “or such other amount as may be proven”, with no reference to any damages claim by Mudrick or the extensive additional remedies sought by both Mudrick and FrontFour. Prior to the announcement of the Second



Lien Notes Transactions, the Unsecured Notes were trading at \$0.6400 on the dollar. Immediately following the announcement of the Transaction, the notes further dropped to \$0.5000 on the dollar, and have declined since to the point where they are now trading for \$0.0500, which is one-twentieth of their original value.

7. Discovery in the Oppression Actions has been completed, subject to applications dealing with discovery disputes which will be heard on August 30, 2016. Mudrick and Frontfour have been seeking, through their joint counsel, an early trial date to resolve their claims.

#### **Scope of the Stay**

8. I note the statement in paragraph 71 the assertion that the Stay of Proceedings does not extend to the Oppression Action.

9. Unfortunately, the terms of the Stay of Proceedings are very generally and broadly worded and apply by name to the Unsecured Noteholders, and extend to “any right to terminate, make any demand, accelerate, amend or declare in default or take any enforcement steps under any contract or other agreement to which any of the Applicants are a party, borrower or guarantor...”

10. Mudrick and FrontFour seek a provision in any Interim Order that makes it clear that the Stay of Proceedings not extend to the Oppression Actions.

**Position Respecting Status Under Interim Order and Future Proceedings**

11. I note from the Notice of Application, that it is proposed that there be voting with respect to the proposed Plan of Arrangement by noteholders in two classes, one for Secured Noteholders and one for Unsecured Noteholders.

12. As I have described above. Mudrick and FrontFour are seeking remedies in the Oppression Actions which may change their status from Unsecured Noteholders to Secured Noteholders. Mudrick and FrontFour wish to make it clear that any position taken with respect to any Interim Order, or any subsequent participation in any meeting or voting under any Interim Order approved is without prejudice to their position in the Oppression Actions.

SWORN BEFORE ME  
at City of New York, U.S.A.  
this 2<sup>nd</sup> day of August, 2016

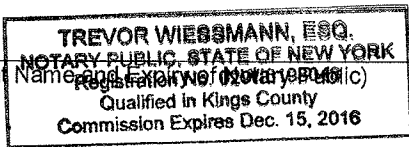
*[Handwritten Signature]*

(Notary Public in and for the State of New York)

*[Handwritten Signature]*

(Signature)

(Print Name of Notary Public)



David Kirsch

(Print Name)

**TAB 4**

**Form 49**  
[Rule 13.19]

COURT FILE NUMBER    1601-12571

COURT                      Court of Queen's Bench of Alberta

JUDICIAL CENTRE        Calgary

Clerk's Stamp

**Applicant**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 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, 186330 ALBERTA LTD AND BAKKEN RESOURCES PARTNERSHIP

**DOCUMENT**

**WILL-SAY STATEMENT OF DAVID KIRSCH**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**CASSELS BROCK & BLACKWELL LLP**  
2100 Scotia Plaza  
40 King Street West  
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simardc@bennettjones.com

Sean Zweig  
Tel; 416-777-6254  
Fax: 416-863-1716  
zweigs@bennettjones.com

1. At the time the Secured Notes Transaction was announced (July 2, 2015), Mudrick Capital Management L.P. ("**Mudrick**") was willing to participate on the same terms as set out in the Note Purchase and Exchange Agreement (the "**Agreement**") between Lightstream Resources Ltd. ("**Lightstream**"), Apollo Capital Management LP, and GSO Capital Partners LP. This was communicated to the Company immediately following the announcement.

2. Mudrick remains prepared to exchange its unsecured notes for secured notes on the same terms and conditions contained in the Agreement (including providing its pro rata share of new capital), or otherwise have its unsecured notes treated as though they were subject to the Agreement and on the same terms and conditions.

Dated: October 21, 2016

# TAB 5

**Form 49**

[Rule 13.19]

COURT FILE NUMBER 1601-12571

COURT Court of Queen's Bench of Alberta

JUDICIAL CENTRE Calgary

Clerk's Stamp

**Applicant**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 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, 186330 ALBERTA LTD AND BAKKEN RESOURCES PARTNERSHIP

**DOCUMENT****WILL-SAY STATEMENT OF STEPHEN LOUKAS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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simardc@bennettjones.com

Sean Zweig  
Tel; 416-777-6254  
Fax: 416-863-1716  
zweigs@bennettjones.com

1. At the time the Secured Notes Transaction was announced (July 2, 2015), FrontFour Capital Group LLC and FrontFour Capital Corp (collectively, “**FrontFour**”) were willing to participate on the same terms as set out in the Note Purchase and Exchange Agreement (the “**Agreement**”) between Lightstream Resources Ltd. (“**Lightstream**”), Apollo Capital Management LP, and GSO Capital Partners LP. This was communicated to the Company immediately following the announcement.

2. FrontFour remains prepared to exchange its unsecured notes for secured notes on the same terms and conditions contained in the Agreement (including providing its pro rata share of new capital), or otherwise have its unsecured notes treated as though they were subject to the Agreement and on the same terms and conditions.

Dated: October 21, 2016



# TAB 6

Form 49

[Rule 13.19]

COURT FILE NUMBER

CV- 1501 - 08782

COURT

Court of Queen's Bench of Alberta

JUDICIAL CENTRE

Calgary

APPLICANT

MUDRICK CAPITAL MANAGEMENT, L.P.

RESPONDENT

LIGHTSTREAM RESOURCES LTD.

DOCUMENT

AFFIDAVIT

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY  
FILING THIS  
DOCUMENT

**CASSELS BROCK & BLACKWELL LLP**

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svoudouris@casselsbrock.com

AFFIDAVIT OF:

DAVID KIRSCH

SWORN ON:

July 29, 2015

Clerk's Stamp

CLERK OF THE COURT  
**FILED**

JUL 31 2015

JUDICIAL CENTRE  
OF CALGARY

I, David Kirsch, of the City of New York in the State of New York, in the United States of America, Managing Director at Mudrick Capital Management, L.P., SWEAR THAT:

1. I am a Managing Director at Mudrick Capital Management, L.P. ("**Mudrick**"). Mudrick is an SEC-registered investment advisor, with its head office in New York. Mudrick manages capital for a diverse group of institutions and individuals.
2. I have worked at Mudrick for 4.5 years. In my role as Managing Director, I am responsible for identifying new investments and play a key role in managing current investments. This role requires expertise in two distinct areas: (1) the ability to properly value a company's assets; and (2) the ability to understand a company's financial projections to determine whether the company's value will increase going forward.
3. As such, I have knowledge of the matters to which I hereinafter depose, which knowledge is either personal to me, obtained from a review of the documents referred to, or, where indicated, I am advised by others in which case I verily believe such information to be true.

#### **The Parties and Basis for Application**

4. Lightstream Resources Ltd. ("**Lightstream**" or the "**Company**"), is a light oil-focused exploration and production company operating in Western Canada. Lightstream is publicly traded on the Toronto Stock Exchange ("**TSX**") and its headquarters is in Calgary, Alberta. In 2013 it changed its corporate name from PetroBakken Energy Ltd. ("**PetroBakken**") to Lightstream.

5. In 2012, Lightstream issued \$900 million of 8.625% Senior Notes due 2020 (the “**Unsecured Notes**”) pursuant to an indenture dated January 30, 2012 by and among PetroBakken (now Lightstream) as Issuer, PetroBakken Capital Ltd and PBN Partnership as Guarantors, US Bank National Association as Trustee and Computershare Trust Company of Canada as Canadian Trustee (the “**Indenture**”). The holders of those Unsecured Notes ranked equally in their positions as creditors of Lightstream.

6. Mudrick acquired approximately USD\$32 million of the Unsecured Notes for its clients between January and April 2015, as described in detail below.

7. In July 2015, Lightstream announced a transaction whereby it agreed to exchange \$465 million of the Unsecured Notes for \$395 million of secured second lien notes (the “**Secured Notes**”), and issued a further \$200 million of Secured Notes (the “**Secured Notes Transaction**” or “**Transaction**”). The Secured Notes Transaction was entered into with some (the “**Secured Transaction Parties**”), but not all, of the holders of the Unsecured Notes. Lightstream did not offer this Transaction to Mudrick, and refused to extend such offer when requested to do so.

8. The Secured Notes Transaction had the effect of promoting the Secured Transaction Parties into secured creditors, thereby placing them in a superior security position to the remaining holders of Unsecured Notes who were excluded from the Secured Notes Transaction. It also adversely affected the market price of the remaining Unsecured Notes.

9. Mudrick takes the position that the Secured Notes Transaction by Lightstream is oppressive of and unfairly prejudicial to its interests and those of its clients as a security holder of Lightstream, and unfairly disregards those interests.

### **Mudrick's Decision to Purchase Unsecured Notes from Lightstream**

10. Mudrick first became interested in acquiring Unsecured Notes in late December 2014. At that time, it came to my attention that the Unsecured Notes were trading at a significant discount to their face amount. I began to investigate whether they would be an attractive opportunity for Mudrick and its clients.

11. On January 15, 2015, I emailed Lightstream's Investor Relations department to inquire about setting up a conference call. A conference call was scheduled for January 21, 2015 with John D. Wright and Peter D. Scott, respectively the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") of Lightstream. Attached as Exhibit "A" is a true copy of this email exchange.

12. During this call, we spoke generally about Lightstream's value and financial projections. Mr. Wright and Mr. Scott explained that Lightstream could obtain CDN\$1.5 billion in total secured debt, and they expected Lightstream to be cash flow positive. Mr. Wright and Mr. Scott further assured me that since liquidity was not an issue, Lightstream did not need to, nor did it intend to, restructure its debt.

13. After the call, I reviewed the Indenture governing the Unsecured Notes. I understood that the Indenture provided a number of protections for holders of Unsecured Notes. Attached as Exhibit "B" is a true copy of the Indenture.

14. Following the call with Mr. Wright and Mr. Scott, and my review of the Indenture, I spoke with an internal team at Mudrick, including, among others: Jason Mudrick (President and Chief Investment Officer), Victor Danh (Senior Analyst), and Kent Kim (Analyst). We decided to purchase Unsecured Notes based on the following factors:

- (a) Lightstream appeared to have sufficient liquidity and continuing oil production to withstand any short to medium-term declines in oil prices without the need for additional capital or debt restructuring;
- (b) Lightstream had a limited amount of debt ahead of the Unsecured Notes; and
- (c) Mudrick viewed the value of Lightstream as being in excess of the market valuation of USD\$1.1 billion;

15. On January 22, 2015, Mudrick acquired Unsecured Notes in two purchases of USD\$10,000,000 and USD\$4,500,000.

16. On January 29, 2015, Mudrick made two further acquisitions of USD\$5,000,000 Unsecured Notes and USD\$10,000,000 Unsecured Notes.

17. On February 18, 2015, I travelled to Calgary with Mr. Mudrick, Mr. Danh, and Mr. Kim to meet with Mr. Wright and Mr. Scott. During this meeting, we discussed Lightstream's financial situation. I specifically asked whether Mr. Wright and Mr. Scott foresaw any possibility that Lightstream would be left without sufficient liquidity if oil prices remained the same and did not increase. Mr. Scott and Mr. Wright assured me that Lightstream had sufficient liquidity.

18. Based on these discussions, Mudrick continued to believe that Lightstream was a prudent and potentially profitable investment and made three additional purchases of Unsecured Notes as follows:

- (a) On April 1, 2015, Mudrick acquired USD\$500,000 Unsecured Notes;
- (b) On April 7, 2015, Mudrick acquired USD\$1,000,000 Unsecured Notes; and
- (c) On May 28, 2015, Mudrick acquired USD\$1,200,000 Unsecured Notes.

**Lightstream Enters Into The Secured Notes Transaction to the Exclusion of Mudrick and Other Unsecured Note Holders**

19. In or about the end of May 2015, rumours began circulating in the industry that Lightstream was receiving proposals to restructure its debt and enter into private transactions which could involve an exchange of the existing Unsecured Notes for other security. Lightstream's representatives never suggested to me that Lightstream was contemplating such a transaction. To the contrary, Mr. Wright and Mr. Scott had repeatedly assured me that the Company neither needed to – nor intended to – enter into any such transaction.

20. Concerned about these troubling rumours, I called Mr. Scott on May 27, 2015, and he assured me that he felt “very comfortable” with Lightstream’s liquidity. I enquired whether Lightstream was contemplating a transaction involving the issuance of secured or “second lien” notes in exchange for the existing Unsecured Notes. Mr. Scott explained that this type of deal was unlikely. At no point was any suggestion made that Lightstream was contemplating a partial redemption or exchange with certain holders of Unsecured Notes. Attached as Exhibit “C” is a true copy of an email summarizing my call with Mr. Scott.

21. On or about June 3, 2015, I attended the Bank of America Merrill Lynch 2015 Energy and Power Leveraged Finance Conference in New York. I attended a meeting with Mr. Wright and several analysts from other funds. After the meeting, I had a private conversation with Mr. Wright and asked him about the veracity of the rumours. He explained that although Lightstream was receiving many proposals to restructure its debt, Lightstream was not interested in such proposals because their terms were not favourable for Lightstream and its stakeholders.

22. Mr. Wright assured me that if Lightstream decided to restructure its debt, an offer would be made to all of the holders of Unsecured Notes. Specifically, he stated that an offer to some but not all holders of Unsecured Notes would not be attractive to Lightstream and that it would be an “un-Canadian” way of doing business.



23. Prior to this conference, I discussed with Mudrick analysts the possibility of selling off Mudrick's position in the Unsecured Notes so as not to be left holding Unsecured Notes in the event of an exchange or other transaction which might negatively impact them. Based on the assurances I received from Mr. Wright, Mudrick decided not to sell its Unsecured Notes.

24. On June 10, 2015, I emailed Mr. Wright and Mr. Scott and thanked them for meeting me. I further explained that since Mudrick owned a significant stake in the Unsecured Notes, we wanted to be kept apprised of any proposals that were made to Lightstream so that we could participate in any discussions Lightstream was having about an exchange or other transaction. Attached as Exhibit "D" is a true copy of this email.

25. I did not receive a response.

26. On June 29, 2015, I again emailed Mr. Wright, following up with respect to my June 10 email. He responded explaining that he and his team were not available to discuss our inquiry until the following week. We scheduled a call for July 8, 2015. Attached as Exhibit "E" is a true copy of this email exchange.

27. On July 2, 2015, before I could have my conversation with Mr. Wright, Lightstream announced the Secured Notes Transaction. Attached as Exhibit "F" is a true copy of the July 2, 2015 press release describing the Secured Notes Transaction.

28. Lightstream has not disclosed the identities of the Secured Transaction Parties. Various media outlets have since speculated that Apollo Global Management LLC and Fidelity Investments, two of the largest holders of Unsecured Notes, were the sole participants in the Secured Notes Transaction. Attached as Exhibit "G" is a true copy of an article from Bloomberg.com discussing the Secured Notes Transaction and its suspected participants.

29. The Secured Notes Transaction was only offered to the Secured Transaction Parties, to the exclusion of the remaining holders of \$335 million of the Unsecured Notes, including Mudrick. Further, I am not aware of any other holders of Unsecured Notes, aside from the Secured Transaction Parties, being made aware of the Secured Notes Transaction prior to the July 2, 2015 announcement.

30. Upon becoming aware of the Secured Notes Transaction on July 6, 2015, I immediately phoned Salim Mawani, a representative of RBC Capital Markets, LLC ("**RBC**"), which had acted as Lightstream's financial advisor in connection with the Secured Notes Transaction.

31. Mr. Mawani explained to me that the Secured Notes Transaction was complete and that a similar offer would not be extended to the remaining holders of Unsecured Notes. He further explained that Lightstream believed, pursuant to the Indenture, that it could enter into a further agreement with the remaining holders of Unsecured Notes to exchange the Unsecured Notes for USD\$50 million - USD\$70 million of new secured notes. This agreement would include terms significantly less favourable than those that had been offered to, and accepted by, the Secured Transaction Parties. He asked

Mudrick to provide the lowest price we would be willing to accept for an exchange and explained that RBC and Lightstream would consider the offer.

32. I explained that Mudrick was not willing to participate in a transaction involving less favourable terms than offered to the Secured Transaction Parties. I further explained that Mudrick was willing to provide new capital by buying new secured notes in the same pro-rata share as by the Secured Transaction Parties had provided and was also willing to exchange its Unsecured Notes on the same terms as had been offered to the Secured Transaction Parties. Mr. Mawani again explained that Lightstream was only contemplating exchanges on terms less favourable than those accepted by the Secured Transaction Parties.

33. On July 6, 2015 I emailed Mr. Scott and requested to speak with him and Mr. Wright about the Secured Notes Transaction. Mr. Scott, Mr. Wright and I participated in a call that day. Attached as Exhibit "H" is a true copy of this email exchange.

34. During the call, I explained that I was quite surprised by the Secured Notes Transaction since Mr. Wright had assured me that this was the very type of "un-Canadian" agreement Lightstream not only had no need for, but was trying to avoid.

35. I further explained that if the Secured Notes Transaction was made available to all holders of Unsecured Notes, Mudrick would participate and would provide additional capital if needed.

36. Mr. Wright and Mr. Scott refused Mudrick's offer.

37. I asked them to reconsider their position and indicated that Lightstream had acted in clear violation of their representations to me and in violation of the Indenture. I further indicated that if Lightstream maintained its position to exclude Mudrick from the Secured Notes Transaction, Mudrick would pursue its legal remedies.

38. Mr. Wright and Mr. Scott continued to refuse Mudrick's offer.

39. I asked Mr. Wright and Mr. Scott why Lightstream had entered into the Transaction. I was told that the Secured Transaction Parties had told Lightstream that they would only participate in the Transaction if it was offered privately to the exclusion of all other holders of Unsecured Notes.

40. I do not believe that this is a reasonable justification for the Transaction for the following reasons:

- (a) The Transaction was not necessary. As is detailed below, Lightstream had asserted repeatedly that it had sufficient liquidity. Even if Lightstream believed that the Transaction would be beneficial in reducing the overall debt, Lightstream was obligated to treat all of the holders of Unsecured Notes fairly. Offering the Transaction only to some of the holders of Unsecured Notes was opportunistic, prejudicial, and unfairly discriminated within the class of holders of Unsecured Notes; and
- (b) The assertion that the Secured Transaction Parties would not have participated if the Transaction had been offered to all holders of Unsecured Notes is simply unbelievable. The Transaction significantly increased the

amount of secured debt ahead of the remaining Unsecured Notes and caused the Unsecured Notes to decrease in value. If the Transaction had been offered to all of the holders of Unsecured Notes, all of the holders – including the Secured Transaction Parties – would have participated and exchanged Unsecured Notes for Secured Notes because not doing so would have left any remaining holder of Unsecured Notes in a significantly worse position. The current trading price of the remaining Unsecured Notes confirms how the Secured Notes Transaction has left the excluded holders of the Unsecured Notes in a much worse position.

41. Notwithstanding my disagreement with Lightstream's decision and its attempted justification for the Transaction, I emailed Mr. Scott on July 7, 2015 and thanked him for speaking with me. I asked that we keep our previously scheduled call for July 8, 2015. Attached as Exhibit "I" is a true copy of this email exchange.

42. On July 8, 2015, Mr. Mudrick and I participated in a call with Mr. Scott. We again emphasized Mudrick's view that the Secured Notes Transaction was oppressive and unfair and unsupported by the Indenture. We also reiterated that the Secured Notes Transaction should be made available to all holders of Unsecured Notes and that Mudrick would participate if such an offer was made. Finally, we indicated that Mudrick would pursue its available rights and remedies if Lightstream continued to exclude Mudrick from the Secured Notes Transaction.

43. Mr. Scott explained that in his view, the Secured Notes Transaction was not problematic and it would not be extended to other holders of Unsecured Notes.

44. In a letter to the Company dated July 9, 2015, Lightstream's United States counsel, Kasowitz, Benson, Torres & Friedman LLP advised the Company that Mudrick was prepared to challenge the Transaction on a variety of legal grounds (the "**July 9 Letter**"). Attached as Exhibit "J" is a true copy of the letter.

45. Despite the concerns outlined in the July 9 Letter, Lightstream issued a press release on July 14, 2015 announcing that it had closed a portion of the Secured Notes Transaction with the Secured Transaction Parties involving the issuance of USD\$200 million in Secured Notes for cash proceeds. The press release did not discuss whether the redemption or exchange of Unsecured Notes for Secured Notes had closed. Attached as Exhibit "K" is a true copy of the July 14, 2015 press release.

46. On July 17, 2015 Lightstream's counsel, Dorsey & Whitney LLP, replied to the July 9 Letter asserting, among other things, that the Secured Notes Transaction was not oppressive or unfairly prejudicial. Attached as Exhibit "L" is a true copy of this letter.

47. From the time of Mudrick's first purchase of Unsecured Notes in January of 2015, up to and including the present, there was ample opportunity for Mr. Wright and Mr. Scott to discuss the Secured Notes Transaction with me. Mr. Wright and Mr. Scott were both aware of Mudrick's desire to be part of any debt restructuring plan that Lightstream was considering. Simply put, Lightstream's actions were unfair and prejudicial to Mudrick.

### **The Transaction Was Not Necessary**

48. Over the course of our communications, Mr. Wright and Mr. Scott repeatedly assured me that Lightstream was cash flow positive and was not experiencing any liquidity issues. Specifically, during our conversation on June 3, 2015, Mr. Wright assured

me that even if oil prices did not increase, Lightstream would have enough liquidity for approximately 24 months. He further assured me that Lightstream was cash flow positive.

49. In addition to the aforementioned private communications, the Company made numerous public representations as to its adequate liquidity:

- (a) Lightstream participated in a “Year End Results Webcast and Conference Call” on March 5, 2015. This webcast is available on Lightstream’s website.<sup>1</sup> Mr. Wright and Mr. Scott took part in the call along with Rene LaPrade, Lightstream’s Chief Operating Officer, and Annie Belecki, Lightstream’s General Counsel. A variety of other stakeholders participated to ask questions of Lightstream’s representatives. During this call, Lightstream’s representatives were asked whether Lightstream was working with both Secured and Unsecured Notes and whether Lightstream was meeting its covenants. One of the Lightstream representatives responded by stating:

“We are, at this point, primarily working on the secured credit facility. There is no issue under the notes. **And that is in my view, a good piece of capital that sits there for us with maturity out to 2020 and provides us some flexibility to do some things.** So, with that, you know, our primary focus right now is on the credit facility itself.”

I recall listening to the comments quoted on this call, and Mudrick relied on them in its decision to purchase additional Unsecured Notes in April and May of 2015.

- (b) On May 14, 2015, Lightstream held its 2015 Annual General Meeting (the “AGM”) and posted a webcast of the meeting on its website.<sup>2</sup> Mr. Wright, Mr. Scott, Ms. LaPrade, and Ms. Belecki were in attendance along with Kenneth McKinnon as Chairman. Lightstream’s representatives were

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<sup>1</sup> See “Presentations & Webcasts” at <http://www.lightstreamresources.com/investors/presentations-webcasts.cfm>

<sup>2</sup> See “Presentations & Webcasts” at <http://www.lightstreamresources.com/investors/presentations-webcasts.cfm>

asked whether it had capacity to layer secured debt on top of the Unsecured Notes. Mr. Scott responded by stating that it would be possible to include second lien capacity. However, although this would add additional liquidity:

“...it would be at a much higher cost than what we would see within our banking facility, and so at this point, I’m **not enamoured about adding on a bunch of high cost debt just to add liquidity that we don’t see using**, but there is the potential to do, you know, a material amount of deals, I won’t get into specific numbers, but the market is open on that standpoint.”

- (c) As part of the AGM, Lightstream also provided a slide presentation dated May 14, 2015 and posted this presentation to its website. On slide 9, the presentation indicates that Lightstream had USD\$110 million of available liquidity “for 2015 and beyond”. On slide 10, the presentation indicated that Lightstream had decreased its “overall debt position since 2012, with continuous access to an appropriate level of liquidity”. Attached as Exhibit “M” is a true copy of Lightstream’s slide presentation.
- (d) Lightstream posted a report on its First Quarter Results, with a Management Discussion and Analysis dated May 14, 2015. The following comments were made:
- (i) We continue to be proactive in managing our debt and, as of the date of this MD&A, are in advanced stages of negotiating the debt terms within our credit facility to avoid potential covenant issues through the downside of this commodity cycle **and provide a borrowing base that offers sufficient liquidity for 2015 and beyond** [Page 1];
- (ii) As a result of the recent decline in oil prices, **we have taken steps to preserve our financial flexibility and future asset value by reducing our capital program and suspending our dividend with the objective of ensuring our expenditures will be funded through cash flow, without an increase to overall debt levels prior to any foreign exchange translation adjustments to our U.S. dollar denominated debt.** We will continue to monitor our plans and forecasts and make further adjustments as required in order to maintain acceptable levels of capitalization while adhering to our long-term business strategy [Page 17];



- (iii) We continue to be proactive in managing our debt and are in the advanced stages of negotiating the debt terms of our credit facility. We expect to successfully renegotiate debt terms with our credit facility lenders to maintain financial flexibility and avoid potential covenant issues through the downside of this commodity cycle [Page 17].
- (iv) **In addition to the liquidity noted above, other possible sources of funds available to Lightstream include the following:** funds flow from operations; sale of producing or non-producing assets (including joint venture structures); cash generated from a sale may be reduced by any required debt repayments; further adjustments to capital program; monetization of any risk management assets; issuance of additional subordinated or convertible debt; issuance of equity. **We expect to satisfy ongoing working capital requirements with funds flow from operations and available credit.** [Page 18].

Attached as Exhibit “N” is a true copy of the First Quarter Report.

- (e) The Company issued a press release on May 21, 2015 stating:

**“The revised borrowing base and amendments to our covenants are expected to provide an appropriate level of liquidity to current low-price commodity environment and support an acceleration of our drilling program should oil prices increase and/or costs come down.”**

Attached as Exhibit “O” is a true copy of this press release.

- (f) On June 3, 2015, Mr. Wright attended the Bank of America Merrill Lynch 2015 Energy and Power Leveraged Finance Conference in New York. A webcast of Mr. Wright’s presentation was posted on Lightstream’s website.<sup>3</sup> During the presentation, he was asked whether Lightstream planned to reduce its debt by exchanging bonds. Mr. Wright responded by stating:

**“Underneath our bond we have a significant amount of room for other secured assets and our focus is not on generating liquidity or generating the ability to fund a big development program right now, so we will look at rational actions with our balance sheet that either reduce headline debt or reduce or maintain the cost of**

<sup>3</sup> See “Presentations & Webcasts” at <http://www.lightstreamresources.com/investors/presentations-webcasts.cfm>

capital with a better security structure. We have the advantage I guess, of some time and some patience to look at a bunch of different options. We are evaluating a full range of options and I'd like to thank a number of people in the room today, I get a lot of incoming suggestions on how best to do that and manage that and we are looking at all potential variants on that, but we don't have to act in any way, there is no burning fire, no big issue or hidden cost that we have on our books that we need to address right away, so we're going to be very careful. I think you all appreciate that once you lock in, in any kind of a structure, that's the structure that you're in for the next years to come and it's important to both assess the perceived and maybe falsely perceived implications of any lock-in for the long term, so we're looking at that."

50. Both the private and public statements of the Company and its representatives represented that Lightstream was sufficiently liquid, with positive cash flows, and did not need or intend to restructure its debt at any point.

51. Furthermore, Lightstream inexplicably cancelled its first quarter call, which was scheduled to take place mid-May. Given subsequent events, this unusual action appears to have been taken for the purpose of allowing Lightstream to avoid responding to questions about its intended course of action regarding the Unsecured Notes.

52. In addition, Lightstream announced the Transaction immediately prior to the Fourth of July holiday in the United States and following the Canada Day holiday in Canada. The timing of the announcement suggests that Lightstream was seeking to minimize the visibility of the Secured Notes Transaction.

53. Finally, Mr. Wright's evasive delay in scheduling a call with Mudrick until after the announcement of the Transaction – even though I had repeatedly requested a call throughout the month of June – was inappropriate and unfairly disregarded Mudrick's interests.

**Detriment to the Unsecured Noteholders**

54. As a result of the Secured Notes Transaction, the Unsecured Notes have substantially decreased in value and rank behind the Company's secured debt, including the Secured Notes issued pursuant to the Secured Notes Transaction. Specifically:

- (a) The market price for the Unsecured Notes peaked at \$0.7900 on the dollar in the middle of May. As rumours began circulating that Lightstream was contemplating an exchange, the Unsecured Notes dropped to \$0.6400 on the dollar. Immediately following the announcement of the Transaction, the notes further dropped to \$0.5000 on the dollar and, at present, the Unsecured Notes are being offered at \$0.4400 on the dollar, well below the value of the Unsecured Notes at the times Mudrick had made its purchases from January 21 to May 28 2015; and
- (b) Prior to the Transaction, the Company had CDN\$638 million in debt senior to the Unsecured Notes. After the Transaction, the amount of debt ahead of the remaining Unsecured Notes increased by CDN\$480 million such that there is now CDN\$1.121 billion in debt senior to the Unsecured Notes.

55. At all times, Lightstream represented, and Mudrick reasonably believed, that Lightstream would not enter into the kind of restructuring contemplated by the Secured Notes Transaction; and that if Lightstream wanted to increase liquidity by offering new debt, this offer would have been made equally to all holders of Unsecured Notes.

SWORN BEFORE ME  
at City of New York, U.S.A.  
this 29th day of July , 2015

*[Handwritten Signature]*

(Notary Public in and for the State of New York)

*[Handwritten Signature]*

(Signature)

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 11115190010  
Qualified in Kings County  
Commission Expires Dec. 15, 2016

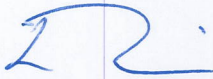
(Print Name and Title of Notary Public)

David Kirsch



# TAB 6(A)

This is Exhibit "A" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this 29<sup>th</sup> day of July, 2015



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Notary Public

TREVOR WIESSMANN, ESQ.  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 02W16198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



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**From:** Catherine Cipriano [CCipriano@lightstreamres.com]  
**Sent:** Thursday, January 15, 2015 6:57 PM  
**To:** Kirsch, David  
**Subject:** RE: Call with Lightstream Resources Ltd.

Great! Feel free to forward the invite on to anyone else if you are planning on patching them in to the call.  
\*\*my direct phone number is below in my auto signature.  
Cheers,

**Catherine Stern Cipriano**  
(403) 213-3243  
[ccipriano@lightstreamres.com](mailto:ccipriano@lightstreamres.com)  
(TSX:LTS)



*We are an environmentally conscientious and responsible company, which believes in Fair Trade and Non-conflict Oil*

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**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Thursday, January 15, 2015 4:51 PM  
**To:** Catherine Cipriano  
**Subject:** Re: Call with Lightstream Resources Ltd.

Yes, got it. Thanks so much!

On Jan 15, 2015, at 5:50 PM, Catherine Cipriano <[CCipriano@lightstreamres.com](mailto:CCipriano@lightstreamres.com)> wrote:

David I just sent an Outlook invite to you.

We have our latest presentation on our website if you want to have a glance, otherwise we will call you Wednesday the 21<sup>st</sup> at 11:30am eastern time.

<http://www.lightstreamresources.com/investors/presentations-webcasts.cfm>

We look forward to the call!

Cheers,

**Catherine Stern Cipriano**

(403) 213-3243

[ccipriano@lightstreamres.com](mailto:ccipriano@lightstreamres.com)

(TSX:LTS)

<image002.jpg> *We are an environmentally conscientious and responsible company, which believes in Fair Trade and Non-conflict Oil*

**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Thursday, January 15, 2015 4:34 PM  
**To:** Catherine Cipriano  
**Subject:** Re: Call with Lightstream Resources Ltd.

Wednesday the 21st at 11:30am ET would work great. Will there be a dial-in? Or alternatively they could just call me at 646-747-9517. Let me know what works best and I will speak with them then. Thanks!

On Jan 15, 2015, at 4:55 PM, Catherine Cipriano <[CCipriano@lightstreamres.com](mailto:CCipriano@lightstreamres.com)> wrote:

Thank you for your email requesting a time have a call.

The two individuals who you would be speaking with would be;

John Wright, President and CEO

Peter Scott, Senior VP & CFO

There is a two hour difference as we our Mountain Time, so I am looking at mornings to host a call.

Please let me know what works for you.

We could have a call Eastern Time:

Wed. Jan 21 – 11:30am ET

Thurs. Jan 22 – 9:30am ET – 2:00pm ET

Fri. Jan 23 – 10:00am ET – 11:30am ET

Please have a look and let me know if any of these dates & times work for you.

I look forward to your reply.



Cheers,

***Catherine Stern Cipriano***

DIRECT 403.213.3243 | MAIN 403.268.7800 <*image001.jpg*>

*(Formerly PetroBakken Energy)*

[ccipriano@lightstreamres.com](mailto:ccipriano@lightstreamres.com)

[www.lightstreamresources.com](http://www.lightstreamresources.com)     *We are an environmentally conscientious and responsible company, which believes in Fair Trade and Non-conflict Oil*

**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Thursday, January 15, 2015 3:44 PM  
**To:** LTS Investor Relations  
**Subject:** Call

We are an investment firm based in New York and are taking a look at buying your bonds and/or equity. I wanted to see if we could set up a time for a conference call to go through some questions I had on the business. Let me know what might work on your end and I will try to make it work on mine. Thanks so much and hope to talk to you soon.

David Kirsch

Mudrick Capital

477 Madison Avenue, 12<sup>th</sup> Floor

NY, NY 10022

Office: 646-747-9517

[dkirsch@mudrickcapital.com](mailto:dkirsch@mudrickcapital.com)

**TAB 6(B)**

This is Exhibit "B" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this 29<sup>th</sup> day of July, 2015



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Notary Public

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02WI6198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



**See Tab 3(A): Unsecured Notes Indenture Dated  
January 30, 2012**

**TAB 6(C)**

This is Exhibit "C" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this 29<sup>th</sup> day of July, 2015



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Notary Public

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02W16198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



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**From:** Kirsch, David [dkirsch@mudrickcapital.com]  
**Sent:** Wednesday, May 27, 2015 1:11 PM  
**To:** Sahl, Kevin; Mudrick, Jason  
**Cc:** Mactaggart, Josh  
**Subject:** RE: LTSCN

Just spoke to the CFO, he said he was on vacation, so that would explain the delay in the response. From a liquidity perspective, he said that at \$55 oil they would generate \$50mm of positive FCF during the balance of 2015, and at Strip prices it is closer to \$100mm, so he feels very comfortable with liquidity even with the new borrowing base. I asked him about the potential for the Bakken sale, and he pointed me to a deal that got announced yesterday by Crescent Point (one of the likely buyers of their Bakken assets) where they paid 1.5bn for 22k boe/d. He said that he didn't think that was an attractive valuation to sell at. Lightstream's production (on a consolidated basis) is about 50% higher than those assets and has about \$1.6bn in debt through our bonds at par. So may be a case where selling the Bakken at these kinds of valuations would be able to repay the bonds but take away all the equity upside so they don't want to do that unless they had to. I asked about the potential for a 2<sup>nd</sup> lien deal, and though he certainly didn't say he thought that was likely, he did seem slightly more inclined to it than before, so maybe they are kicking that around as an idea, and that is what is weighing on the bonds. He did confirm that the CEO was still going to the Bofa conference next week, so will have another chance to speak with mgmt. then.

---

**From:** Kirsch, David  
**Sent:** Wednesday, May 27, 2015 10:52 AM  
**To:** Sahl, Kevin; Mudrick, Jason  
**Cc:** Mactaggart, Josh  
**Subject:** RE: LTSCN

I called the CFO again this morning, haven't heard back. Am supposed to meet them at the Bofa conference next week. Historically, they have been very open and responsive (the CFO has called me back from vacation in Hawaii for example), so if I continue to not hear back for another day or two that would suggest to me that something is going on. There are three things that come immediately to mind that could be happening.

First, would be that if given their new borrowing base, they feel like liquidity is too tight and they would want to restructure sooner rather than later. This would be a little surprising given they expect to generate positive FCF for the remainder of the year and have been very clear about their ability to cut capex below EBITDA even if oil is \$50, and oil has been higher than that for last couple of months. However, nothing is impossible, so I'm going to call around to some of the Canadian advisors (Chadwick, A&M etc.) and see if they are hearing anything on the Lightstream front.

The second possibility is that they are nearing an agreement on selling the Bakken. As discussed, I think this is very much on their radar, and the last time I spoke with the CFO a month or two ago, it seemed like it was more of a near-term possibility than I previously thought. If they were close to a deal, they would likely go silent ahead of it. They have said they would only do this deal if they could basically refi the whole balance sheet.

The last thing is they could be working on some sort of second lien deal to bolster liquidity. From my conversations, they should have 200-300mm in capacity for a second lien deal, and maybe they want to take the money to make sure they have no issues on the runway they need to get to the other side.

To the extent I get to speak with the CFO (either today or next week), I will obviously go through all three of these.

---

**From:** Sahl, Kevin  
**Sent:** Wednesday, May 27, 2015 9:48 AM  
**To:** Mudrick, Jason

**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

Seaport traded a block of LTSCN 71-71.25, which is a substantial gap down from the 75 context yesterday. There has been a rumored \$40mm block for sale, and the color I get is that the distressed buyers who added all the way up from 55 to the high 70s have not been supporting the bonds since this borrowing base news (see previous emails).

---

**From:** Sahl, Kevin  
**Sent:** Tuesday, May 26, 2015 10:27 AM  
**To:** Mudrick, Jason  
**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

Several shops are working for sellers on LTSCN. I have heard from two different shops that there is a block of \$40mm offered at 77.5. Separately, there is probably \$5-10mm offered in a 74-76 context.

---

**From:** Sahl, Kevin  
**Sent:** Tuesday, May 26, 2015 10:02 AM  
**To:** Mudrick, Jason  
**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

Lightstream is down on the reduced borrowing base news (came out last week but people are focused on it today). Bonds are ~74-75, down from a 77.5 type context on Friday.

---

**From:** Sahl, Kevin  
**Sent:** Wednesday, April 15, 2015 11:22 AM  
**To:** Mudrick, Jason  
**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

LTSCN: 76.625-77.625, up 2 points

---

**From:** Sahl, Kevin  
**Sent:** Wednesday, April 08, 2015 2:50 PM  
**To:** Mudrick, Jason  
**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

GMP has \$5mm bonds at 75.75, same price as yesterday.

---

**From:** Sahl, Kevin  
**Sent:** Tuesday, April 07, 2015 2:21 PM  
**To:** Mudrick, Jason  
**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

Credit Suisse got lifted on the \$10mm LTSCN at 75.75; Cantor believes it is their buyer. So around \$30+mm has traded today.

---

**From:** Sahl, Kevin  
**Sent:** Tuesday, April 07, 2015 1:47 PM  
**To:** Mudrick, Jason



**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

CS just showed me \$10mm LTSCN at 75.75. Not sure if this is the same seller who just sold a block at Cantor.

---

**From:** Sahl, Kevin  
**Sent:** Tuesday, April 07, 2015 1:21 PM  
**To:** Mudrick, Jason  
**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** RE: LTSCN

We got \$1mm as part of a 20mm+ trade, paying 75.5.

---

**From:** Mudrick, Jason  
**Sent:** Tuesday, April 07, 2015 1:14 PM  
**To:** Sahl, Kevin  
**Cc:** Mactaggart, Josh; Kirsch, David  
**Subject:** Re: LTSCN

Yes, let's get what we need to be filled as part of that trade.

Jason Mudrick  
Mudrick Capital Management, LP  
646-747-9501 (w)  
917-774-6005 (c)  
[Jmudrick@mudrickcapital.com](mailto:Jmudrick@mudrickcapital.com)

On Apr 7, 2015, at 12:56 PM, Sahl, Kevin <[ksahl@mudrickcapital.com](mailto:ksahl@mudrickcapital.com)> wrote:

Cantor is going to trade \$20mm 75.25-75.5 out of one seller and into one buyer. I told them we want \$1mm of that trade. It sounds like if we don't want it, the other buyer will take it. I'll let you know how it works out.

**Kevin Sahl**  
Mudrick Capital  
477 Madison Avenue, 12th Floor  
New York, New York 10022  
P: 646-747-9506  
M: 646-279-7863  
E: [ksahl@mudrickcapital.com](mailto:ksahl@mudrickcapital.com)

This e-mail may contain confidential and/or privileged information. If you are not the intended recipient or have received this e-mail in error, please notify the sender immediately and destroy/delete this e-mail. You are hereby notified that any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly prohibited. This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. All information contained in this communication is not warranted as to completeness or accuracy and is subject to change without notice. Any comments or statements made in this communication do not necessarily reflect those of Mudrick Capital.

**TAB 6(D)**

This is Exhibit "D" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this 29<sup>th</sup> day of July, 2015



---

Notary Public

TREVOR WIESSMANN, ESQ.  
NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 02W16198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



---

**From:** Kirsch, David [dkirsch@mudrickcapital.com]  
**Sent:** Wednesday, June 10, 2015 10:25 AM  
**To:** pscott@lightstreamres.com; wright@lightstreamres.com  
**Subject:** Call

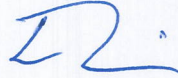
John / Peter,

Hope all is well. John, was good to see you at the conference in New York last week. Following that, I wanted to just see if you both had 5-10 minutes at some point this week (or next) to get on the phone. I am very aware of how many different balance sheet related proposals you are likely getting, but we own around \$40mm of bonds and wanted to just share our thoughts/ideas on that topic. Let me know what might work on your end, and we will try to make it work on our end. Thanks so much and speak to you soon.

David Kirsch  
Mudrick Capital  
477 Madison Avenue, 12<sup>th</sup> Floor  
NY, NY 10022  
Office: 646-747-9517  
[dkirsch@mudrickcapital.com](mailto:dkirsch@mudrickcapital.com)

**TAB 6(E)**

This is Exhibit "E" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this <sup>24<sup>th</sup></sup> day of July, 2015



---

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NOTARY PUBLIC, STATE OF NEW YORK  
Registration No. 02WI6190048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



---

**From:** Kirsch, David [dkirsch@mudrickcapital.com]  
**Sent:** Tuesday, June 30, 2015 1:18 PM  
**To:** Peter Scott; John Wright  
**Subject:** RE: Call

Sure. Just let me know the best number to call and I will speak to you then.

---

**From:** Peter Scott [mailto:pscott@lightstreamres.com]  
**Sent:** Tuesday, June 30, 2015 1:14 PM  
**To:** Kirsch, David; John Wright  
**Subject:** RE: Call

David, still need to confirm with John, does 9:00am MT/11:00am ET on Wednesday July 8 work for you?  
Thanks,  
PDS

---

**From:** Kirsch, David [mailto:dkirsch@mudrickcapital.com]  
**Sent:** Tuesday, June 30, 2015 6:42 AM  
**To:** Peter Scott; John Wright  
**Subject:** RE: Call

Okay. How is Wednesday the 8<sup>th</sup>?

**From:** Peter Scott [mailto:pscott@lightstreamres.com]  
**Sent:** Monday, June 29, 2015 1:48 PM  
**To:** Kirsch, David; John Wright  
**Subject:** RE: Call

David, we are on a short week here given Canada Day etc., next week would be better. If need be, I could do a very quick call this afternoon. John is unavailable.

Thanks,

PDS

**From:** Kirsch, David [mailto:dkirsch@mudrickcapital.com]  
**Sent:** Monday, June 29, 2015 9:10 AM  
**To:** Peter Scott; John Wright  
**Subject:** RE: Call

John / Peter,

Just wanted to follow up on this and see if you might have 5 minutes this week to discuss. Let me know what might work.

**From:** Kirsch, David  
**Sent:** Wednesday, June 10, 2015 10:25 AM  
**To:** [pscott@lightstreamres.com](mailto:pscott@lightstreamres.com); 'wright@lightstreamres.com'  
**Subject:** Call

John / Peter,

Hope all is well. John, was good to see you at the conference in New York last week. Following that, I wanted to just see if you both had 5-10 minutes at some point this week (or next) to get on the phone. I am very aware of how many different balance sheet related proposals you are likely getting, but we own around \$40mm of bonds and wanted to just share our thoughts/ideas on that topic. Let me know what might work on your end, and we will try to make it work on our end. Thanks so much and speak to you soon.

David Kirsch

Mudrick Capital

477 Madison Avenue, 12<sup>th</sup> Floor

NY, NY 10022

Office: 646-747-9517

[dkirsch@mudrickcapital.com](mailto:dkirsch@mudrickcapital.com)



**TAB 6(F)**

This is Exhibit "F" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this 27<sup>th</sup> day of July, 2015



---

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## NEWS RELEASES

[Return to News  
Releases](#)

### **CALGARY, ALBERTA--(Marketwired - July 2, 2015) - Lightstream**

Resources Ltd. (the "Company" or "Lightstream") (TSX:LTS) announces that we have entered into a privately negotiated agreement to issue a total of US\$395 million in second lien notes ("Secured Notes") in exchange for US\$465 million of existing 8.625% unsecured senior notes due 2020 ("Unsecured Notes") which will be cancelled. We have also agreed to issue to the same parties, with an expected closing in mid-July, an additional US\$200 million in Secured Notes for cash proceeds, which we will use to reduce the borrowing amount under our credit facility. The borrowing base under our credit facility is unchanged at Cdn\$750 million. RBC Capital Markets, LLC acted as our financial advisor in connection with these transactions.

The Secured Notes bear interest at 9.875% and mature June 15, 2019. The notes are secured by second-priority liens on all of Lightstream's assets which rank behind the security under our credit facility. The exchange transaction reduces our debt by approximately Cdn\$90 million, which also reduces annual cash interest expense associated with our Unsecured Notes and Secured Notes collectively by Cdn\$1.3 million. In addition, if we complete the issuance of Secured Notes for cash in mid-July 2015, we will reduce the outstanding borrowing under our credit facility by approximately Cdn\$250 million, which would increase the credit available under the credit facility to approximately Cdn\$375million.

The Secured Notes have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933, as amended. This press release does not constitute an offer to sell or the solicitation of an offer to buy the Secured Notes, nor shall it constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

**Lightstream Resources Ltd.** is an oil and gas exploration and production company focused on light oil in the Bakken and Cardium resource plays. We are committed to delivering industry leading operating netbacks, strong cash flows and consistent operating results through leading edge technology applied to a multi-year inventory of existing and emerging resource play opportunities. Our long-term strategy is to efficiently develop our assets and deliver an attractive dividend yield.

**Forward Looking Statements.** Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements relating to, but not limited to closing of the transactions contemplated herein; our liquidity position; anticipated interest expense and debt reduction; and Lightstream's guidance for 2015, and expectation that funds flow will exceed capital expenditures in 2015.

The forward-looking statements are based upon certain material factors and expectations and assumptions of Lightstream including, without limitation: closing of the issuance of second lien notes for cash by the parties on the terms stated herein; that Lightstream will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes, the accuracy of the estimates of Lightstream's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate financing and cash flow to fund its planned expenditures. Although Lightstream believes the material factors, expectations and assumptions on which the forward-looking statements are based are reasonable, no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking statements in this press release are not guarantees of future performance and should not be unduly relied upon. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, but not limited to: failure to close the transactions contemplate herein on the expected timing or at all; failure to satisfy the conditions to close of those transactions; changes in commodity prices and exchange rates; general conditions in the oil and gas industry; operational risks in development, exploration and production; unanticipated operating results or production declines; delays or changes in exploration or development plans; the uncertainty of oil and gas reserve estimates; increase in costs; reliance on industry partners; availability of equipment and personnel; changes in tax or environmental laws, royalty rates or other regulatory matters; increased debt levels or debt service requirements; limited, unfavorable or lack of access to capital markets; a lack of adequate insurance coverage; and the impact of competition. Certain of these risks are set out in more detail in our Annual Information Form which has been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). Except as may be required by applicable securities laws, Lightstream assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

**Contact**

Lightstream Resources Ltd.

John D. Wright

President and Chief Executive Officer

403.268.7800

403.218.6075 (FAX)

Lightstream Resources Ltd.

Peter D. Scott

Senior Vice President and Chief Financial Officer

403.268.7800

403.218.6075 (FAX)

Lightstream Resources Ltd.

Annie C. Belecki

General Counsel

403.268.7800

403.218.6075 (FAX)

[ir@lightstreamres.com](mailto:ir@lightstreamres.com)

[www.lightstreamresources.com](http://www.lightstreamresources.com)

**TAB 6(G)**

This is Exhibit "G" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this 29<sup>th</sup> day of July, 2015



---

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**BloombergBusiness**

# Apollo Appears Positioned as Winner Under Lightstream Debt Swap

by Ari Altstedter

July 8, 2015 — 12:00 AM EDT

Updated on July 8, 2015 — 12:39 PM EDT

Lightstream Resources Ltd. is dividing its lenders into winners and losers in a bid to cut debt and survive the oil slump, with U.S. distressed debt giant Apollo Global Management LLC among those who may come out on top.

The Calgary-based oil producer was approached by two investors holding more than half its bonds and agreed to a deal that will reduce debt by about \$70 million, lighten its interest burden and bring in new cash, the company's chief executive said, declining to name the investors.

In return those two large holders got new notes that pay more interest and have a second-lien claim on Lightstream's assets, above that of other bondholders. Those left out of the private deal got knocked down the capital structure, saw their holdings plunge in trading to about half their original value, and then got downgraded by Moody's Investors Service on Monday.

"There'd be a lot of bondholders who wouldn't want this deal but we have the ability to issue new second-lien notes and we have the ability to negotiate private transactions," John Wright, Lightstream's chief executive, said in a phone interview Tuesday. "That part shouldn't be a surprise to anyone."

Lightstream, which extracts light oil from fields in Saskatchewan and central Alberta, struggled to support its \$800 million debt load with oil prices about half of what they were a year ago. They've resumed their decline this week, plunging for five straight days to near the lowest in three months and trading as low as \$50.91 per barrel today.

## Left Out

Public disclosures on who owns Lightstream's debt covers only about 30 percent of what's outstanding, but of that number, Fidelity Investments and Apollo are the two biggest holders, according to data compiled by Bloomberg disclosed March 31 by Apollo and April 30 by Fidelity.

Charles Zehren, a spokesman for Apollo with Rubenstein Associates, and Chris Pepper, a spokesman with Fidelity, didn't respond to emails and phone calls requesting comment.

"This to me seems like someone improving their position and booking a profit at the expense of other holders," said Geof Marshall, who runs C\$11 billion in high yield bonds for CI Investments Inc. in Toronto, and doesn't hold Lightstream's debt. "Really, the only thing the other holders have done wrong is they don't own enough bonds and they're not organized."

Holders of the debt left out of the exchange saw their securities plunge to about 50 cents on the dollar yesterday, according to Trace data, pushing their yields to 29 percent. Relative yields on Lightstream bonds have soared above 10 percentage points since October, indicating distress.

### Lower Recovery

"We view them as losing and having a much lower recovery level than they would have had before," said Paresh Chari, the analyst at Moody's who rates Lightstream.

The debt exchange will see \$465 million of the old unsecured bonds canceled out and replaced with \$395 million of the new ones secured on collateral in Lightstream. The company will then sell a further \$200 million of the new bonds to the same two large investors to inject more cash in the business, according to a company [statement](#) from July 2.

In turn, the deal put \$335 million of unsecured notes lower down in the pecking order and with less favorable treatment in a bankruptcy, the ratings firm said Monday in a report downgrading the debt to Ca, the second lowest on the scale before default.

Because those who agreed to the exchange are getting less than the face value of their current holdings back, it would only be viable to a firm who bought the debt when it was already discounted, and amassed a large enough position to get the deal done, CI's Marshall said.

### Strange Bedfellows

U.S. money managers Franklin Resources Inc. and Capital Group Cos. [orchestrated](#) a similar swap in Fortescue Metals Group Ltd.'s debt two months ago. They climbed up the Australian miner's capital structure by buying most of \$1.1 billion in new debt while more than 200 investors were left to bid for the rest, Bloomberg News reported at the time.



“It’s important as portfolio managers to realize who you’re in bed with,” Marshall said. “A question is, do borrowers pay attention to their lender base and if they think they need extra liquidity would they go to a select group of their lenders that they know can write large tickets?”

# TAB 6(H)

This is Exhibit "H" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this <sup>29<sup>th</sup></sup> day of July, 2015



---

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Registration No. 02WI6198048  
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Commission Expires Dec. 15, 2016



---

**From:** Peter Scott [pscott@lightstreamres.com]  
**Sent:** Monday, July 06, 2015 11:59 AM  
**To:** Kirsch, David  
**Cc:** John Wright  
**Subject:** Re: Call

Thanks.

Sent from my iPad

On Jul 6, 2015, at 9:34 AM, Kirsch, David <[dkirsch@mudrickcapital.com](mailto:dkirsch@mudrickcapital.com)> wrote:

I'm at +1 646 522 5461

On Jul 6, 2015, at 11:18 AM, Peter Scott <[pscott@lightstreamres.com](mailto:pscott@lightstreamres.com)> wrote:

It is probably easier if we call you, what number is best.

Thanks,

PDS

**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Monday, July 06, 2015 9:17 AM  
**To:** Peter Scott  
**Cc:** John Wright  
**Subject:** Re: Call

Perfect. What is the best number to call you at? Speak to you then.

On Jul 6, 2015, at 11:13 AM, Peter Scott <[pscott@lightstreamres.com](mailto:pscott@lightstreamres.com)> wrote:

David, how about 1:30pm MT?

PDS

**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Monday, July 06, 2015 9:00 AM  
**To:** Peter Scott  
**Cc:** John Wright  
**Subject:** Re: Call

I'm on a plane right now (actually flying into Edmonton), and am not supposed to land until around 12 MT. I could do anytime beginning then for the rest of the day.

On Jul 6, 2015, at 10:56 AM, Peter Scott <[pscott@lightstreamres.com](mailto:pscott@lightstreamres.com)> wrote:

David, does 9:30am MT work for you?

Thanks,

PDS

**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Monday, July 06, 2015 6:59 AM  
**To:** Peter Scott  
**Cc:** John Wright  
**Subject:** Re: Call

Peter / John,

Do you have five minutes to discuss the exchange today? We would like to join that if possible. Please let me know what time would work for you and the best number to reach you at and I will call you then.

On Jun 29, 2015, at 12:48 PM, Peter Scott <[pscott@lightstreamres.com](mailto:pscott@lightstreamres.com)> wrote:

David, we are on a short week here given Canada Day etc., next week would be better. If need be, I could do a very quick call this afternoon. John is unavailable.

Thanks,

PDS

**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Monday, June 29, 2015 9:10 AM  
**To:** Peter Scott; John Wright  
**Subject:** RE: Call

John / Peter,

Just wanted to follow up on this and see if you might have 5 minutes this week to discuss. Let me know what might work.

**From:** Kirsch, David  
**Sent:** Wednesday, June 10, 2015 10:25 AM  
**To:** [pscott@lightstreamres.com](mailto:pscott@lightstreamres.com); '[wright@lightstreamres.com](mailto:wright@lightstreamres.com)'  
**Subject:** Call

John / Peter,

Hope all is well. John, was good to see you at the conference in New York last week. Following that, I wanted to just see if you both had 5-10 minutes at some point this week (or next) to get on the phone. I am very aware of how many different balance sheet related proposals you are likely getting, but we own around \$40mm of bonds and wanted to just share our thoughts/ideas on that topic. Let me know what might work on your end, and we will try to make it work on our end. Thanks so much and speak to you soon.

David Kirsch

Mudrick Capital

477 Madison Avenue, 12<sup>th</sup> Floor

NY, NY 10022

Office: 646-747-9517

[dkirsch@mudrickcapital.com](mailto:dkirsch@mudrickcapital.com)

**TAB 6(I)**

This is Exhibit "I" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this 27<sup>th</sup> day of July, 2015



---

Notary Public

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**From:** Peter Scott [pscott@lightstreamres.com]  
**Sent:** Tuesday, July 07, 2015 11:49 PM  
**To:** Kirsch, David  
**Cc:** John Wright  
**Subject:** Re: Call

David, that time should still work. I will give you a call at the number below.  
Thanks,  
PDS

On Jul 7, 2015, at 6:22 PM, Kirsch, David <[dkirsch@mudrickcapital.com](mailto:dkirsch@mudrickcapital.com)> wrote:

John / Peter,

Thanks for taking the time to speak with me yesterday. I know we had previously scheduled to talk tomorrow at 11am ET (9am MT). If possible, I would really appreciate it if we could still have that call. We won't need more than 15 minutes, just want to go over one or two things now that we have had a day or two to digest the transaction. I will be in the office at 646-747-9517 or you can let me know what number I should call you at. Thanks again as always for all your time, and speak to you tomorrow.

On Jul 6, 2015, at 11:21 AM, Kirsch, David <[dkirsch@mudrickcapital.com](mailto:dkirsch@mudrickcapital.com)> wrote:

I'm at +1 646 522 5461

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PDS

**From:** Kirsch, David [<mailto:dkirsch@mudrickcapital.com>]  
**Sent:** Monday, July 06, 2015 9:17 AM  
**To:** Peter Scott  
**Cc:** John Wright  
**Subject:** Re: Call

Perfect. What is the best number to call you at? Speak to you then.

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**To:** [pscott@lightstreamres.com](mailto:pscott@lightstreamres.com); '[wright@lightstreamres.com](mailto:wright@lightstreamres.com)'  
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David Kirsch

Mudrick Capital

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**TAB 6(J)**

This is Exhibit "J" referred to in the Affidavit  
of DAVID KIRSCH sworn before me  
this 29<sup>th</sup> day of July, 2015



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Notary Public

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02W16198046  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



## KASOWITZ, BENSON, TORRES &amp; FRIEDMAN LLP

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July 9, 2015

**Via Email and Overnight Courier**

John D. Wright, President and Chief Executive Officer  
 Peter D. Scott, Senior Vice President and Chief Financial Officer  
 Annie Belecki, Esq., General Counsel  
 Lightstream Resources, Ltd.  
 2800, 525 – 8th Avenue S.W.  
 Calgary, Alberta T2P 1G1  
 Canada

Re: Contemplated Transactions

Dear Sirs and Madam:

We are counsel to Mudrick Capital Management, LP (“Mudrick”), beneficial owner of approximately USD 32MM of 8.625% Senior Notes due 2020 (the “Unsecured Notes”) issued pursuant to that certain indenture (the “Indenture”) dated as of January 30, 2012, by and among Lightstream Resources, Ltd. (f/k/a Petrobakken Energy Ltd.), as Issuer (the “Company”), Petrobakken Capital Ltd. and PBN Partnership, as guarantors, U.S. Bank National Association, as Trustee (the “Trustee”) and Computershare Trust Company of Canada as Canadian Trustee.

As you know, the Company recently announced an agreement with certain parties (the “Transaction Parties”) to engage in a series of transactions in which the Company will (a) redeem USD 465MM of Unsecured Notes held by the Transaction Parties by issuing to them USD 395MM of new 9.875% Second Priority Senior Secured Notes due 2019 (the “Second Lien Notes”) and (b) borrow an additional USD 200MM from the Transaction Parties in exchange for an equal amount of Second Lien Notes (collectively, the “Transaction”). The Company made the Transaction and its economics available exclusively to the Transaction Parties, to the exclusion of Mudrick and other holders of Unsecured Notes.

The Transaction and the process that led to it were plainly unfair, highly prejudicial, lacked transparency and were clearly intended to enrich and protect the Transaction Parties, at the cost of Mudrick and others. We write to advise you that we are prepared to challenge the Transaction on various grounds, including, but not limited to, the following:

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- *First*, the Transaction will run afoul of the Company's obligations under the Alberta Business Corporations Act ("ABCA") and will be subject to being unwound and other equitable remedies.

Section 242 of the ABCA provides, in pertinent part, that if "the Court is satisfied that in respect of a corporation or any of its affiliates, (a) any act or omission of the corporation or any of its affiliates effects a result . . . that is **oppressive or unfairly prejudicial to or that unfairly disregards the interests** of any security holder, creditor, director or officer, the Court may make an order to rectify the matters complained of" and grant relief that includes, without limitation, "an order restraining the conduct complained of," "an order directing an issue or exchange of securities" and "an order directing a corporation or any other person to pay to a security holder any part of the money paid by the security holder for securities."

The Transaction will be oppressive, unfairly prejudicial and will unfairly disregard Mudrick's interests. It would impermissibly discriminate between holders of identical securities, handing substantial value to the Transaction Parties that rightfully belongs to, and is being misappropriated from, Mudrick and others. We believe a court considering the Transaction in light of Section 242 of the ABCA would have strong bases to unwind the Transaction and order other equitable remedies.

- *Second*, the Transaction will constitute a breach of the Indenture.

Section 3.04(a) of the Indenture provides, in pertinent part, that "[i]f less than all of the Notes are to be redeemed at any time, the Trustee shall select Notes for redemption on a **pro rata** basis."

In the Transaction, the Company would redeem USD 465MM of Unsecured Notes, which, as announced in the Company's July 2, 2015 press release, "will be cancelled." This is a partial redemption covered by Section 3.04(a) of the Indenture.<sup>1</sup> Yet the Company only intends to make the partial redemption available to the Transaction Parties.

The Transaction will violate the Indenture, giving rise to an Event of Default thereunder, with all corresponding rights and remedies.

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<sup>1</sup> See *Whitebox Convertible Arbitrage Partners, L.P. v. World Airways, Inc.*, 2006 WL 358270 (N.D.Ga. Feb. 15, 2006) (applying New York law and finding that private exchange offer extended to only certain holders was a partial redemption that violated indenture provision requiring pro-rata or fair and appropriate application of partial redemptions).



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- *Third*, the Transaction would be subject to attack under Alberta's Fraudulent Preferences Act.

Revised Statutes of Alberta 2000, Chapter F-24 provides a creditor remedy for seeking to avoid conveyances made (a) "by a person at a time when the person is in insolvent circumstances or is unable to pay the person's debts in full or knows that the person is on the eve of insolvency" and (b) either (i) "to or for a creditor with intent to give that creditor preference over the other creditors of the debtor or over any one or more of them" or (ii) "to or for a creditor and having the effect of giving that creditor a preference over the other creditors of the debtor or over any one or more of them..."

"A transaction is deemed to be one that has the effect of giving a creditor a preference over other creditors . . . if by the transaction a creditor is given or realizes or is placed in a position to realize payment, satisfaction or security for the debtor's indebtedness to that creditor or a portion of it greater proportionately than could be realized by or for the unsecured creditors generally of the debtor or for the unsecured portion of that creditor's liabilities out of the assets of the debtor left available and subject to judgment, writ proceedings, attachment or other process."

The Company would "prefer" the Transaction Parties over Mudrick and others by redeeming the Transaction Parties' Unsecured Notes, to the exclusion of those held by others. The Transaction would permit the Transaction Parties to realize value on account of the Unsecured Notes that is greater proportionally than could be realized by unsecured creditors generally. Given this, and that current bond trading levels for the Unsecured Notes indicate that the Company is insolvent or on the eve of insolvency, the Transaction fits squarely within the statute and would be subject to avoidance.

- *Fourth*, the Transaction would violate the Trust Indenture Act (the "TIA").

Section 316(b) of the TIA prohibits non-consensual modifications to a noteholder's right to receive principal or interest. That section provides, in relevant part, that "the right of any holder of any indenture security to receive payment of the principal of and interest on such indenture security, on or after the respective due dates expressed in such indenture security, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder[.]" 15 U.S.C. § 77ppp(b).

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As discussed above, the Indenture guarantees Mudrick a pro-rata share of any partial redemption of the Unsecured Notes. As such, the Indenture guarantees that, upon a partial redemption, the principal amount of Mudrick's Unsecured Notes will be repaid in the same proportion as all other Unsecured Notes. The Transaction, however, will deprive Mudrick of that right, without its consent, by making the partial redemption available only to the Transaction Parties, rendering the Transaction actionable under the TIA.

This letter does not waive any right, remedy, claim or relief that Mudrick has now or in the future, each of which is reserved in full.

Sincerely,

A handwritten signature in black ink, appearing to read "DA Fliman", with a long horizontal flourish extending to the right.

Daniel A. Fliman

**TAB 6(K)**

This is Exhibit "K" referred to in the Affidavit  
of **DAVID KIRSCH** sworn before me  
this *27<sup>th</sup>* day of July, 2015

*TW*

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Notary Public

**TREVOR WIESSMANN, ESQ.**  
**NOTARY PUBLIC, STATE OF NEW YORK**  
Registration No. 02WI6198048  
Qualified in Kings County  
Commission Expires Dec. 15, 2016



## NEWS RELEASES

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**CALGARY, ALBERTA--(Marketwired - July 14, 2015)** - Lightstream

Resources Ltd. (the "Company" or "Lightstream") (TSX:LTS) announces that we have completed the issuance of US\$200 million in second lien notes ("Secured Notes") for cash proceeds, as described in our July 2, 2015 press release. Proceeds will be used to reduce the outstanding borrowing under our credit facility, increasing the credit available to approximately Cdn\$375 million. This increased liquidity provides financial flexibility to help withstand the current low-price commodity environment and gives us optionality to accelerate our drilling program should current economic conditions improve.

The Secured Notes have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act of 1933, as amended. This press release does not constitute an offer to sell or the solicitation of an offer to buy the Secured Notes, nor shall it constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

### PRODUCTION UPDATE

Our second quarter average production is estimated to be approximately 31,700 boepd (73% light oil and liquids) with first half production expected to average 33,400 boepd (74% light oil and liquids), in line with 2015 Guidance. Second quarter production was impacted by higher downtime associated with third party facility maintenance and spring break up. Production to date in July is estimated at 31,600 boepd.

We have seen encouraging results from the Falher gas play in our Cardium business unit, with two new liquids-rich gas wells on-stream in the quarter. We continue to evaluate further development drilling opportunities in this play to efficiently utilize our existing gas infrastructure.

**Lightstream Resources Ltd.** is an oil and gas exploration and production company focused on light oil in the Bakken and Cardium resource plays. We are committed to delivering industry leading operating netbacks, strong cash flows and consistent operating results through leading edge technology applied to a multi-year inventory of existing and emerging resource play opportunities. Our long-term strategy is to efficiently develop our assets and deliver an attractive dividend yield.

**Forward-Looking Statements.** Certain information provided in this press release constitutes forward-looking statements. Specifically, this press release contains forward-looking statements relating to, but not limited to, debt repayment under our credit facility, our liquidity position, our second quarter and first half average production results, and Lightstream's guidance for 2015.

The forward-looking statements are based upon certain material factors and expectations and assumptions of Lightstream including, without limitation: that Lightstream will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes, the accuracy of the estimates of Lightstream's reserves and resource volumes; certain commodity price and other cost assumptions; and the continued availability of adequate financing and cash flow to fund its planned expenditures. Although Lightstream believes the material factors, expectations and assumptions on which the forward-looking statements are based are reasonable, no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking statements in this press release are not guarantees of future performance and should not be unduly relied upon. Such statements involve known and unknown risks, uncertainties and

other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, but not limited to: changes in commodity prices and exchange rates; general conditions in the oil and gas industry; operational risks in development, exploration and production; unanticipated operating results or production declines; delays or changes in exploration or development plans; the uncertainty of oil and gas reserve estimates; increase in costs; reliance on industry partners; availability of equipment and personnel; changes in tax or environmental laws, royalty rates or other regulatory matters; increased debt levels or debt service requirements; limited, unfavorable or lack of access to capital markets; a lack of adequate insurance coverage; and the impact of competition. Certain of these risks are set out in more detail in our Annual Information Form which has been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). Except as may be required by applicable securities laws, Lightstream assumes no obligation to publicly update or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

**Contact**

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