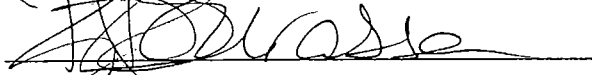


This is Exhibit √ referred to in the Affidavit  
of Peter D. Scott sworn before me this 12<sup>th</sup> day  
of July, 2016

A handwritten signature in black ink, appearing to read "K. Bourassa", written over a horizontal line.

A Commissioner for Oaths in and for Alberta

**KELLY J. BOURASSA**  
*Barrister and Solicitor*

INTERCREDITOR AND PRIORITY AGREEMENT

THIS AGREEMENT dated as of the 2nd day of July, 2015, is

**AMONG:**

**THE TORONTO-DOMINION BANK**, in its capacity as administrative agent for the First Lien Creditors (as hereinafter defined) (in such capacity, hereinafter referred to as the "**First Lien Representative**")

- and -

**COMPUTERSHARE TRUST COMPANY OF CANADA**, in its capacity as indenture trustee for the Second Lien Lenders (as hereinafter defined) (in such capacity, hereinafter referred to as the "**Second Lien Representative**")

- and -

**LIGHTSTREAM RESOURCES LTD.**, a corporation formed under the laws of Alberta (hereinafter referred to as the "**Borrower**").

- and -

**1863359 ALBERTA LTD.** a corporation formed under the laws of Alberta (hereinafter referred to as "**3359**")

- and -

**1863360 ALBERTA LTD.** a corporation formed under the laws of Alberta (hereinafter referred to as "**3360**")

- and -

**LTS RESOURCES PARTNERSHIP** a general partnership formed under the laws of Alberta, (hereinafter referred to as "**LTS**")

- and -

**BAKKEN RESOURCES PARTNERSHIP** a general partnership formed under the laws of Alberta (hereinafter referred to as "**Bakken**")

**RECITALS:**

- A. The Borrower and each other Debtor is or may become indebted to (i) the First Lien Representative and the First Lien Lenders (or any of them) with respect to that certain third amended and restated credit agreement made effective May 29, 2015 among the Borrower, as borrower, the First Lien Lenders, as lenders, and the First Lien Representative, as agent for the First Lien Lenders (such agreement from time to time, as amended, supplemented, restated, replaced or Refinanced from time to time as herein permitted shall be herein referred to as the "**First Lien Credit Agreement**"), (ii) the Swap Lenders under the Hedging Agreements and (iii) the Cash Manager in respect of the Cash Management Obligations.
- B. The First Lien Obligations shall be secured by the First Lien Security on the Collateral.

- C. The Borrower and each other Debtor is or may become indebted to the Second Lien Representative and the Second Lien Lenders (or any of them) with respect to the Second Lien Notes issued pursuant to that certain note indenture dated as of July 2, 2015 among the Borrower, as issuer, and the Second Lien Representative, as indenture trustee (such indenture from time to time, as amended, supplemented, restated; replaced or Refinanced from time to time as herein permitted shall herein be referred to as the "Second Lien Note Indenture" and, together with the First Lien Credit Agreement, collectively, the "Credit Agreements").
- D. The Second Lien Obligations shall be secured by the Second Lien Security on the Collateral.
- E. The Credit Agreements require, among other things, that the parties hereto set forth in this Agreement, among other things, their respective rights, obligations, and remedies with respect to the Collateral and the priority of the First Lien Security and Second Lien Security.

### **AGREEMENT:**

For good and valuable consideration and the covenants and conditions contained herein, the parties agree as follows:

#### **ARTICLE 1 DEFINITIONS**

- 1.1 The following expressions used in this Agreement, including the recitals, mean as follows:

"**Acceleration**" means acceleration of the principal outstanding under the First Lien Credit Agreement or the Second Lien Note Indenture, as applicable, including, without limitation, pursuant to a written demand therefor or notification thereof by the applicable Secured Party.

"**Agreement**" means this intercreditor and priority agreement, as it may be amended or otherwise modified, supplemented, restated or replaced from time to time.

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada), as the same may be amended from time to time.

"**Borrower**" has the meaning ascribed to it in the recitals hereto, and its permitted successors and assigns.

"**Borrowing Base**" has the meaning ascribed to it in the First Lien Credit Agreement, or if the Obligations outstanding under the First Lien Agreements are Refinanced, as contemplated by Section 8.5, as defined in the New First Lien Agreements, provided that such "Borrowing Base", whether in the First Lien Agreements or the New First Lien Agreements is a conforming corporate banking borrowing base for secured oil and gas loan transactions in Canada based upon reserves, as determined by the First Lien Lenders in accordance with normal oil and gas lending criteria of commercial banks and financial institutions that customarily provide reserve based loans in Canada in their ordinary course of business as they exist at the particular time and in accordance with the First Lien Credit Agreement (or, if applicable, the New First Lien Agreements), including customary mechanisms for periodic redetermination thereof.

"**Business Day**" means a day on which banks are open for business in Calgary (Alberta) and Toronto (Ontario), but does not, in any event, include a Saturday or a Sunday.

"**Cash Management Documents**" has the meaning ascribed to it in the First Lien Credit Agreement as of the date hereof.

"**Cash Management Obligations**" has the meaning ascribed to it in the First Lien Credit Agreement as of the date hereof.

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada), as the same may be amended from time to time.

"**Cdn. \$**" means lawful money of Canada for the payment of public and private debts.

"**Collateral**" means, collectively, the First Lien Collateral and the Second Lien Collateral.

"**Comparable Second Lien Security**" means, in relation to any Collateral subject to any Lien created under any First Lien Security or any First Lien Security provided by the Borrower or a Guarantor, the Second Lien Security that creates a Lien on the same Collateral or a guarantee with respect to the same Debtor.

"**Credit Agreements**" has the meaning ascribed to it in the recitals hereto.

"**Credit Facilities**" means, as applicable, (a) the credit facilities granted pursuant to or as contemplated in the First Lien Credit Agreement, including the First Lien Swap Indebtedness and the Cash Management Obligations, and/or (b) the debt issuances giving rise to the Second Lien Obligations granted pursuant to or as contemplated in the Second Lien Note Indenture; and "**Credit Facility**" means any one of them.

"**Debtors**" means the Borrower and the other Guarantors, and "**Debtor**" means any of them.

"**DIP Financing**" has the meaning ascribed to it in Section 6.6.

"**Discharge of First Lien Obligations**" means, subject to Section 8.4, (a) payment in full in cash of the principal (but not principal in excess of the First Lien Cap Amount) and any interest thereon (including interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding), and expenses on all First Lien Obligations (including all legal fees and disbursements related to the preparation, negotiation and administration of the First Lien Agreements and to any Enforcement Action (on a solicitor and his own client basis)), (b) payment in full in cash of all other First Lien Obligations (except principal in excess of the First Lien Cap Amount and associated fees and interest on such excess) that are then due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid, (c) cancellation of or the entry into arrangements (including, without limitation, cash collateralization) reasonably satisfactory to the First Lien Representative and the Issuing Bank (as defined in the First Lien Credit Agreement) with respect to all letters of credit and letters of guarantee issued and outstanding under the First Lien Credit Agreement, (d) termination and payment of the First Lien Swap Indebtedness and the Cash Management Obligations and all related fees, expenses, breakage and termination costs and other amounts owed in connection therewith (or, with respect to any particular Swap Indebtedness, such other arrangements as have been made by the applicable Debtor and the applicable Swap Lender (and communicated to the First Lien Representative), and (e) termination or expiration of all commitments to lend principal up to the First Lien Cap Amount and all obligations to issue or extend letters of credit or letters of guarantee under the First Lien Credit Agreement.

"**Disposition**" means any sale, lease, exchange, transfer or other disposition of assets, and "**Dispose**" shall have a correlative meaning.

"**Enforcement Action**" means an action under applicable law to (a) foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or Dispose of (whether publicly or privately), Collateral, or otherwise exercise or enforce remedial rights with respect to Collateral under the First Lien Agreements or the First Lien Security or the Second Lien Agreements or the Second Lien Security (including by way of setoff, recoupment, notification of a public or private sale or other Disposition pursuant to applicable law, notification to account debtors, notification to depositary banks under deposit account control or similar agreements, or exercise of rights under landlord consents, if applicable), (b) solicit bids from third parties to conduct the liquidation or Disposition of Collateral or to engage or retain sales brokers, marketing agents, or auctioneers for the purposes of marketing, promoting, and

selling Collateral, (c) receive a transfer of Collateral in satisfaction of any obligation secured thereby or (d) otherwise enforce a Lien or exercise a remedy, as a secured creditor or otherwise, in equity, or pursuant to the First Lien Agreements or the First Lien Security or the Second Lien Agreements or the Second Lien Security (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the Collateral to facilitate the actions described in the preceding clauses and exercising voting rights in respect of equity interests comprising Collateral); *provided* that "Enforcement Action" will also be deemed to include the commencement of, or joinder in filing of a petition or application for commencement of, an Insolvency Proceeding against the owner of Collateral.

"**First Lien Agreements**" has the meaning ascribed to it in the definition of "First Lien Obligations".

"**First Lien Cap Amount**" means, as of the date of determination<sup>5</sup>, the amount in respect of principal of the First Lien Obligations not to exceed the greater of: (a) Cdn.\$750,000,000, (b) the Borrowing Base as in effect from time to time, and (c) upon the Borrower's request, any higher amount as is consented to by the Second Lien Lenders in accordance with the Second Lien Note Indenture. For the avoidance of doubt, the calculation of the "First Lien Cap Amount" refers only to the outstanding principal balance of Loans and the face amount of outstanding letters of credit and letters of guarantee under the First Lien Agreements, but does not include (a) interest, fees or other amounts other than principal due under the First Lien Credit Agreement (except associated fees and interest on principal in excess of the First Lien Cap Amount), (b) the First Lien Swap Indebtedness or (c) the Cash Management Obligations; *provided*, however, that notwithstanding the foregoing or anything else set forth herein, (i) any Excess (as defined in the First Lien Credit Agreement as of the date hereof) and (ii) any Borrowing Base Shortfall (as defined in the First Lien Credit Agreement as of the date hereof), in each case, owing to the First Lien Lenders shall be included as part of the principal owing which falls within the First Lien Cap Amount; *provided* that the amount set forth in clause (ii) shall not include any additional amount in respect of principal to the extent such excess is the result of additional loans advanced or letters of credit issued (other than, for certainty, rollovers or conversions of then existing loans and letters of credit) while a Borrowing Base Shortfall is in effect. For the avoidance of doubt, all references to principal as it relates to the First Lien Cap Amount shall include any capitalized or PIK interest thereon (including any such interest that is accruing but not yet paid).

"**First Lien Collateral**" means all Property of a Debtor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any First Lien Obligations.

"**First Lien Credit Agreement**" has the meaning ascribed to it in the recitals hereto.

"**First Lien Creditors**" means, collectively, the First Lien Representative, the First Lien Lenders, the Swap Lenders and the Cash Managers, and "**First Lien Creditor**" means any one of them.

"**First Lien Lenders**" means The Toronto-Dominion Bank and the other banks and financial institutions party to the First Lien Credit Agreement (including, for certainty, the Operating Lender, as defined therein), from time to time, as lenders thereunder.

"**First Lien Obligations**" means: (a) all Obligations (as such term is defined in the First Lien Credit Agreement as of the date hereof) of the Debtors, (b) with respect to any other secured credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness (collectively, together with the First Lien Credit Agreement and any agreement or instrument evidencing or governing the First Lien Swap Indebtedness and the Cash Management Obligations, the "**First Lien Agreements**"), such Refinancing Indebtedness, and (c) all First Lien Swap Indebtedness and Cash Management Obligations, including in each case and without limitation: (i) all principal of and interest (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding) and premium (if any) on all loans made or other indebtedness issued or incurred pursuant thereto, (ii) all reimbursement obligations (if any) and interest thereon

(including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding) with respect to any letter of credit, letter of guarantee or similar instruments issued pursuant thereto, and (iii) all guarantee obligations, fees, expenses, indemnifications, reimbursements, penalties and other amounts payable from time to time pursuant to the First Lien Agreements and other documents relating thereto, in each case, whether or not allowed or allowable in an Insolvency Proceeding.

**"First Lien Representative"** has the meaning ascribed to it in the recitals hereto.

**"First Lien Required Lenders"** means the "Majority Lenders", as defined in the First Lien Credit Agreement, or if the First Lien Obligations are Refinanced as contemplated by Section 8.4, as defined in the New First Lien Agreements.

**"First Lien Security"** means all present and future Security (as defined in the First Lien Credit Agreement) granted to the First Lien Representative by a Debtor to secure the First Lien Obligations, together with all other or additional security as may have been previously or may hereafter be granted by a Debtor to secure the First Lien Obligations.

**"First Lien Swap Indebtedness"** has the meaning ascribed to the term "Swap Indebtedness" in the First Lien Credit Agreement as of the date hereof.

**"First Priority Liens"** means all Liens on the Collateral securing the First Lien Obligations, whether created under the First Lien Security or acquired by possession, statute (including any judgment lien), operation of law, subrogation or otherwise.

**"Guarantor"** has the meaning ascribed to it in Section 7.1. As of the date hereof, the Guarantors are 3359, 3360, LTS and Bakken.

**"Hedging Agreements"** has the meaning ascribed to it in the First Lien Credit Agreement as of the date hereof.

**"Issuing Bank"** has the meaning ascribed to it in the First Lien Credit Agreement, or if the First Lien Obligations are Refinanced as contemplated by Section 8.4, as defined in the New First Lien Agreements.

**"Insolvency Proceeding"** has the meaning ascribed to it in Section 3.5.

**"Lien"** means any mortgage, lien, pledge, charge (whether fixed or floating), security interest, conditional sale or title retention agreement (other than operating leases in respect of tangible personal property which are not in the nature of financing transactions), trust or deposit arrangements in the nature of a security interest or other encumbrance of any kind, contingent or absolute but excludes any contractual right of set off created in the ordinary course of business and any writ of execution, or other similar instrument, arising from a judgment relating to the non-payment of indebtedness.

**"New First Lien Agreements"** has the meaning ascribed to it in Section 8.4.

**"New First Lien Obligations"** has the meaning ascribed to it in Section 8.4.

**"New First Lien Representative"** has the meaning ascribed to it in Section 8.4.

**"New Second Lien Agreements"** has the meaning ascribed to it in Section 8.5.

**"New Second Lien Obligations"** has the meaning ascribed to it in Section 8.5.

**"New Second Lien Representative"** has the meaning ascribed to it in Section 8.5.

"**Notice of Event of Default**" has the meaning ascribed to it in Section 2.1.

"**Obligations**" means, collectively, the First Lien Obligations and the Second Lien Obligations.

"**Property**" means any interest in any kind of property, asset, undertakings, rights and interests, whether real, personal, mixed or profits a prendre, or tangible or intangible, including cash, securities, accounts and contract rights.

"**Reallocable Payment**" has the meaning ascribed to it in Section 3.7.

"**Refinance**" means, in respect of any Obligations, to refinance, extend, renew, restructure or replace, or to issue other indebtedness in exchange or replacement for, such Obligations, in whole or in part, and "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Refinancing Indebtedness**" means indebtedness that Refinances First Lien Obligations or Second Lien Obligations pursuant to Section 8.4 or Section 8.5, as applicable.

"**Refinancing Notice**" has the meaning ascribed to it in Section 8.4.

"**Release**" has the meaning ascribed to it in Section 5.3.

"**Restricted Rights**" has the meaning ascribed to it in Section 5.1(a).

"**Second Lien Collateral**" means all Property of a Debtor, whether real, personal or mixed, now or at any time hereafter subject to Liens securing any Second Lien Obligations.

"**Second Lien Creditors**" means, collectively, the Second Lien Representative and the Second Lien Lenders, and "**Second Lien Creditor**" means any one of them.

"**Second Lien Lenders**" means the holders of the Second Lien Notes.

"**Second Lien Note Indenture**" has the meaning ascribed to it in the recitals hereto.

"**Second Lien Notes**" means, collectively the following notes issued or to be issued by the Borrower: (a) the U.S.\$395,250,000 of 9.875% second lien notes due June 15, 2019 issued under and pursuant to the Second Lien Note Indenture, (b) the U.S.\$200,000,000 of 9.875% second lien notes due June 15, 2019 issued under and pursuant to the Second Lien Note Indenture, and (c) up to U.S.\$54,750,000 of 9.875% second lien notes to become due June 15, 2019 and to be issued under and pursuant to the Second Lien Note Indenture.

"**Second Lien Obligations**" means (a) any principal, interest, penalties, fees, indemnifications, reimbursements and other liabilities payable in respect of the Second Lien Notes and (b) with respect to any other secured credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any Refinancing Indebtedness (collectively, together with the Second Lien Note Indenture and the Second Lien Notes, the "**Second Lien Agreements**"), such Refinancing Indebtedness, including, in each case and without limitation; (i) all principal and interest (including, without limitation, any interest accruing during the pendency of any Insolvency Proceeding, regardless of whether allowed or allowable in such Insolvency Proceeding) and premium (if any) on all loans made or other indebtedness issued or incurred pursuant thereto, and (ii) all guarantee obligations, fees, expenses and other amounts payable from time to time pursuant thereto, in each case whether or not allowed or allowable in an Insolvency Proceeding.

"**Second Lien Refinancing Notice**" has the meaning ascribed to it in Section 8.5.

"**Second Lien Representative**" shall have the meaning ascribed to it in the recitals hereto.

"**Second Lien Security**" means all "Collateral" (as defined in the Second Lien Note Indenture) granted to the Second Lien Representative by a Debtor to secure the Second Lien Obligations, together with all other or additional security as may hereafter be granted by a Debtor to secure the Second Lien Obligations.

"**Second Priority Liens**" means all Liens on the Collateral securing the Second Lien Obligations, whether created under the Second Lien Security or acquired by possession, statute (including any judgment Lien), operation of law, subrogation or otherwise.

"**Secured Parties**" means the First Lien Creditors (and the First Lien Representative on their behalf) and the Second Lien Creditors, as the case may be, including each of their respective successors and permitted assigns and "**Secured Party**" means any one of them.

"**Standstill Period**" has the meaning ascribed to it in Section 5.1(a).

"**Swap Lenders**" has the meaning ascribed to it in the First Lien Credit Agreement, or if the First Lien Obligations are Refinanced as contemplated by Section 8.4, as defined in the New First Lien Agreements.

"**Trigger Event**" has the meaning ascribed to it in Section 4.3.

"**U.S. \$**" and "**U.S. Dollars**" each mean lawful money of the United States of America for the payment of public and private debts.

1.2 In this Agreement:

- (a) headings are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (b) words importing the singular number include the plural and vice versa, and words importing gender include masculine, feminine and neuter;
- (c) references to "**herein**", "**hereunder**" and similar expressions shall be a reference to this Agreement and not to any particular section;
- (d) references to "**in writing**" or "**written**" include printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile;
- (e) unless otherwise noted, all references to "**Section**" refer to a section, subsection or paragraph of this Agreement, as the case may be;
- (f) words and terms denoting inclusiveness (such as "**include**", "**includes**" or "**including**"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them; and
- (g) all monetary references herein shall be to Canadian dollars except as otherwise specifically noted.

**ARTICLE 2  
NOTICE OF EVENT OF DEFAULT**

- 2.1 Without limiting the other terms of this Agreement, if a Secured Party (a) causes an Acceleration to take place, (b) issues a notice of intention to enforce security pursuant to section 244 of the BIA, (c) commences or initiates an Enforcement Action under the First Lien Security or the Second Lien Security, as applicable, over the Collateral, or any part thereof, whether pursuant to an event of default under a Credit Agreement or not, (d) commences any action or proceeding to enforce, collect or receive payment of its respective Obligations, or (e) has actual knowledge of



the occurrence of a continuing event of default under its Credit Agreement (subject in any such case to the terms hereof), then such Secured Party shall, as soon as is practicable in the circumstances with the occurrence of any of the events referred to above, notify the other Secured Parties (or the First Lien Representative or the Second Lien Representative, as applicable, on their behalf) of such event, together with reasonable particulars thereof (a "Notice of Event of Default"). Without limiting the other terms of this Agreement, the First Lien Representative shall not be liable to the Second Lien Representative and the Second Lien Representative shall not be liable to the First Lien Representative, as the case may be, for any accidental failure to give a Notice of Event of Default pursuant to this Section 2.1 and the failure to give the notices required pursuant this Section 2.1 shall not release, restrict or otherwise affect any of the obligations of the Secured Parties hereunder nor limit, derogate from or otherwise affecting any of the other provisions hereof or the effect thereof.

### ARTICLE 3 PRIORITY OF LIENS; PAYMENTS

- 3.1 The First Lien Representative acknowledges and consents to:
- (a) the issuance of the Second Lien Notes under the Second Lien Note Indenture, on and subject to the terms of the Second Lien Note Indenture; and
  - (b) the granting by the Debtors of the Second Lien Security.
- 3.2 The Second Lien Representative acknowledges and consents to:
- (a) the First Lien Obligations, including the borrowings under the First Lien Credit Agreement, on and subject to the terms of the First Lien Credit Agreement, the First Lien Swap Indebtedness and the Cash Management Obligations; and
  - (b) the granting by the Debtors of the First Lien Security.
- 3.3 The parties hereto agree that it is their intention that the First Lien Collateral and the Second Lien Collateral are to be identical (other than with respect to the first lien and second lien nature of the Obligations thereunder), and so long as the Discharge of the First Lien Obligations has not occurred, the Debtors shall not:
- (a) subject to Section 4.1 and Section 7.1, grant or permit any additional Liens on any Property to secure any Second Lien Obligations unless it has granted, or concurrently therewith grants, a senior Lien on such Property to secure the First Lien Obligations subject to the terms of this Agreement, or
  - (b) subject to Section 7.1, grant or permit any additional Liens on any Property to secure any First Lien Obligations unless it has granted, or concurrently therewith grants, a junior Lien on such Property to secure the Second Lien Obligations subject to the terms of this Agreement,

in each case, with each such Lien and any Collateral relating thereto or proceeds thereof to be subject to the provisions of this Agreement. Notwithstanding the terms hereof: (a) the First Lien Representative acknowledges and agrees that the Borrower may deposit funds in trust with the Second Lien Representative (or any other trustee as required under the Second Lien Note Indenture) in accordance with the defeasance provisions set out in Article 8 of the Second Lien Note Indenture to the extent the Borrower is permitted to do so under applicable law without preference and under the Second Lien Note Indenture and not prohibited from doing so under the First Lien Agreements, and (b) the Second Lien Representative acknowledges and agrees that the Borrower may grant a lien over cash collateral in favour of the First Lien Representative on behalf of the First Lien Lenders to the extent required under the First Lien Credit Agreement where it is necessary to repay Advances by way of Banking Acceptances, LIBOR Based Loans or Letters of Credit (as each such capitalized term is defined in the First Lien Credit Agreement as of

the date hereof) prior to the maturity date thereof; in each case, without providing such trust monies or cash collateral, as applicable, to the other Secured Parties.

- 3.4 Notwithstanding the dates of execution and delivery of the First Lien Security or the Second Lien Security, the dates of attachment, filing or perfecting thereof, the giving of notice in respect thereof, the nature of the Liens granted therein, the date of default by a Debtor under the First Lien Security, the First Lien Agreements, the Second Lien Agreements or the Second Lien Security, the time of crystallization thereof, the dates of any advances or the institution of any proceedings thereunder, any priority granted by a principle of law or any statute, including the *Personal Property Security Act (Alberta)*, the *Land Titles Act (Alberta)*, the *Law of Property Act (Alberta)*, the *Mines and Minerals Act (Alberta)*, the BIA, the CCAA, or any similar statutes in Alberta or any other applicable jurisdiction, but subject in all events to the terms and conditions of this Agreement, except as expressly set out herein,
- (a) any First Priority Lien now or hereafter held by or for the benefit of the First Lien Creditors (or any of them) shall be senior in right, priority, operation, effect and all other respects to any and all Second Priority Liens;
  - (b) any Second Priority Lien now or hereafter held by or for the benefit of the Second Lien Representative and the Second Lien Lenders (or any of them) shall be junior and subordinate in right, priority, operation, effect and all other respects to any and all First Priority Liens;
  - (c) the First Priority Liens shall be and remain senior in right, priority, operation, effect and all other respects to any Second Priority Liens for all purposes, including whether or not any First Priority Liens are subordinated in any respect after the occurrence of an Enforcement Action to any other Lien securing any other obligation of a Debtor or any other person; and
  - (d) the First Lien Representative shall be permitted to maintain a Lien that is subordinate to the Second Priority Lien on the First Lien Security with respect to any principal of the First Lien Obligations in excess of the First Lien Cap Amount remaining after the Discharge of First Lien Obligations.
- 3.5 In the event of any insolvency or bankruptcy proceeding or any receivership, interim-receivership, liquidation, arrangement, reorganization, restructuring or similar proceedings (including any plan of arrangement or compromise under any corporation's statute where a corporation proposes an arrangement involving a compromise or conversion of liabilities) in connection therewith relative to a Debtor or its Property, or in the event of any proceedings for voluntary liquidation, dissolution or winding up of a Debtor under the BIA, the CCAA or any other applicable statute or law, or in the event of any corporate reorganization involving one or more insolvent Debtors to which either the First Lien Representative or the Second Lien Representative do not consent in advance (collectively, "Insolvency Proceeding"):
- (a) the First Lien Representative shall first be entitled to receive from the proceeds of the Collateral indefeasible payment in full of the First Lien Obligations in cash (limited in the case of the principal of the First Lien Obligations, up to the First Lien Cap Amount) before the Second Lien Representative shall be entitled to receive and retain any payment or distribution on account of the Second Lien Obligations from proceeds of the Collateral, and as between the First Lien Representative and the Second Lien Representative, the First Lien Representative shall be entitled to receive from proceeds of the Collateral for application in payment of the First Lien Obligations (limited in the case of the principal of the First Lien Obligations, up to the First Lien Cap Amount) any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such Insolvency Proceeding in respect of the Second Lien Obligations until the First Lien Obligations are indefeasibly paid in full in cash; and

- (b) the Second Lien Representative shall, if and only if a Discharge of the First Lien Obligations has occurred, be thereafter entitled to any payment or distribution from proceeds of the Collateral to the extent of the Second Lien Obligations, and provided and effective only after the First Lien Representative has received in full in cash, and is entitled to retain, final and irrevocable payment of the First Lien Obligations (limited in the case of the principal of the First Lien Obligations, up to the First Lien Cap Amount). The First Lien Representative's rights, whether at law, in equity, under the First Lien Security or otherwise, to each and all distributions of said remaining-proceeds shall, following Discharge of the First Lien Obligations, be subordinated to the rights of the Second Lien Representative under the Second Lien Security to the extent of the Second Lien Obligations.

For greater certainty, if, in the event of a distribution, division or application of all or any part of the Collateral, a Discharge of the First Lien Obligations has not occurred out of the proceeds therefrom, any proceeds received by or on behalf of the Second Lien Representative in respect of proceeds of Collateral shall be received and held in trust for the First Lien Representative and constitute a Reallocable Payment under Section 3.7 up to the amount that is required to Discharge the First Lien Obligations.

- 3.6 So long as the Discharge of First Lien Obligations has not occurred, and regardless of whether an Insolvency Proceeding has been commenced, any Collateral or proceeds thereof received by the First Lien Representative in connection with any Disposition of, or collection on, such Collateral following an Enforcement Action shall be applied by the First Lien Representative to the First Lien Obligations (including to cash collateralize such First Lien Obligations); limited in the case of principal of First Lien Obligations, up to the First Lien Cap Amount, together with concurrent and permanent reduction of any revolving credit commitment thereunder in an amount equal to the amount of such payment. Upon the Discharge of the First Lien Obligations, the First Lien Representative shall deliver to the Second Lien Representative any remaining Collateral and any proceeds thereof then held by it in the same form as received, together with any necessary endorsement or assignment, or as a court of competent jurisdiction may otherwise direct, to be applied by the Second Lien Representative to the Second Lien Obligations.
- 3.7 If, after the issuance of a Notice of Event of Default that has not been rescinded in writing, any Secured Party receives any payment, benefit, Collateral or distribution, whether voluntary or involuntary, all or part of which payment, benefit, Collateral or distribution (the "Reallocable Payment") should have, by virtue of Section 3.3, Section 3.4 or Section 3.5, been paid to another Secured Party, then the applicable receiving Secured Party shall hold the Reallocable Payment received by it in trust for such other Secured Party (in the case of a payment received by the Second Lien Lenders or the Second Lien Representative, in trust for the First Lien Representative or in the case of receipt by the First Lien Lenders or the First Lien Representative, in trust for the Second Lien Representative) and shall forthwith notify and pay to such other Secured Party, in the form received with any necessary endorsement or assignment, the Reallocable Payment for application against the First Lien Obligations or the Second Lien Obligations, as applicable. For certainty, any Secured Party shall be liable for and shall hold in trust the Reallocable Payment only to the extent actually received.
- 3.8 The rights and priorities of the Secured Parties in connection with the Obligations are as set out in this Agreement and the Lien subordinations provided for herein shall apply in all events and circumstances, notwithstanding any other priorities which any Secured Party may have or to which it is or may become entitled by any reason whatsoever including, without limitation:
- (a) the time, sequence or order of creating, granting, executing, delivering or registering any security document or security notice, caveat, financing statement or other similar document under the First Lien Security or the Second Lien Security;
- (b) the date of any advance of funds made by a Secured Party under its Credit Facility;

- (c) the time or order of giving any notice or the making of any demand under either of the Credit Facilities or the attachment, perfection or crystallization of any Lien constituted by the First Lien Security or the Second Lien Security;
  - (d) the date of or the giving of any Notice of Event of Default or the failure to give such notice;
  - (e) the date of appointment of any interim-receiver, receiver or receiver-manager of a Debtor, or the exercise of any other collection, enforcement or realization rights or remedies, or the taking of any collection, enforcement or realization proceedings pursuant to a Credit Facility;
  - (f) the date of obtaining any judgment or the order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to any Property of a Debtor or the commencement of any Insolvency Proceeding;
  - (g) the giving or failure to give any notice, or the order of giving any notice to a Debtor, or any other person including, without limitation, any person indebted to a Debtor;
  - (h) the failure to exercise any power or remedy reserved to any Secured Party under its Credit Facility or Security or to insist upon a strict compliance with any of the terms thereof;
  - (i) any other factor of legal relevance including, without limitation, any priority granted to any Secured Party by any applicable principle of law or equity; or
  - (j) any amendments or other actions allowed under Section 8.1 and 8.2.
- 3.9 No Secured Party shall, by virtue of this Agreement, be required to perform and shall not be considered to have assumed any liability or obligation of any Debtor, or their respective predecessors, in respect of its Credit Facility.
- 3.10 Other than the Secured Parties or their successors or permitted assigns, no creditor of a Debtor, and no trustee in bankruptcy, receiver, interim-receiver, receiver-manager or monitor of a Debtor, and no other person shall be entitled to any benefit under this Agreement including, without limitation to claim any priority over any of the Secured Parties and this Agreement may not be relied upon by any other party or referenced in any proceeding or Insolvency Proceeding by any party not a signatory hereto other than as set forth herein.
- 3.11 Nothing contained in this Agreement is intended to or shall impair the Obligations, including, without limitation, the obligations of the Debtors to pay to each of the Secured Parties, the First Lien Obligations and the Second Lien Obligations, respectively, including the principal thereof and the interest thereon as and when the same shall become due and payable in accordance with their respective terms. Nothing contained in this Agreement is intended to or shall prevent the Secured Parties from exercising all remedies permitted by applicable law upon default under the terms of the First Lien Agreements and the Second Lien Agreements, respectively, subject to the priorities created by and the subordinations contained in this Agreement and subject to Article 5 and the other provisions of this Agreement.
- 3.12 Upon the reasonable request of the First Lien Representative, the Second Lien Representative shall file such financing change statements at the Alberta Personal Property Registry and make any other recordations or filings in any other registry or office in order to reflect the priorities set out in Section 3.4.
- 3.13 Notwithstanding any other term or condition hereof, the First Lien Representative shall have no obligation to the Second Lien Representative and the Second Lien Representative shall have no claim against any monies in any account of any Debtor maintained at the First Lien Representative or any monies deposited in or disbursed from any such account, except to the

extent of amounts deposited to such an account after the delivery by the Second Lien Representative to the First Lien Representative of a Notice of Event of Default and after the Discharge of the First Lien Obligations (provided however that the proceeds of any such account remain subject to the Second Priority Liens and the other provisions of this Article 3). Each Debtor authorizes the First Lien Representative to put any account of such Debtor on restraint upon and following the delivery of any Notice of Event of Default by any Secured Party.

#### ARTICLE 4 OTHER LIEN MATTERS/RIGHT TO PURCHASE FIRST LIEN OBLIGATIONS

- 4.1 Unless the First Lien Representative is concurrently taking action to effect a registration of a fixed charge and the Second Lien Representative is permitted to do so under the Second Lien Agreements, the Second Lien Representative shall not register any fixed charge against any petroleum and natural gas assets of any Debtor in respect of or as security for the Second Lien Obligations until 10 Business Days after it has given to the First Lien Representative written notice of its intention to register such fixed charge security, together with true copies of the registrable security proposed to be registered by it (including complete copies of the land schedules with all information required for registration of such fixed charge). Any fixed charge security registered in favour of the Second Lien Representative shall be subject to the Lien subordinations provided for in Section 3.4 and the other provisions of this Agreement.
- 4.2 Each of the Secured Parties, as the case may be, and the Debtors shall, at any time or times upon the reasonable request of the relevant Secured Party, promptly furnish to the other Secured Party true, correct and complete statements of the outstanding Obligations.
- 4.3 The Second Lien Representative and/or the Second Lien Lenders (or any of them) may, but shall not be obligated to, following the occurrence of (each a "Trigger Event"):
- (a) the Acceleration of the principal of the First Lien Obligations;
  - (b) termination of all commitments to lend and all obligations to issue or extend letters of credit or letters of guarantee under the First Lien Credit Agreement;
  - (c) an Enforcement Action by the First Lien Representative;
  - (d) the Disposition of all or substantially all of the First Lien Collateral that results in the release of the Liens of the First Lien Creditors thereon; or
  - (e) the commencement of an Insolvency Proceeding against any Debtor by any First Lien Creditor or the First Lien Representative on behalf of the First Lien Creditors,

and until 45 days (or such longer period as the First Lien Required Lenders may agree) after the Second Lien Representative has received notice from the First Lien Representative that a Trigger Event has occurred (which notice the First Lien Representative shall provide to the Second Lien Representative as soon as practicable in the circumstances following a Triggering Event), unconditionally and irrevocably purchase in full all (but not less than all) of the First Lien Obligations (but not principal in excess of the First Lien Cap Amount) at par (including, without limitation, any accrued and unpaid interest and fees thereon) (and for certainty, such First Lien Obligations will include (i) in respect of First Lien Swap Indebtedness owing to a Swap Lender, the net aggregate amount then owing to such Swap Lender under all Hedging Agreements between it and one or more of the Debtors (including without limitation all amounts owing to such Swap Lender as a result of the termination (or early termination) of any such Hedging Agreements) and (ii) in respect of any Cash Management Documents to which a First Lien Creditor is a counterparty, any Cash Management Obligations owing to such First Lien Creditor (including without limitation amounts owing thereunder as a result of the termination, or early termination, thereof)) and upon receipt in full of such payment (in immediately available funds) by the First Lien Representative and arrangements (including cash collateralization) reasonably satisfactory to the Issuing Banks with respect to any letters of credit or letters of guarantee, the

First Lien Representative and the First Lien Creditors shall irrevocably assign to the Second Lien Representative on behalf of the applicable Second Lien Lenders, free and clear of Liens, all of the rights of the First Lien Representative and the First Lien Creditors under and pursuant to each of the First Lien Credit Agreement and the First Lien Security on an "as is" basis, without representation or warranty (except for representations and warranties required to be made by assigned parties under the terms of the First Lien Credit Agreement) and without any recourse to or liability of the First Lien Representative or the First Lien Creditors, by assignment in form acceptable to the First Lien Representative and the Second Lien Representative; *provided*, that such assignment shall not conflict with any law, rule or regulation or order of any court or other governmental authority having jurisdiction and; *provided, further*, that each First Lien Creditor will retain all rights to indemnification provided by any Debtor in the relevant First Lien Agreements for all claims and other amounts relating to periods prior to the purchase of the First Lien Obligations pursuant to this Section 4.3. Nothing in this Agreement shall restrict the Second Lien Representative in the exercise of any rights under the Second Lien Note Indenture or the Second Lien Security for the purpose of exercising any rights under this Section 4.3. For clarity, the Second Lien Representative shall not be subrogated to, or be entitled to any assignment of any of the First Lien Obligations or of the First Lien Security until all First Lien Obligations, as identified in the First Lien Representative's notices set forth above, are irrevocably paid to the First Lien Representative in full in cash. The First Lien Representative shall promptly provide to the Second Lien Representative a statement of the outstanding First Lien Obligations following the receipt of a request from the Second Lien Representative in connection with an exercise of rights under this Section 4.3.

- 4.4 Each Debtor acknowledges and agrees that any payments or distributions in cash, property, or other assets received by the Second Lien Representative that are paid over to the First Lien Representative, whether pursuant to or by virtue of this Agreement, applicable law, or otherwise, shall not in any event reduce any of the Second Lien Obligations owing by any Debtor to the Second Lien Representative and the Second Lien Lenders (and each of them).
- 4.5 Each Debtor acknowledges and agrees that any payments or distributions in cash, property, or other assets received by the First Lien Representative that are paid over to the Second Lien Representative, whether pursuant to or by virtue of this Agreement, applicable laws or otherwise, shall not in any event reduce any of the First Lien Obligations owing by any Debtor to the First Lien Representative and the First Lien Creditors (and each of them).

#### ARTICLE 5 STANDSTILL AND RELEASE

##### 5.1

- (a) The Second Lien Representative and Second Lien Lenders shall not take any Enforcement Action under the Second Lien Security, including, without limitation, initiate or commence an Insolvency Proceeding (or consent to or support any other person in taking any such actions) (the "Restricted Rights") until (the "Standstill Period") at least 180 days after the date the Second Lien Representative has given to the First Lien Representative a written notice of the occurrence of an Event of Default under and as defined in the Second Lien Note Indenture, that repayment of all of the Second Lien Obligations has been Accelerated and that the Second Lien Lenders are seeking to enforce, exercise, institute or commence (as the case may be) Restricted Rights; *provided* that, notwithstanding anything herein to the contrary, in no event shall any Second Lien Lender or the Second Lien Representative be entitled to enforce or exercise any Restricted Rights if, notwithstanding the expiration of the Standstill Period, the First Lien Creditors or the First Lien Representative on behalf of the First Lien Creditors: (i) shall have commenced and be diligently pursuing the exercise of their rights or remedies with respect to all or substantially all of the First Lien Collateral; or (ii) are stayed or otherwise precluded from pursuing the rights or remedies referred to in Subsection 5.1(a)(i) pursuant to applicable laws or Insolvency Proceedings (including pursuant to any order made in connection therewith).

- (b) Notwithstanding Section 5.1(a), the Second Lien Lenders may at any time:
- (i) accelerate the Second Lien Obligations in accordance with the Second Lien Agreements;
  - (ii) file any proof of claim with respect to the Second Lien Obligations in an Insolvency Proceeding (provided that such proof of claim shall not include a claim to priority that is equal to or in priority to the First Lien Obligations, other than in respect of principal amounts under the First Lien Credit Agreement which exceed the First Lien Cap Amount);
  - (iii) take any action in order to perfect the Second Lien Security against the Second Lien Collateral;
  - (iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of any Second Lien Lender, including any claims secured by the Second Lien Collateral, if any;
  - (v) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Debtors arising under any insolvency law or other applicable law, so long as (i) no Restricted Rights are commenced or exercised; and (ii) no action or proceeding for enforcement, realization, foreclosure, collection, seizure, garnishment or execution (in respect of the Collateral and, for certainty, whether as a secured or an unsecured creditor) is instituted or commenced;
  - (vi) exercise any of their rights or remedies with respect to the Collateral after the termination of the Standstill Period to the extent permitted by Section 5.1(a);
  - (vii) impose the default rate of interest;
  - (viii) receive any payment or distribution under or pursuant to a plan of reorganization, plan of arrangement or similar dispositive restructuring plan which has been confirmed pursuant to a final, non-appealable order in a case under any Insolvency Proceeding; but, in any case, such payments and distributions shall remain subject to the terms of this Agreement;
  - (ix) inspect or appraise the Collateral or perform a valuation of the Debtors' business (and to engage or retain investment bankers, consulting firms or appraisers for the purpose of appraising or valuing the Collateral or performing a valuation of the business), or to receive information or reports concerning the Collateral;
  - (x) take any action to the extent necessary to prevent the running of any applicable statute of limitation or similar restriction on claims, or to assert a compulsory cross claim or counterclaim against any debtor; or
  - (xi) vote on any plan of reorganization, arrangement, compromise or liquidation;

in each case, to the extent, but only to the extent, that any of the foregoing:

- (i) is in compliance with and does not contravene the other provisions of this Agreement; and
- (ii) does not adversely affect the validity or enforceability of the First Lien Security or the priority thereof, or any of the First Lien Creditors' entitlements to the First Lien Obligations.

- (c) In any Insolvency Proceeding, the Second Lien Lenders, or the Second Lien Representative on their behalf, shall not propose, approve or support any application, motion, request for relief, proposal or plan of compromise, arrangement or reorganization which: (i) is inconsistent with the priorities and ranking of Liens contained herein or the other provisions hereof; or (ii) in the case of a proposal or plan, does not contemplate and provide for the Discharge of the First Lien Obligations in cash, unless previously approved in writing by all of the First Lien Creditors or at any time after the Discharge of the First Lien Obligations.
- 5.2 (a) Unless and until the Discharge of the First Lien Obligations shall have occurred, the Second Lien Representative agrees to, at the expense of the Debtors, release or otherwise terminate any Lien the Second Lien Representative may have or hold, under the Second Lien Security or otherwise, in and upon the Property of a Debtor which may be sold or otherwise disposed of either by the First Lien Representative, or its receiver, interim-receiver, receiver-manager or agent pursuant to the enforcement of the First Lien Credit Agreement or First Lien Security or in an Insolvency Proceeding immediately upon the First Lien Representative, its receiver, interim-receiver, receiver-manager or agent's written notice that the Property of a Debtor will be Disposed of, and to immediately deliver registrable discharges and releases and such other documents as the First Lien Representative or its receiver, interim-receiver, receiver-manager or agent may reasonably require in connection therewith. For certainty, the Second Lien Security will continue in the proceeds of any sale, subject to the priorities set out herein and other terms of this Agreement.
- (b) After the Discharge of the First Lien Obligations, the First Lien Representative agrees to, at the expense of the Debtors, release or otherwise terminate any Lien the First Lien Representative may have or hold, under the First Lien Security, in and upon the Property of a Debtor which may be Disposed of either by the Second Lien Representative, or its receiver, interim-receiver, receiver-manager or agent pursuant to the enforcement of the Second Lien Note Indenture or the Second Lien Security, or in an Insolvency Proceeding, immediately upon the Second Lien Representative, its receiver, interim-receiver, receiver-manager or agent's written notice that such Property will be Disposed of, and to immediately deliver registrable discharges and releases and such other documents as the Second Lien Representative or its receiver, receiver-manager or agent may reasonably require in connection therewith.
- 5.3 If, after the occurrence of an Enforcement Action, the First Lien Representative, for itself and on behalf of the First Lien Creditors, (i) releases any of the First Priority Liens on Collateral, or (ii) releases any Debtor from its obligations under its guarantee of the First Lien Obligations (in each case, a "Release"), other than any such Release granted after the occurrence of the Discharge of First Lien Obligations, then the Second Priority Liens on such Collateral, and the obligations of such Debtor under its guarantee of the Second Lien Obligations, shall be automatically, unconditionally and simultaneously released, and the Second Lien Representative shall, for itself and on behalf of the Second Lien Lenders, promptly execute and deliver to the First Lien Representative or such Debtor such financing change statements, discharges, termination statements, releases and other documents as the First Lien Representative or the relevant Debtor may reasonably request to effectively confirm such Release, all at the expense of the Debtors; *provided that*, (A) in the case of a Disposition of Collateral (other than any such Disposition in connection with an Enforcement Action taken in connection with the First Lien Obligations with respect to the Collateral), the Second Priority Liens shall not be so released if such Disposition is not permitted under the terms of the Second Lien Note Indenture (other than solely as the result of the existence of a default or event of default under the Second Lien Agreements or the Second Lien Security), and (B) any proceeds received from such Disposition in connection with an Enforcement Action taken in connection with the First Lien Obligations with respect to the Collateral shall be applied by the First Lien Representative to the First Lien Obligations until a Discharge of the First Lien Obligations has occurred with any excess being delivered to the Second Lien Representative as contemplated herein.
- 5.4 So long as the Discharge of First Lien Obligations has not occurred, the First Lien Representative and the First Lien Creditors shall have the exclusive right, subject to the rights of the Debtors



under the First Lien Security, to settle and adjust claims in respect of Collateral under policies of insurance covering Collateral and to approve any award granted in any condemnation or similar proceeding, or any deed in lieu of condemnation, in respect of the Collateral. All proceeds of any such policy and any such award, or any payments with respect to a deed in lieu of condemnation, shall (a) first, prior to the Discharge of First Lien Obligations and subject to the rights of the Debtors under the First Lien Agreements, be paid to the First Lien Representative ( in the case of principal, up to the First Lien Cap Amount) for the benefit of the First Lien Creditors pursuant to the terms of the First Lien Agreements, (b) second, after the Discharge of First Lien Obligations and subject to the rights of the Debtors under the Second Lien Agreements, be paid to the Second Lien Representative for the benefit of the Second Lien Lenders pursuant to the terms of the Second Lien Agreements, (c) third, to the First Lien Representative if any First Lien Obligations remain outstanding, and (d) fourth, if no Second Lien Obligations are outstanding, be paid to the owner of the subject Property, such other person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. Until the Discharge of First Lien Obligations has occurred, if the Second Lien Representative or any other Second Lien Lender shall, at any time, receive any proceeds of any such insurance policy or any such award or payment, it shall transfer and pay over such proceeds to the First Lien Representative in accordance with Section 3.7.

## ARTICLE 6 REALIZATION; DIP FINANCING

- 6.1 The Secured Parties agree that, in the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the Property of any Debtor by reason of any liquidation, dissolution or other winding-up of such Debtor's business, or any sale, receivership, insolvency or bankruptcy proceedings, or assignment for the benefit of creditors, or any other Insolvency Proceeding, or any proceeding by or against any Debtor for any relief under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extensions, then and in every such event, all proceeds or distributions of any kind or character, either in cash, securities or other property received in respect of the Collateral shall be received subject to the terms of this Agreement and any such payments or distributions received by any Secured Party upon or in respect of the debt or security of the other shall be received in trust for the other and shall be segregated and forthwith remitted to the other in the same form as so received.
- 6.2 The Second Lien Representative, for itself and on behalf of the Second Lien Lenders, agrees that it and the Second Lien Lenders will not (a) raise any objection to, or support any objection to or otherwise contest, any lawful exercise by any First Lien Creditor of the right to credit bid the First Lien Obligations in any Insolvency Proceeding or at any sale in foreclosure, power of sale or other enforcement action or proceeding resulting in a sale of any First Lien Collateral, or (b) seek consultation rights in connection with, and will raise no objection or oppose or contest (or join with or support any third party objecting, opposing or contesting), a motion to sell, liquidate or otherwise Dispose of Collateral in any Insolvency Proceeding if the requisite First Lien Required Lenders have consented to such sale, liquidation or other Disposition. The First Lien Representative, for itself and on behalf of the First Lien Lenders, agrees that it and the First Lien Lenders will not raise any objection to, or support any objection to or otherwise contest, any lawful exercise by any Second Lien Creditor of the right to credit bid the Second Lien Obligations in any Insolvency Proceeding or at any sale in foreclosure, power of sale or other enforcement action or proceeding resulting in a sale of any Second Lien Collateral so long as such credit bid contemplates and provides for the unconditional Discharge of First Lien Obligations in cash prior to or concurrently with the closing of any such transaction.
- 6.3 No Secured Party shall at any time challenge, dispute or contest the validity or enforceability of the First Lien Agreements or First Lien Security or the Second Lien Agreements or Second Lien Security nor the priorities applicable to the First Lien Security or the Second Lien Security as provided for herein, nor shall either of the First Lien Representative or the Second Lien Representative take any action whereby the priorities hereby established may be defeated.

- 6.4 Neither the First Lien Representative nor the Second Lien Representative shall be prejudiced in its rights hereunder by any act or failure to act of any Debtor, or any noncompliance any Debtor with any agreement or obligation, regardless of any knowledge thereof which either the First Lien Representative or the Second Lien Representative may have or with which either the First Lien Representative or the Second Lien Representative may be charged, and no action of the First Lien Representative or the Second Lien Representative permitted hereunder shall in any way affect or impair their rights and obligations hereunder.
- 6.5 The parties hereto agree that regardless of whether any claim is allowed or allowable, and without limiting the generality of the other provisions of this Agreement, this Agreement entitles each First Lien Creditor, and is intended to provide each First Lien Creditor with the right to receive, in respect of their First Lien Obligations, payment from the Collateral (up to the First Lien Cap Amount in the case of principal under the First Lien Credit Agreement) of all claims through distributions made therefrom pursuant to the provisions of this Agreement even though any such claims are not allowed or allowable against the Debtors under any applicable law. The Second Lien Representative, for and on behalf of the Second Lien Lenders, shall direct any Second Lien Lender, trustee, trustee in bankruptcy, receiver, interim-receiver, receiver-manager or similar person, subject to Sections 3.4 and 3.5, to pay and distribute over any distributions or payments in respect of the Collateral or proceeds thereof received (whether or not expressly characterized as such) by any of them in respect of the claims of the Second Lien Lenders to the First Lien Creditors until the Discharge of First Lien Obligations and Section 3.7 shall apply, *mutatis mutandis*. To further effectuate the intent of the parties as provided in the immediately preceding sentences, to the extent that any Insolvency Proceeding involving the Debtors is commenced, whether ancillary or plenary, until the Discharge of First Lien Obligations has occurred, the Second Lien Representative, for and on behalf of the Second Lien Lenders, agrees that it will only vote any of its claims and the claims of the Second Lien Lenders against the Debtors in favour of a plan of reorganization, arrangement, compromise or liquidation in any Insolvency Proceeding (x) that provides for the Discharge of First Lien Obligations, or (y) with respect to which the Second Lien Representative has received written notice from the First Lien Representative acknowledging the First Lien Creditors' support of such plan of reorganization, arrangement, compromise or liquidation in any Insolvency Proceeding.
- 6.6 In the event of an Insolvency Proceeding regarding any Debtor, whether voluntary or involuntary, neither the Second Lien Representative nor any Second Lien Lender shall propose or agree to provide any debtor in possession financing (a "DIP Financing") which is secured by a charge or other Lien that ranks in priority to or *pari passu* with the First Lien Security. If any Debtor obtains DIP Financing from any First Lien Lenders or other DIP Financing that is consented to by the First Lien Lenders, then the Second Lien Representative agrees it will: (a) subordinate the Second Priority Liens to: (i) the Liens securing any DIP Financing that satisfies the conditions contained in paragraph (b) of this Section 6.6, and (ii) any administrative or other court-ordered charges (provided that the amounts secured by all such charges, when taken together with the aggregate principal amount of the DIP Financing and the pre-petition amount of First Lien Obligations will not exceed the First Lien Cap Amount plus an amount equal to 15% of the aggregate principal amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding), and (b) not contest or raise any objection to the DIP Financing; provided that, in the case of this clause (b): (i) the maximum aggregate principal amount of the DIP Financing, when taken together with the aggregate principal amount of outstanding pre-petition First Lien Obligations and any administrative or other court-ordered charges that will not be repaid by such DIP Financing, does not exceed the First Lien Cap Amount plus an amount equal to 15% of the aggregate principal amount of First Lien Obligations outstanding immediately prior to the commencement of such Insolvency Proceeding, (ii) the Second Lien Representative retains a Lien on the Second Lien Collateral (including proceeds thereof arising after the commencement of such Insolvency Proceeding) with the same priority as existed prior to the commencement of such Insolvency Proceeding, but subject to the Liens securing any DIP Financing and any administrative or other court-ordered charges, (iii) if the DIP Financing is provided by the First Lien Representative by way of an amendment to the First Lien Agreements, the DIP Financing shall be subject to Section 8.1, (iv) the DIP Financing does not compel the Debtor to seek confirmation of a specific plan of reorganization for which all or substantially all of the material

terms are set forth in the DIP Financing documentation or a related document, and (v) the DIP Financing documentation or cash collateral order does not expressly require the sale or other liquidation of the Collateral prior to a default under the DIP Financing documentation or cash collateral order.

#### ARTICLE 7 SUBSIDIARIES

- 7.1 In the event the Borrower forms or acquires any subsidiary, the Borrower shall cause such subsidiary to provide the First Lien Security (such subsidiary being a "Guarantor") to the First Lien Representative and the Second Lien Security to the Second Lien Representative in accordance with the requirements of the First Lien Credit Agreement and the Second Lien Note Indenture, respectively. The terms of this Agreement shall apply *mutatis mutandis* to such security.

#### ARTICLE 8 OTHER AGREEMENTS; RESTRICTIONS ON AMENDMENTS

- 8.1 The First Lien Agreements may be amended, restated, supplemented or otherwise modified in accordance with their terms, and Refinancing Indebtedness in respect of the First Lien Obligations may be incurred, in each case, without the consent of the Second Lien Representative or any Second Lien Lender; *provided, however*, that (a) without the requisite consent of the Second Lien Lenders if and as provided for in the Second Lien Note Indenture, no such amendment, restatement, supplement, modification or Refinancing (or successive amendments, restatements, supplements, modifications or Refinancings) shall contravene any provision of this Agreement, and (b) nothing in this Section 8.1 shall constitute a waiver by the Second Lien Lenders of any default or event of default under the Second Lien Agreements resulting from such action. The Second Lien Representative further acknowledges that, (a) the First Lien Obligations are revolving in nature, and (b) the amount thereof that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed.
- 8.2 The Second Lien Agreements may be amended, restated, supplemented or otherwise modified in accordance with their terms, and Refinancing Indebtedness in respect of the Second Lien Obligations may be incurred, in each case, without the consent of the First Lien Representative or any First Lien Lender; *provided, however*, that (a) without the requisite consent of the First Lien Lenders if and as provided for in the First Lien Credit Agreement, no such amendment, restatement, supplement, modification or Refinancing (or successive amendments, restatements, supplements, modifications or Refinancings) shall contravene any provision of this Agreement, and (b) nothing in this Section 8.2 shall constitute a waiver by the First Lien Lenders of any default or event of default under the First Lien Agreements resulting from such action. The parties hereto acknowledge that as of the date hereof the First Lien Credit Agreement contains restrictions on the Borrower's ability to amend, restate, supplement or otherwise modify the Second Lien Agreements or incur Refinancing Indebtedness in respect thereof.
- 8.3 Each of the Debtors and the Second Lien Representative agrees that all Second Lien Security covering any Collateral shall contain such language as the First Lien Representative may reasonably request to reflect the subordination of such Second Lien Security to the First Lien Security covering such Collateral pursuant to this Agreement.
- 8.4 If (a) the Borrower Refinances the First Lien Obligations (including an increase thereof or any other change to the terms thereof to the extent permitted by Section 8.1 and, in any case, up to the First Lien Cap Amount), (b) such Refinancing (including any increase up to the First Lien Cap Amount) is permitted hereby and the Second Lien Note Indenture, and (c) the Borrower gives to the Second Lien Representative written notice (the "Refinancing Notice") electing the application of the provisions of this Section 8.4 to such Refinancing Indebtedness, then (i) such Discharge of First Lien Obligations shall automatically be deemed not to have occurred for all purposes of this Agreement, (ii) such Refinancing Indebtedness and all other obligations under the loan documents evidencing such indebtedness (the "New First Lien Obligations") shall automatically be treated as First Lien Obligations for all purposes of this Agreement, including for purposes of

the Lien priorities and rights in respect of Collateral set forth herein, (iii) the credit agreement and the other loan documents evidencing such Refinancing Indebtedness (the "New First Lien Agreements") shall automatically be treated as the First Lien Credit Agreement and the First Lien Agreements and, in the case of New First Lien Agreements that are security documents, as the First Lien Security for all purposes of this Agreement, (iv) the administrative agent under the New First Lien Agreements (the "New First Lien Representative") shall be deemed to be the First Lien Representative for all purposes of this Agreement, and (v) the lenders under the New First Lien Agreements shall be deemed to be the First Lien Lenders for all purposes of this Agreement. Upon receipt of a Refinancing Notice, which notice shall include the identity of the New First Lien Representative, the Second Lien Representative and the New First Lien Representative shall promptly enter into such documents and agreements (including amendments or supplements to this Agreement) as the Borrower, the Second Lien Representative or such New First Lien Representative may reasonably request in order to provide to the New First Lien Representative the rights and powers contemplated hereby and for it to be bound the obligations contemplated hereby, in each case consistent with the terms of this Agreement, all at the expense of the Debtors. The Borrower shall cause the agreement, document or instrument pursuant to which the New First Lien Representative is appointed to provide that the New First Lien Representative agrees to be bound by the terms of this Agreement. In furtherance of Section 3.3, if the New First Lien Obligations are secured by Property that does not constitute Second Lien Collateral, the Borrower shall promptly grant, or cause to be granted, a Second Priority Lien on such Property to secure the Second Lien Obligations.

- 8.5 If (a) the Borrower Refinances the Second Lien Obligations (including an increase thereof or any other change to the terms thereof to the extent permitted by Section 8.2), (b) such Refinancing (including any increase) is permitted hereby and the First Lien Credit Agreement, and (c) the Borrower gives to the First Lien Representative written notice (the "**Second Lien Refinancing Notice**") electing the application of the provisions of this Section 8.5 to such Refinancing Indebtedness, then (i) such Refinancing Indebtedness and all other obligations under the loan documents evidencing such indebtedness (the "**New Second Lien Obligations**") shall automatically be treated as Second Lien Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Collateral set forth herein, (ii) the credit agreement and the other loan documents evidencing such Refinancing Indebtedness (the "**New Second Lien Agreements**") shall automatically be treated as the Second Lien Note Indenture and the Second Lien Agreements and, in the case of New Second Lien Agreements that are security documents, as the Second Lien Security for all purposes of this Agreement, (iv) the administrative agent or trustee under the New Second Lien Agreements (the "**New Second Lien Representative**") shall be deemed to be the Second Lien Representative for all purposes of this Agreement, and (v) the lenders under the New Second Lien Agreements shall be deemed to be the Second Lien Lenders for all purposes of this Agreement. Upon receipt of a Second Lien Refinancing Notice, which notice shall include the identity of the New Second Lien Representative, the First Lien Representative or such New Second Lien Representative shall promptly enter into such documents and agreements (including amendments or supplements to this Agreement) as the Borrower, the First Lien Representative or such New Second Lien Representative may reasonably request in order to provide to the New Second Lien Representative the rights and powers contemplated hereby and for it to be bound the obligations contemplated hereby, in each case consistent with the terms of this Agreement, all at the expense of the Debtors. The Borrower shall cause the agreement, document or instrument pursuant to which the New Second Lien Representative is appointed to provide that the New Second Lien Representative agrees to be bound by the terms of this Agreement. In furtherance of Section 3.3, if the New Second Lien Obligations are secured by Property that does not constitute First Lien Collateral, the Borrower shall promptly grant, or cause to be granted, a First Priority Lien on such Property to secure the First Lien Obligations.

#### ARTICLE 9 MISCELLANEOUS

- 9.1 Any notice required or permitted to be made under this Agreement may be served personally at or by facsimile mail or other electronic means to the applicable addresses stated below. Any notice given shall be deemed to have been received on actual receipt.

(a) If to the First Lien Representative:

The Toronto-Dominion Bank  
TD Bank Tower  
66 Wellington Street West  
25th Floor  
Toronto, Ontario M5K 1A2

Attention: Vice President, Loan Syndications-Agency  
Fax No. (416) 944-6976

(b) If to the Second Lien Representative:

Computershare Trust Company of Canada  
510 Burrard St, 3<sup>rd</sup> Floor  
Vancouver, British Columbia V6C 3B9

Attention: General Manager, Corporate Trust  
Fax No.: (604) 661-9403

(c) If to the Borrower or any other Debtor:

Lightstream Resources Ltd.  
2800, 525 - 8 Avenue SW  
Calgary, Alberta T2P 1G1

Attention: Senior Vice President and Chief Financial Officer  
Fax No. (403) 218-6075

- 9.2 Each of the Secured Parties shall, at the expense of the Borrower, execute such additional documents and instruments, in registrable form where required, and do such further acts or things as may be reasonably necessary to give full force and effect to the intent of this Agreement.
- 9.3 No Secured Party shall sell, transfer, pledge, assign or otherwise dispose of or encumber or subordinate (collectively, as used herein, an "assignee") the Liens created under the First Lien Security or the Second Lien Security, as the case may be, without first causing the assignee thereof to execute a counterpart of this Agreement in favour of the other Secured Party (unless the First Lien Representative or Second Lien Representative, as applicable, already has the authority to bind any such assignee) and to which the other Secured Party shall have privity of contract whereby such assignee shall agree to be bound by the terms hereof to the same extent as if it had been an original party hereto.
- 9.4 This Agreement shall enure to the benefit of and be binding upon the Secured Parties and their respective successors and assigns.
- 9.5 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the Province of Alberta for all disputes under or in connection with this Agreement.
- 9.6 Nothing in this Agreement and no action taken by the First Lien Representative or the Second Lien Representative pursuant hereto is intended to constitute or shall be deemed to constitute the First Lien Representative and the Second Lien Representative as a partnership, joint venture, association or other similar type entity.
- 9.7 The Borrower hereby acknowledges and agrees that this Agreement shall not modify, relieve or release it from any of its Obligations. Additionally, each Debtor acknowledges and agrees that:

- (a) it authorizes the First Lien Representative and the Second Lien Representative to share with each other any information possessed by them relating to the First Lien Obligations, the Second Lien Obligations, the First Lien Agreements or the Second Lien Agreements;
  - (b) it consents to the terms of this Agreement and agrees to comply with, and to not act contrary to, the terms of this Agreement;
  - (c) it is party hereto solely for the purpose of providing the acknowledgements and agreements set forth herein and does not, and is not intended to, derive any benefits hereunder except in respect of the consents contained herein;
  - (d) this Agreement, other than this Section 9.7, may be amended by the First Lien Representative and the Second Lien Representative at any time without the concurrence of any Debtor provided however that no such amendment shall, unless the Borrower is a party thereto, impose any obligation on any Debtor over and above those obligations of the Debtors contained herein nor shall any such amendment relieve the First Lien Representative or the Second Lien Representative from providing any notice to the Borrower which is stipulated herein; and
  - (e) the failure of a Debtor to pay or perform any obligations or covenant owed to a Secured Party, whether caused by or resulting from the compliance by the Debtor with this Agreement, or otherwise, shall nevertheless constitute a default under any applicable First Lien Agreement or Second Lien Agreement.
- 9.8 This Agreement shall remain in effect so long as both the First Lien Obligations and the Second Obligations are outstanding. For greater certainty, subject to Sections 8.4 and 8.5, as and when either the First Lien Obligations or the Second Lien Obligations are terminated, all obligations of the First Lien Representative, the Second Lien Representative and the Debtors hereunder shall also terminate; provided however that this Agreement, including the subordination provisions hereof, will be reinstated if at any time any payment or distribution in respect of any of the First Lien Obligations or Second Lien Obligations, as applicable, is rescinded or must otherwise be returned in an Insolvency Proceeding or otherwise by any of the applicable Secured Parties or any representative of any such Secured Party (whether by demand, settlement, litigation or otherwise).
- 9.9 The provisions of this Agreement shall govern notwithstanding the terms of the First Lien Agreements, the Second Lien Agreements, the First Lien Security and the Second Lien Security (including any provision in such documents which is in conflict with any provision hereof) and whether or not any Insolvency Proceedings shall have commenced against the any Debtor.
- 9.10 The Borrower shall pay all reasonable legal fees and disbursements incurred by the First Lien Representative and the Second Lien Representative in connection with this Agreement and the matters dealt with herein (and such amounts shall be deemed to be First Lien Obligations or Second Lien Obligations, as applicable).
- 9.11 If any one or more of the provisions contained in this Agreement is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.
- 9.12 This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall be construed together as one agreement, and the execution and delivery of counterparts of this Agreement by facsimile or other electronic transmission (including PDF format) by any party shall be binding on all parties.

[Signature pages follow]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

THE TORONTO-DOMINION BANK, as First  
Lien Representative

Per: \_\_\_\_\_

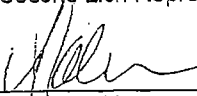
Name:  
Title:

  
Feroz Haq  
Director, Loans Syndications - Agency

Per: \_\_\_\_\_

Name:  
Title:

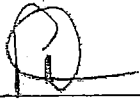
COMPUTERSHARE TRUST COMPANY OF  
CANADA, as Second Lien Representative

Per:   
Name: **Alice Kollen**  
Title: **Corporate Trust Officer**

Per:   
Name: **Nicole Clement**  
Title: **General Manager**



LIGHTSTREAM RESOURCES LTD., as  
Borrower

Per:  \_\_\_\_\_


Name: **Peter D. Scott**  
Title: **Senior Vice President & CFO**

Per: \_\_\_\_\_

Name:  
Title:

1863359 ALBERTA LTD., as Guarantor

Per: \_\_\_\_\_

  
Name: **Peter D. Scott**  
Title: **Senior Vice President & CFO**

Per: \_\_\_\_\_

Name:  
Title:

1863360 ALBERTA LTD., as Guarantor

Per: \_\_\_\_\_

  
Name: Peter D. Scott  
Title: Senior Vice President & CFO

Per: \_\_\_\_\_

Name:  
Title:

LTS RESOURCES PARTNERSHIP, by its  
managing partner, LIGHTSTREAM  
RESOURCES LTD., as Guarantor

Per: 

Name: Peter D. Scott  
Title: Senior Vice President & CFO

Per: \_\_\_\_\_

Name:  
Title:

BAKKEN RESOURCES PARTNERSHIP, by  
its managing partner, LIGHTSTREAM  
RESOURCES LTD., as Guarantor

Per: 

Name: Peter D. Scott  
Title: Senior Vice President & CFO

Per: \_\_\_\_\_

Name:  
Title: