

TAB 21

1
2 COURT FILE NUMBER 1501-07813
3 COURT COURT OF QUEEN'S BENCH OF ALBERTA
4 JUDICIAL CENTRE CALGARY
5 PLAINTIFFS FRONTFOUR CAPITAL CORP.
6 FRONTFOUR CAPITAL GROUP LLC
7 DEFENDANT LIGHTSTREAM RESOURCES LTD.

8
9 COURT FILE NUMBER 1501-08782
10 COURT COURT OF QUEEN'S BENCH OF ALBERTA
11 JUDICIAL CENTRE CALGARY
12 PLAINTIFF MUDRICK CAPITAL MANAGEMENT, LP
13 DEFENDANT LIGHTSTREAM RESOURCES LTD.

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16 DOCUMENT Transcript of Oral Questioning of
17 PETER DAVID SCOTT
18 HELD AT Norton Rose Fulbright Canada LLP
19 Calgary, Alberta
20
21 DATE March 9, 2016
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Q. Correct. And your recollection is that when that issue was raised with Apollo and Blackstone, Apollo and Blackstone said, no, we don't want any other participants?

A. Correct, other than the follow-on exchange that was negotiated.

1 Q. Okay. And then I understood from your answer with --
2 answers to Mr. Gorman, you accepted the request for
3 exclusivity?

4 A. We did the transaction that we did, yes.

5 Q. Yes. And after you received the term sheet, did you
6 seek advice from RBC or anyone else as to the viability
7 of a second lien exchange on a tender basis?

8 A. Well, the discussion we had was the fact that these two
9 holders then at that point owned 465 million of the
10 bonds and, as a result, if they were not going to
11 participate in the transaction, the likelihood of us
12 achieving a transaction that would have some material
13 upside for us was -- was becoming less likely because
14 they wouldn't participate.

15 Q. Okay, but I take it you didn't ask for another advisor
16 to --

17 A. We --

18 Q. -- check the market or --

19 A. We advised them of the situation and how much they --
20 they owned and advised them that they weren't prepared
21 to go ahead unless it was on that basis, and so it was
22 -- became a fact pattern.

1 Q. Right.

2 A. -- led us to move forward.

3 Q. And I take it -- I understand from some of the
4 documents or at least I take from some of the
5 documents, and correct me if I'm wrong, that the
6 liquidity you were adding was not liquidity that you
7 needed right away. It was liquidity for --

8 A. It was --

9 Q. -- down the road?

10 A. It was liquidity for down the road. We were worried
11 about oil price -- oil. If you remember, oil prices
12 were continuing to rise and still rising when -- in
13 fact when we did actually close the transaction, but we
14 were worried that oil prices might fall in the future
15 and that we wanted -- if we could shore up our
16 liquidity at a reasonable cost, that we should do that.

17 Q. Right. And in terms of the projections you were
18 working with in early to mid May, the liquidity from
19 this transaction would be in place to be used when?
20 Later in 2016, early 2017?

21 A. Probably 2017 or beyond, depending on what price --
22 prices.

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TAB 22

1

2 COURT FILE NUMBER 1501-07813

3 COURT COURT OF QUEEN'S BENCH OF ALBERTA

4 JUDICIAL CENTRE CALGARY

5 PLAINTIFFS FRONTFOUR CAPITAL CORP. ,

6 FRONTFOUR CAPITAL GROUP LLC

7 DEFENDANT LIGHTSTREAM RESOURCES LTD.

8 AND

9 COURT FILE NUMBER 1501-08782

10 COURT COURT OF QUEEN'S BENCH OF ALBERTA

11 JUDICIAL CENTRE CALGARY

12 PLAINTIFF MUDRICK CAPITAL MANAGEMENT, L.P.

13 DEFENDANT LIGHTSTREAM RESOURCES LTD.

14

15 1633 Broadway

New York, New York

16

March 16, 2016

17

9:36 a.m.

18

19 Deposition of the Plaintiff MUDRICK

20 CAPITAL MANAGEMENT, L.P. by DAVID KIRSCH, held

21 at the offices of KASOWITZ, BENSON, TORRES &

22 FRIEDMAN LLP, pursuant to Order, before LINDA

23 DEVECKA, a Notary Public of the State of New

24 York.

25

<p style="text-align: right;">Page 62</p> <p>12 Q. Can we go to Mudrick production 592. Your 13 counsel has also produced this document to us. It's 14 a marketing circular from GMP Securities titled "E&P 15 Sector Commentary: Lien on Me... When I'm Not 16 Strong." 17 Do you recall reviewing this document? 18 A. Not specifically. 19 Q. At the third paragraph down it reads "More 20 companies will seek non-traditional credit facility 21 financing as 2015 cash flow projections go through an 22 additional round of downward revisions." Then it 23 goes on "Certain issuers may also be opportunistic in 24 rating new secured financing or negotiating 25 distressed exchanges before the window of opportunity</p>	<p style="text-align: right;">Page 64</p> <p>1 Kirsch 2 Canada? 3 A. Other companies discussing similar non-pro 4 rata exchanges being told that they cannot do them 5 because it would violate Canadian law. 6 Q. Where did you get that understanding from? 7 A. Counsel. 8 Q. And you had consulted counsel then at this 9 point in time or when you were involved in prior 10 transactions? 11 A. Prior transactions. 12 Q. What prior transactions? 13 MR. PINOS: I will take that under 14 advisement.</p>
<p style="text-align: right;">Page 63</p> <p>1 Kirsch 2 closes on them." 3 Was that Mudrick's understanding that that 4 sort of activity was a possibility in the marketplace 5 at this point in time? 6 A. Our understanding was it was a possibility 7 in the marketplace but would depend on the specific 8 documents for that company, as well as the law of the 9 jurisdiction it was in. 10 Q. Did you come to a conclusion at that point 11 in time whether that option was open to Lightstream? 12 MR. PINOS: Which option are you talking 13 about? There's a couple of options there. New 14 secured financing or negotiating distressed 15 exchanges? 16 Q. Negotiating distressed exchanges. 17 A. We believed -- this is as of March -- 18 MR. PINOS: March 18th, 2015. 19 A. We believed Lightstream might pursue a 20 distressed exchange but could only do so on a pro 21 rata basis. 22 Q. What was the basis of that understanding? 23 A. Our reading of the indenture, as well as 24 previous experience in Canada. 25 Q. What was your previous experience in</p>	<p style="text-align: right;">Page 65</p>

Published on *Catalyst Paper* (<http://www.catalystpaper.com>)

[Home](#) > Catalyst Paper Corporation Announces Terms of Note Offering

Catalyst Paper Corporation Announces Terms of Note Offering

Release Date:

Friday, November 28, 2014

Richmond, (BC) – Catalyst Paper Corporation (TSX: CYT) (“Catalyst” or the “Company”) today announced the terms of a private placement of US\$25.0 million aggregate principal amount (the “Offering”) of PIK Toggle Senior Secured Notes (“Offered Notes”), which will form part of the same series as Catalyst’s existing PIK Toggle Senior Secured Notes (the “Existing Notes”) of which there are presently US\$235.5 million aggregate principal amount outstanding.

Upon completion of the Offering, the Offered Notes will represent approximately 9.6% of the US\$260.5 million aggregate principal amount of outstanding PIK Toggle Senior Secured Notes.

The Offered Notes will be issued at a 20% discount to face value, a price that was determined by Catalyst with reference to, among other things, the trading history of the Existing Notes. As with the Existing Notes, the Offered Notes will be due October 30, 2017, bear interest at a rate of 11% per annum in cash or, at the option of the Company, 13% per annum (payable 7.5% in cash and 5.5% payment-in-kind) and are not convertible into equity securities of Catalyst. Catalyst expects to receive gross proceeds from the Offering of US\$20.0 million.

The Offered Notes will be offered by Catalyst to eligible offerees that hold Existing Notes on December 5, 2014, with eligible offerees being permitted to subscribe for their pro-rata share of Offered Notes based on the aggregate principal amount of Existing Notes held by such holders relative to the total aggregate principal amount of outstanding Existing Notes. As described below, certain holders of Existing Notes have agreed to backstop the issuance of Offered Notes. Under the Offering, all eligible holders of Existing Notes will be entitled to participate in such backstop on a pro-rata basis.

Based on Catalyst’s records, as at November 24, 2014 Cyrus Capital Partners L.P. (“Cyrus”) held 6,291,561 common shares of Catalyst (“Shares”) representing 43.31% of the issued Shares and Mudrick Capital Management L.P. (“Mudrick”) held 2,860,473 Shares representing 19.69% of the issued Shares. Cyrus and Mudrick (the “Related Parties”) are consequently insiders of Catalyst by virtue of each holding over 10% of the issued Shares of Catalyst. Cyrus and Mudrick also held US\$39,883,621 and US\$54,455,123 aggregate principal amount of Existing Notes as at November 24, 2014, respectively, and intend to subscribe for their respective pro-rata share of Offered Notes in the Offering and backstop the purchase of Offered Notes that are not purchased by other holders of Existing Notes in the Offering. As a result, the Offering constitutes a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”) insofar as it involves the Related Parties. As the Offered Notes would constitute a loan from the Related Parties to Catalyst an exemption from the minority shareholder approval requirement under MI 61-101 is available as (i) Catalyst has determined that the terms of the Offered Notes constitute reasonable

commercial terms that are not less advantageous to Catalyst than those terms that could have been obtained from a person dealing at arm's length with Catalyst, and (ii) the Offered Notes are not convertible into or repayable in equity or voting securities of Catalyst. To the knowledge of Catalyst, the Related Parties do not have knowledge of any material information regarding Catalyst or its securities that has not been generally disclosed.

As all eligible holders of Existing Notes will have the opportunity to subscribe for Offered Notes on a pro-rata basis, the Offering (leaving aside the backstop) will not impact the percentage of PIK Toggle Senior Secured Notes held by the Related Parties. Based on their respective holdings of Existing Notes as of November 24, 2014, Cyrus and Mudrick would have the initial right to subscribe for 16.94% (US\$4,235,000 principal amount) and 23.12% (US\$5,780,000 principal amount) of the Offered Notes, respectively. The Related Parties along with another significant holder of Existing Notes (the "Backstop Parties"), which based on the Company's records as at November 24, 2014 collectively hold approximately 78.63% of the Existing Notes, have agreed to backstop the Offering. In the event that no holders of Existing Notes other than the Backstop Parties subscribe for Offered Notes, Cyrus and Mudrick would be required under the backstop to subscribe for approximately an additional US\$1,150,775 and US\$1,571,229 principal amount of Offered Notes, respectively. The Offering will have no impact on the direct or indirect voting interest of the Related Parties as shareholders.

In conducting their review and approval process with respect to the Offering, Catalyst determined that the terms of the Offering are commercially reasonable. As no directors of Catalyst hold Existing Notes or otherwise have an interest in the Offering, a special committee was not required. Catalyst's determinations were supported by advice received from its independent financial advisor.

The Offering is expected to close concurrently with the consummation of the previously announced acquisition from NewPage Corporation of the Biron paper mill located in Wisconsin, United States and the Rumford pulp and paper mill located in Maine, United States (the "Acquisition"). Completion of the Offering is subject to closing of the Acquisition and receipt of any required third party and regulatory approvals, including, on account of the Offering involving the Related Parties, the approval of the Toronto Stock Exchange (the "TSX") under section 501(c) of the TSX Company Manual.

Since the consideration payable to the Related Parties (calculated by the TSX to include the total interest payable to the Related Parties for the entire term of the Offered Notes and the discount to face value of the Offered Notes acquired by the Related Parties) exceeds 10% of the market capitalization of the listed Shares, TSX approval is conditional upon Catalyst obtaining shareholder approval of the Offering, excluding Shares held by the Related Parties. Based on the Company's records of Existing Notes outstanding as at November 24, 2014 and assuming that: (i) no holders of Existing Notes other than the Backstop Parties subscribe for Offered Notes and as a result the Related Parties subscribe for an aggregate of US\$12,737,004 principal amount of Offered Notes; (ii) the Offered Notes are issued on December 31, 2014; and (iii) interest on the Offered Notes is paid at 13% over their entire term, the total consideration payable to the Related Parties, as calculated by the TSX, would equal approximately CAD\$8,169,709, representing approximately 18.68% of the market capitalization of the listed Shares on the close of market on November 24, 2014 based on the Canada/US dollar exchange rate on such date. Catalyst intends to obtain such shareholder approval by written consents of shareholders holding over 50% of the Shares, excluding Shares held by the Related Parties.

The proceeds from the Offering will be used to provide additional working capital following the completion of the Acquisition. The Offering is not expected to have a material impact on Catalyst's business.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities in

any jurisdiction. None of the securities have been or will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”). Such securities may not be offered or sold in the United States absent registration under the 1933 Act or an applicable exemption from the registration requirements of the 1933 Act.

About Catalyst Paper Corporation

Catalyst manufactures diverse specialty mechanical printing papers, newsprint and pulp. Its customers include retailers, publishers and commercial printers in North America, Latin America, the Pacific Rim and Europe. With three mills in British Columbia, Catalyst has annual production capacity of 1.5 million tonnes. Catalyst is headquartered in Richmond, British Columbia, Canada and is ranked by Corporate Knights magazine as one of the 50 Best Corporate Citizens in Canada.

For further information contact:

Brian Baarda
Vice-President, Finance and CFO
Catalyst Paper Corporation
+1 (604) 247-4710

Cautionary Note Regarding Forward Looking Statements:

Statements in this news release are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws (collectively, “forward-looking statements”). All statements, other than statements of historical fact, are forward-looking statements. Generally, forward-looking statements can be identified by the use of words or phrases such as “expects,” “anticipates,” “plans,” “projects,” “estimates,” “assumes,” “intends,” “strategy,” “goals,” “objectives,” “potential” or variations thereof, or statements to the effect that certain actions, events or results “may,” “could,” “would,” “might” or “will” be taken, occur or be achieved, or the negative of any of these terms or similar expressions. The forward-looking statements in this news release relate to, among other things: the consummation of the proposed Acquisition, the terms of the Offering, Catalyst’s ability to obtain TSX and minority shareholder approval of the Offering, the participation by Existing Noteholders in the Offering and backstop and the proposed use of proceeds of the Offering. These forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including: the satisfaction or waiver of all conditions to completion of the Acquisition and the Offering; the impact of general economic conditions in the countries in which Catalyst does business; conditions in the capital markets and Catalyst’s ability to obtain financing and refinance existing debt; market conditions and demand for Catalyst’s products (including declines in advertising and circulation); the implementation of trade restrictions in jurisdictions where Catalyst’s products are marketed; fluctuations in foreign exchange or interest rates; raw material prices (including wood fibre, chemicals and energy); the effect of, or change in, environmental and other governmental regulations; uncertainty relating to labour relations; the availability of qualified personnel; the availability of wood fibre; legal proceedings; the effects of competition from domestic and foreign producers; the risk of natural disaster and other factors, many of which are beyond Catalyst’s control, including those risks and uncertainties identified under the heading “Risks and Uncertainties” in Catalyst’s management’s discussion and analysis contained in Catalyst’s annual report for the year ended December 31, 2013 available on Catalyst’s website at www.catalystpaper.com/investors and at www.sedar.com and www.sec.gov.

Forward-looking statements are based on what Catalyst’s management considers to be reasonable

assumptions, beliefs, expectations and opinions based on the information currently available to it. Assumptions have been made regarding, among other things, Catalyst's ability to manufacture and sell new products and services that meet the needs of its customers and gain commercial acceptance; Catalyst's ability to continue to sell its products and services in the expected quantities at the expected prices and expected times; Catalyst's ability to successfully obtain cost savings from its cost reduction initiatives; Catalyst's ability to implement business strategies and pursue opportunities; expected cost of goods sold; expected component supply costs and constraints; and expected foreign exchange and tax rates. Catalyst cannot assure you that actual events, performance or results will be consistent with these forward looking statements, and management's assumptions may prove to be incorrect. Forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and Catalyst does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, other than as required by applicable law. For the reasons set forth above, readers should not place undue reliance on forward-looking statements.

Source URL (modified on Nov 28 2014 - 3:20pm):

<http://www.catalystpaper.com/media/news/corporate/catalyst-paper-corporation-announces-terms-note-offering>

TAB 23

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2

COURT FILE NUMBER 1501-07813

3

COURT COURT OF QUEEN'S BENCH OF ALBERTA

4

JUDICIAL CENTRE CALGARY

5

PLAINTIFFS FRONTFOUR CAPITAL CORP. ,

6

FRONTFOUR CAPITAL GROUP LLC

7

DEFENDANT LIGHTSTREAM RESOURCES LTD.

8

AND

9

COURT FILE NUMBER 1501-08782

10

COURT COURT OF QUEEN'S BENCH OF ALBERTA

11

JUDICIAL CENTRE CALGARY

12

PLAINTIFF MUDRICK CAPITAL MANAGEMENT, L.P.

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DEFENDANT LIGHTSTREAM RESOURCES LTD.

14

15

1633 Broadway

New York, New York

16

March 16, 2016

17

9:36 a.m.

18

19

Deposition of the Plaintiff MUDRICK

20

CAPITAL MANAGEMENT, L.P. by DAVID KIRSCH, held

21

at the offices of KASOWITZ, BENSON, TORRES &

22

FRIEDMAN LLP, pursuant to Order, before LINDA

23

DEVECKA, a Notary Public of the State of New

24

York.

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21 Q. If we can turn to your affidavit at
22 paragraph 19, you state that "Rumors began
23 circulating in the industry that Lightstream was
24 receiving many proposals to restructure its debt and
25 enter into private transactions which would involve

20 (Pages 74 - 77)

1 Kirsch
2 the exchange of unsecured notes for secured notes."
3 How did Mudrick become aware of these
4 rumors?
5 A. I don't remember specifically.
6 Q. It states in May of 2015.
7 Was it towards the beginning of May 2015,
8 do you recall?
9 MR. PINOS: "In or about the end of May."
10 MR. BARRACK: Sorry.
11 Q. End of May.
12 Did Mudrick consider selling in response
13 to these rumors?
14 A. Yes.
15 Q. What conclusion did it come to?
16 A. When?
17 Q. Around the end of May when it started to
18 hear these rumors.
19 I take it what it did is it led to the
20 call with Mr. Scott on May 27?
21 A. It lead to want to do further diligence,
22 which included speaking to Mr. Scott and then
23 Mr. Wright.

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21 Q. Were you aware of, put as neutrally as
22 possible, this concern of transactions occurring in
23 the marketplace in which some bondholders obtained
24 secured positions, formerly unsecured bondholders
25 obtained secured positions, while some other

25 (Pages 94 - 97)

<p>Page 98</p> <p>1 Kirsch</p> <p>2 bondholders in the same class did not?</p> <p>3 A. I was aware of that concern in the</p> <p>4 marketplace.</p> <p>5 Q. Did you give any consideration at that</p> <p>6 time to selling down your position in Lightstream</p> <p>7 because of that concern?</p> <p>8 A. On that date?</p> <p>9 Q. Yes.</p> <p>10 A. We had the concern, which was why we tried</p> <p>11 to address it with the CEO two weeks later.</p>	<p>Page 100</p>
<p>Page 99</p>	<p>Page 101</p>

25 Q. In paragraph 34 you state that on July 6

1 Kirsch
 2 you had another call with Mr. Wright and Mr. Scott
 3 regarding the 2015 transaction. You state at
 4 paragraph 34 that you expressed surprise at the
 5 transaction since Mr. Wright had assured you that
 6 this type was the type of un-Canadian agreement
 7 Lightstream not only had no need for but was trying
 8 to avoid.

9 Tell me everything that you recall about
 10 that call?

11 A. I expressed my frustration and anger that
 12 the company had done a transaction that I felt that
 13 they had just a few weeks before told me they
 14 wouldn't do; that this transaction was detrimental to
 15 their unsecured holders; that had they offered it to
 16 other holders, my guess was that they would have
 17 participated. Mr. Wright and Mr. Scott told me that
 18 the two largest holders more or less forced them into
 19 doing a transaction with only those two holders. I
 20 let them know that I am sure that they said that, but
 21 any intelligent person would conclude that that was a
 22 position they were taking as opposed to the reality
 23 of it.

TAB 24

Court File Number: 1501-07813

Court: Court of Queen's Bench of Alberta

Judicial Centre: Calgary

Plaintiffs: FrontFour Capital Corp. and FrontFour Capital Group LLC

Defendant: Lightstream Resources Ltd.

- and -

Court File Number: 1501-08782

Court: Court of Queen's Bench of Alberta

Judicial Centre: Calgary

Plaintiff: Mudrick Capital Management, LP

Defendant: Lightstream Resources Ltd.

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
20.	30	Undertaking	To advise, once all of the evidence has been reviewed, whether there is any allegation that the statement made by Mr. Wright and Mr. Scott during the January 21, 2015 call (that Lightstream did not intend to restructure its debt and	The evidence demonstrates that Lightstream was approached as early as January 2015 about restructuring its debt. The evidence leaves open the possibility that Lightstream was	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
			that liquidity was not an issue), was known to be false by Lightstream at the time it was made.	<p>considering restructuring its debt at that time, despite the statements made by Mr. Wright and Mr. Scott.</p> <p>Regarding liquidity, the allegation is not that Lightstream lied about having sufficient liquidity; the allegation is that, despite having sufficient liquidity, Lightstream entered into an unnecessary and oppressive transaction that elevated the position of certain of the bondholders at the expense of the remaining bondholders.</p>	
21.	34	Under Advisement	To review the Unsecured Notes indenture and advise as to which provision prompted Mr. Kirsch to conclude that an exchange could not be done on a non-pro rata basis.	Section 3.04(a) of the Unsecured Notes indenture prompted Mr. Kirsch to conclude that the transaction had to occur on a pro-rata basis.	
22.	34	Under Advisement	To review the Unsecured Notes indenture and advise as to which provision caused Mr. Kirsch to believe that the issue of secured debt had to be for cash.	Without limiting the clauses that Mudrick may rely on at trial, the following clauses support Mudrick's position: s. 3.04(a), 4.06(b)(v), s. 4.06(c), s. 4.08, and s. 9.02.	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
25.	40-41	Under Advisement	To advise whether it is Mudrick's position that under the terms of the Unsecured Notes indenture, Lightstream had the right to issue second lien secured notes up to the limits set out in the indenture.	Lightstream had the right to issue second lien secured notes up to the limits set out in the indenture; and by entering into a transaction with some, but not all of the Unsecured Noteholders, Lightstream breached the permitted options for issuing second lien secured debt pursuant to the indenture.	
26.	41	Under Advisement	To advise whether it is Mudrick's position that under no circumstances did Lightstream have the right to issue second lien notes up to the secured limits set out in the Unsecured Notes indenture.	See answer to No. 25 above.	
27.	41	Undertaking	To provide Mudrick's position in writing as to whether Lightstream had the right to repurchase some but not all of the outstanding Unsecured Notes under the terms of the Unsecured Notes indenture.	It did. The issue is not that Lightstream repurchased some but not all of the notes; the issue is that Lightstream offered the transaction to some but not all of the Unsecured Noteholders. If the offer had been made to all of the Unsecured Noteholders, and only some of the Unsecured Noteholders accepted the offer, Lightstream would not have been in breach of the Indenture or its	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
				obligations under the <i>Alberta Corporations Act</i> by entering into the transaction with some but not all of the Unsecured Noteholders.	
28.	42	Under Advisement	To advise as to whether Lightstream's primary obligation to the Unsecured Noteholders is to pay interest and principal under the Unsecured Notes.	Lightstream had an obligation to pay interest and principal under the Unsecured Notes but Lightstream was also required to fulfill other equally important obligations, including but not limited to its obligation to be fair to a class of bondholders (i.e. holders of Unsecured Notes) by not elevating the position of certain of these bondholders at the expense of others.	
29.	42	Under Advisement	To advise whether there is an obligation under the Unsecured Notes indenture for Lightstream to ensure that there is a liquid market or any market for the Unsecured Notes.	Mudrick does not allege that Lightstream had an obligation to ensure a liquid market, or any market for the notes. Mudrick alleges that Lightstream had an obligation not to engage in oppressive, unfair, or prejudicial conduct vis-a-vis the Unsecured Notes.	
30.	42	Under Advisement	To advise as to whether there is an obligation under the Unsecured Notes indenture for Lightstream to ensure that the price of the Unsecured Notes in any secondary market is maintained at any level.	Mudrick does not allege that Lightstream had an obligation to ensure that the price of the Unsecured Notes in any secondary market is maintained at any level. Mudrick alleges that	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
39.	60	Undertaking	To advise on whether it is Mudrick’s position that anything that Mr. Scott said in his answer to Joshua Gale of GMP Securities at LST Prod No. 584, p. 8, was incorrect or misleading.	The evidence establishes that at this point in time, Lightstream was considering the transaction it ultimately concluded. Again, Mudrick’s allegation is – among other things – that Lightstream was not permitted to enter into a transaction that was offered to some, but not all, of the holders of	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
				Unsecured Notes.	
40.	64	Under Advisement	To advise as to the prior transactions for which Mr. Kirsch consulted with counsel and was told that companies could not undertake non-pro-rata exchanges because doing so would violate Canadian law.	This took place in the context of a contemplated exchange transaction in 2014 involving Catalyst Paper Corporation. No exchange transaction ultimately took place. Mudrick did enter into a transaction with Catalyst later on November 18, 2014 that involved the offering of notes on a pro rata basis to existing noteholders.	
41.	64-65	Undertaking	To advise as to whether Mudrick will take the position at trial that the statement contained in Prod No. MCM 592 under the heading "ACNTA", first paragraph, is inaccurate as it relates to the Unsecured Notes indenture.	Mudrick does not take a position as to the accuracy or inaccuracy of the statement.	
42.	67	Under Advisement	To advise whether Mudrick or Mr. Kirsch was aware, at the time of the article in Prod No. MCM 592 (March 2015), that for energy companies who had previously issued second lien debt, the market reaction by the existing unsecured bonds had been at times negative, neutral, or positive	Refused - Mudrick and/or Mr. Kirsch's perception of the market reaction to other second lien debt transactions is not relevant. Had Mudrick and/or Mr. Kirsch known that Lightstream was contemplating a second lien debt transaction that would be offered to some, but not all, of the bondholders, Mudrick and/or Mr. Kirsch would have expected the market reaction to be negative.	
43.	69-70	Undertaking	To advise whether there is any allegation that anything is being relied	The allegation is that Lightstream's quarterly calls were	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
			on coming out of the call referred to in Prod No. MCM 598.	an opportunity for Lightstream to either advise that it was struggling with liquidity (which it did not) and/or advise that it was contemplating a non-pro-rata second lien deal (which it did not).	
44.	78-79	Undertaking	To advise whether, having had the opportunity to review all productions and prepare, it is still Mudrick's position that Lightstream's decision to cancel its first quarter call is still inexplicable.	Mudrick's position is that Lightstream may have cancelled its first quarter call for a number of reasons, including to avoid answering questions about the Unsecured Notes and a possible transaction.	
45.	79	Undertaking	To advise whether it is still Mudrick's position that Lightstream's decision to cancel its first quarter call was for the purpose of avoiding responding to questions about the Unsecured Notes.	See answer to No. 44 above.	
46.	81	Undertaking	To advise whether Mudrick accepts that the reason Lightstream delayed its conference call was because it wanted to be able to report on the renegotiation of its credit facilities when those were completed and not to have to answer questions about the credit facility at that time.	See answer to No. 44 above.	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
55.	117	Undertaking	To advise whether it is Mudrick's position that Lightstream was under an obligation to inform holders of the Unsecured Notes of the secured notes transaction prior to its announcement, and if so, to advise when that obligation arose and what it is based on.	Mudrick's position is that Lightstream was obligated to treat all of the Unsecured Noteholders fairly and equitably, to offer the transaction to all of the Unsecured Noteholders, and to ensure that any public statements and/or private statements accurately reflected the position of the company with respect to whether it was considering a non-pro-rata second lien deal with some but not all of the bondholders. The bases for these obligations are the provisions of the <i>Alberta Corporations Act</i> prohibiting oppressive conduct, the applicable case-law in this area, and the terms of the Unsecured Notes Indenture.	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
56.	121	Undertaking	To advise which provisions of the Unsecured Note Indenture Mr. Kirsch thought Lightstream had violated by conducting the exchange on a non-pro-rata basis as communicated to Mr. Scott and Mr Wright during their call on July 6, 2015. If Mr. Kirsch cannot recall, to provide Mudrick's position as to the provisions of the Unsecured Notes indenture that Lightstream offended by conducting the exchange on a non-pro-rata basis.	Without limiting the clauses that Mudrick may rely on at trial, Lightstream offended the following provisions of the Unsecured Notes Indenture by conducting the transaction on a non-pro-rata basis: s. 4.06(b)(v), s. 4.06(c), s. 4.08, and s. 9.02.	
58.	124	Undertaking	To advise whether it is Mudrick's position that Lightstream had a legal duty to discuss the transaction with Mudrick prior to announcing it publicly.	Mudrick's position is that Lightstream had a duty to treat all of the bondholders fairly and equitably by offering the transaction to all bondholders, and that Lightstream had to ensure that any public statements and/or private statements accurately reflected the position of the company with respect to whether it was considering a non-pro-rata second lien deal with some but not all of the bondholders.	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
59.	126	Undertaking	To advise whether Mudrick takes issue with the statements made in paragraphs 5-10 and 30-34 of the Statement of Defence with respect to the Unsecured Notes Indenture.	<p>Mudrick's position is that none of the provisions of the indenture referred to in paragraphs 5-10 or 30-34 permit Lightstream to enter into second-lien deal with some but not all of the bondholders.</p> <p>Mudrick's position is also that the indenture is not an exhaustive code of Lightstream's obligations to its bondholders – Lightstream is also obligated to ensure that its conduct is not oppressive, unfair, or prejudicial.</p>	
60.	127	Undertaking	To advise of any other communications between Mudrick and Lightstream, other than those already produced by any of the parties and/or discussed during the questioning of Mr. Kirsch.	Mudrick has produced all relevant documents.	
61.	128-129	Undertaking	To advise, with respect to paragraph 21(a) of the Statement of Claim, as to the source of the expectation that all noteholders had the right to participate in the secured notes transaction.	The expectation that all noteholders had the right to participate in the secured notes transaction arises from several sources: (1) that all bondholders would be treated fairly and equitably as required under the <i>Alberta Business Corporations Act</i> ; (2) that having been publicly and privately told that Lightstream would not participate in a transaction offered to some but not all of the bondholders,	

TAB 25

Court File Number: 1501-07813

Court: Court of Queen's Bench of Alberta

Judicial Centre: Calgary

Plaintiffs: FrontFour Capital Corp. and FrontFour Capital Group LLC

Defendant: Lightstream Resources Ltd.

- and -

Court File Number: 1501-08782

Court: Court of Queen's Bench of Alberta

Judicial Centre: Calgary

Plaintiff: Mudrick Capital Management, LP

Defendant: Lightstream Resources Ltd.

**List of Undertakings, Under Advisements, and Refusals
from the Oral Questioning of Stephen Loukas held March 15, 2016**

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
6.	25	Under Advisement	To advise if under the terms of the indenture dated January 30, 2012 between PetroBakken as issuer and others relating to the 8.625 senior unsecured notes due 2020 (the “ Unsecured Notes Indenture ”), Lightstream had the right to repurchase some but not all of the outstanding high-yield unsecured notes.	It did. The issue is not that Lightstream repurchased some but not all of the notes; the issues is that Lightstream offered the transaction to some but not all of the Unsecured Noteholders. If the offer been made to all of the Unsecured Noteholders, and only some of the Unsecured Noteholders accepted the offer, Lightstream would not have been in breach of the Indenture or its obligations under the <i>Alberta Corporations Act</i> by entering into the transaction with some but not all of the Unsecured Noteholders.	
7.	26	Under Advisement	To advise whether it is FrontFour’s position that there was anything legally objectionable about the repurchase made by Lightstream in	The purchase referred to in paragraph 7 of FrontFour’s Statement of Claim was not legally	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
			2014 and referred to in paragraph 7 of FrontFour's Statement of Claim.	objectionable.	
8.	26-27	Under Advisement	To advise whether FrontFour will take the position at trial that, under the Unsecured Notes Indenture, Lightstream has an obligation to ensure that there is a liquid market, or any market, for the Unsecured Notes.	FrontFour does not allege that Lightstream had an obligation to ensure a liquid market, or any market for the notes. FrontFour alleges that Lightstream had an obligation not to engage in oppressive, unfair, or prejudicial conduct vis-a-vis the Unsecured Notes.	
9.	27	Under Advisement	To advise where FrontFour will be alleging that there is an obligation under the Unsecured Notes Indenture to ensure that the price of Unsecured Notes in the market is maintained at any level.	FrontFour does not allege that Lightstream had an obligation to ensure that the price of the Unsecured Notes in any secondary market is maintained at any level. FrontFour alleges that Lightstream had an obligation not to engage in oppressive, unfair, or prejudicial conduct vis-a-vis the Unsecured Notes.	
10.	28	Under Advisement	To advise what provision of the Unsecured Notes Indenture is being referred to in paragraph 14 of the Statement of Claim and to advise whether FrontFour will allege at trial that that provision was breached.	S. 9.02 of the Unsecured Notes Indenture is being referred to in paragraph 14 of the Statement of Claim. FrontFour repeats and relies on its allegations in the Statement of Claim including that Lightstream has breached s. 9.02 of the Unsecured Notes Indenture.	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
17.	35	Under Advise-ment	To advise whether FrontFour will to take the position at trial that the limitation on that ability to issue senior notes was anything other than described on the face of the email contained in Prod No. FR 20.	<p>In the email at Prod No. FR 20, Mr. Pandhi explains that Lightstream's financial position at the time significantly reduced the chances of it issuing new debt because it had very little additional debt capacity due to limitations outlined in the Unsecured Notes Indenture.</p> <p>In considering whether to issue senior notes, Lightstream was not only bound by the terms of the Indenture, but also by its obligations under the <i>Alberta Business Corporations Act</i>.</p>	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
22.	57	Under	To advise whether FrontFour will	FrontFour understood that it's	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
		Advise-ment	allege that at the time of the email at Prod No. FF 180, it had any understanding of the ability to be primed other than what is described in this email.	ability to be primed was not only governed by the Unsecured Note Indenture (as described in the email at Prod No. FF 180), but was also governed by the obligations set out in the <i>Alberta Corporations Act</i> .	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
29.	83	Under Advise-ment	To advise whether FrontFour will make an allegation that it considered selling its position.	FrontFour did not consider selling its position in Lightstream because of the repeated assurances by Lightstream that it would not participate in the transaction that ultimately occurred.	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
35.	94	Refused	To advise whether it was Mr. Loukas' understanding at the time of the secured notes transaction that it was contrary to the Unsecured Notes Indenture.	Mr. Loukas' understanding was (and remains) that the secured notes transaction was contrary to the Unsecured Notes Indenture. Mr. Loukas' position was also (and remains) that the indenture is not an exhaustive code of Lightstream's obligations to its bondholders – Lightstream is also obligated to ensure that its	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
				conduct is not oppressive, unfair, or prejudicial.	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
44.	109	Undertaking	To advise when it is alleged that Lightstream should have notified FrontFour or the other non-participating noteholders of the transaction as alleged in paragraph 41 of the Statement of Claim.	The allegation is not just that FrontFour ought to have notified the Unsecured Noteholders but that FrontFour ought to have offered the transaction to all of the Unsecured Noteholders.	
45.	109-10	Undertaking	To advise whether FrontFour is still seeking the right to participate on the same basis in the proposed refinancing transaction as alleged in paragraph 43 of the Statement of Claim.	Yes - FrontFour is still seeking the right to exchange its Unsecured Notes on the same terms as those offered to Apollo and GSO.	
46.	110	Undertaking	To advise whether it is still FrontFour's position that each of the four breaches listed in paragraph 29 of the Statement of Claim constitutes a breach of the Unsecured Notes	Yes.	

No.	Page No.	Undertaking, Advisement, or Refusal	Specific Undertaking Advisement or Refusal	Answer or precise reason for not doing so	Disposition by the court
			Indenture.		
47.	111	Undertaking	To advise what specifically was Lightstream required to do to comply with the duty of good faith and honest dealing and to advise how Lightstream breached its duty as alleged in paragraphs 47 and 48 of the Statement of Claim.	Lightstream was obligated to treat all of the Unsecured Noteholders fairly and equitably, to offer the transaction to all of the Unsecured Noteholders, and to ensure that any public statements and/or private statements accurately reflected the position of the company with respect to whether it was considering a non-pro-rata second lien deal with some but not all of the bondholders. The bases for these obligations are the provisions of the <i>Alberta Corporations Act</i> prohibiting oppressive conduct, the applicable case-law in this area, and the terms of the Unsecured Notes Indenture.	

No.	Page No.	Undertaking, Advise-ment, or Refusal	Specific Undertaking Advise-ment or Refusal	Answer or precise reason for not doing so	Disposition by the court
52.	115	Undertaking	To provide prior to trial, the method on which FrontFour bases its allegation at paragraph 35(c) of the Statement of Claim that even if FrontFour had not participated in the transaction, if Lightstream had acted in an unoppressive way, the resulting damage would not be nearly as grave.	As a result of the secured note transaction with Apollo and GSO, the value of the Unsecured Notes plummeted. If Lightstream had offered the transaction to all of the Unsecured Noteholders, all of these noteholders would have been in the same position regarding the information they received from the company, would have carefully considered their decision with respect to entering into the proposed transaction, and would not have lost an opportunity to elevate their position in Lightstream.	

TAB 26

Date	Last Price	Volume
10/11/2016	5	4000
8/3/2016	5.5	2000
8/1/2016	6.25	2000
6/27/2016	7.125	2000
6/13/2016	5	220
6/10/2016	6.25	2000
5/5/2016	5	1000
5/2/2016	4.5	250
4/22/2016	4.25	2000
4/21/2016	4	1000
4/14/2016	3	3000
4/11/2016	3.5	274
3/31/2016	4.5	1000
3/24/2016	5	1000
3/4/2016	5	70
2/19/2016	2.75	4000
2/18/2016	2.5	1000
12/3/2015	25	1000
12/2/2015	26	2000
11/30/2015	25.75	1000
11/18/2015	26.625	2000
11/12/2015	26.5	2000
11/4/2015	28	400
11/2/2015	27	2000
10/23/2015	26.25	7000
10/21/2015	23	70
9/30/2015	23	4906
9/16/2015	21	2000
9/9/2015	20.5	171
8/26/2015	20	2000
8/25/2015	22.75	2000
8/19/2015	26	1000
8/18/2015	25	625
8/17/2015	26	500
8/12/2015	30.5	1000
8/11/2015	29.25	4300
8/10/2015	33.5	1400
8/7/2015	32	400
8/6/2015	34	400
8/5/2015	30	5000
7/29/2015	43	2000
7/28/2015	44.25	2000
7/13/2015	51.5	3500
7/10/2015	52	2000
7/8/2015	52.54	2000
7/7/2015	50	2500
7/6/2015	53	5460
6/30/2015	64.25	1000
6/29/2015	64.5	2000

6/26/2015	66	2000
6/25/2015	66	1000
6/24/2015	66	500
6/23/2015	66.5	1500
6/22/2015	66.54	1800
6/19/2015	67	500
6/12/2015	69.75	500
6/11/2015	69.875	1000
6/10/2015	70.25	3000
6/3/2015	71.375	5000
6/1/2015	72.5	374
5/29/2015	72.95	500
5/28/2015	72.25	8500
5/27/2015	71.25	7800
5/26/2015	75.4	150
5/19/2015	77.5	200
5/18/2015	78.5	2000
5/14/2015	78.5	1400
5/12/2015	79	3500
5/11/2015	78	2000
5/5/2015	78.5	5500
5/4/2015	77.25	2000
5/1/2015	77.05	1750
4/30/2015	77.25	2800
4/29/2015	77.125	3000
4/27/2015	77	2000
4/23/2015	76.75	5000
4/22/2015	75.25	300
4/21/2015	77.5	2000
4/16/2015	78.5	2850
4/15/2015	78	2000
4/13/2015	73.5	255
4/10/2015	76	7000
4/9/2015	75.75	4000
4/8/2015	75.75	4000
4/7/2015	75.5	9054
4/2/2015	74.5	2000
4/1/2015	72.5	1000
3/31/2015	72.25	2000
3/30/2015	72.25	100
3/27/2015	72	100
3/25/2015	70.75	3000
3/24/2015	71	4000
3/23/2015	70.875	4000
3/20/2015	70.75	2000
3/19/2015	71	2000
3/18/2015	71	4000
3/17/2015	71.25	12429
3/16/2015	72.5	9800
3/13/2015	73.5	3000

3/12/2015	74	12000
3/11/2015	73.25	4000
3/10/2015	73.25	6200
3/9/2015	73	4000
3/6/2015	72.5	8000
3/5/2015	72.5	10000
3/4/2015	72	10750
3/3/2015	71.625	2000
3/2/2015	70.75	6000
2/27/2015	70	2550
2/26/2015	69.75	4500
2/25/2015	69.75	4000
2/24/2015	70.25	11675
2/23/2015	70.5	3150
2/19/2015	70	4000
2/18/2015	70.25	7000
2/17/2015	70	5000
2/12/2015	69.75	2000
2/11/2015	69	6000
2/10/2015	62.062	2100
2/9/2015	67.25	
2/6/2015	67.25	5000
2/5/2015	62.063	8000
2/4/2015	61	3000
2/3/2015	61.5	17200
2/2/2015	57	2525
1/30/2015	56.77	1200
1/29/2015	57	4000
1/26/2015	56	9465
1/22/2015	55	19000
1/21/2015	55.25	7350
1/9/2015	64	676
1/7/2015	60	1000
12/29/2014	71	1500

Source: Bloomberg