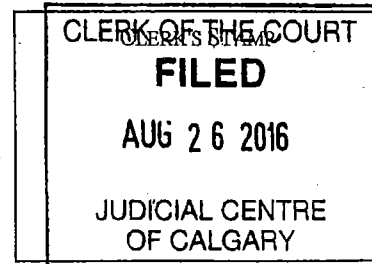


FORM 49
[RULE 13.19]



COURT FILE NUMBER 1601 - 08725

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

DOCUMENT AFFIDAVIT

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

BLAKE, CASSELS & GRAYDON LLP
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AFFIDAVIT OF PETER D. SCOTT

Sworn on August 26, 2016

I, Peter D. Scott, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the Senior Vice President and Chief Financial Officer of Lightstream Resources Ltd. ("LTS") and a director of 817158 Canada Ltd. ("ArrangeCo" and together, the "Applicants"). As such, I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information, in which case I believe the same to be true.

2. I have previously sworn two Affidavits in these proceedings, on July 12, 2016, in connection with an originating application for a preliminary interim order (the "**Preliminary Interim Order Affidavit**"), which preliminary interim order was granted by the Court of Queen's Bench of Alberta (the "**Court**") on July 13, 2016, (the "**Preliminary Interim Order**"), and on July 28, 2016, in connection with an application for an interim order (the "**Interim Order Affidavit**"), which interim order was granted by the Court on August 5, 2016 (the "**Interim Order**"). A copy of the Preliminary Interim Order Affidavit and the Interim Order Affidavit, without Exhibits, are attached hereto as Exhibits "A" and "B", respectively. A copy of the Preliminary Interim Order and the Interim Order are attached hereto as Exhibits "C" and "D", respectively.
3. The Applicants bring this application for certain minor amendments to the Interim Order so as to provide the Applicants with additional time to negotiate with certain stakeholders prior to calling and conducting the Noteholders' Meetings and the Shareholders' Meeting (collectively, the "**Meetings**").
4. Capitalized terms used in this Affidavit but not otherwise defined herein have the meaning ascribed to them in the Interim Order or the Interim Order Affidavit.
5. For further information on the Arrangement and the Recapitalization, please refer to the Preliminary Interim Order Affidavit and the Interim Order Affidavit.

I. RELIEF REQUESTED

6. This Affidavit is made in support of an application by the Applicants to amend the Interim Order by adjusting certain date requirements therein as follows:
 - (a) setting the date for the Meetings to September 30, 2016 (from September 13, 2016);
 - (b) setting the Noteholders Record Date and the Shareholders Record Date to September 6, 2016 (from August 5, 2016);
 - (c) setting the proxy deposit date to September 28, 2016 (from September 9, 2016);

- (d) setting the date for the application for a Final Order to October 5, 2016 (from September 20, 2016);
- (e) extending the Stay Period referenced in paragraph 58 of the Interim Order to October 15, 2016 (from September 30, 2016); and
- (f) such other ancillary changes as are necessary to effect the amendments noted above.

II. NEED FOR RELIEF

- 7. The Interim Order provides certain dates upon which the Applicants are to, among other things, call and conduct the Meetings and bring an application for the Final Order approving the Arrangement (provided that the necessary votes in favour of the Arrangement are received at the Meetings).
- 8. In an effort to obtain consensus, LTS continues to negotiate in good faith with its stakeholders, including the *Ad Hoc* Committee of Secured Noteholders, the First Lien Lenders and certain Unsecured Noteholders and requires additional time to advance these negotiations prior to calling and conducting the Meetings.

A. The Support Agreement

- 9. On July 12, 2016, the members of the *Ad Hoc* Committee of Secured Noteholders entered into a restructuring support agreement (the "**Support Agreement**") with LTS, pursuant to which the parties have agreed to pursue the Recapitalization.
- 10. The Support Agreement set out various milestones for LTS in connection with the implementation of the Recapitalization, some of which were not satisfied by the required time. As a result, the Applicants entered into an amended and restated support agreement (the "**Amended and Restated Support Agreement**") with members of the *Ad Hoc* Committee of Secured Noteholders on August 26, 2016. A redacted copy of the Amended and Restated Support Agreement is attached hereto as Exhibit "E".

11. In addition to confirming the waiver of certain requirements under the initial Support Agreement that had not been satisfied, the Amended and Restated Support Agreement requires, among other things, that: (i) LTS reach an acceptable settlement of the Actions by September 16, 2016; (ii) the Meetings be conducted on or before September 30, 2016; and (iii) the Arrangement receive Court approval on or before October 7, 2016.
12. Should LTS fail to comply with the above milestones, the Amended and Restated Support Agreement provides that LTS, with the consent of the *Ad Hoc* Committee of Secured Noteholders, shall take all necessary steps to commence proceedings under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "CCAA") and seek an initial order under the CCAA, in form and substance satisfactory to the *Ad Hoc* Committee of Secured Noteholders, for the purposes of implementing a transaction under the CCAA in respect of all or substantially all of LTS' business and assets.

B. The Replacement Credit Facility and Forbearance Agreement

13. LTS has received a commitment letter from certain lenders (the "**Replacement Facility Lenders**") to provide new revolving credit facilities totaling \$400 million (the "**Replacement Credit Facility**") to LTS to replace the existing Credit Facility upon implementation of the Recapitalization.
14. The commitment letter and term sheet for the Replacement Credit Facility provide for, among other things, the Replacement Credit Facility being comprised of a \$370 million syndicated facility and a \$30 million operating facility to be used for general corporate purposes.
15. LTS' forbearance agreement with the First Lien Lenders, under which the First Lien Lenders agreed to forbear from exercising their enforcement rights and remedies arising on account of defaults under the existing Credit Facility, has expired.
16. While there is no forbearance agreement currently in place, the First Lien Lenders have not indicated that they have any immediate intention to exercise any enforcement rights in respect of LTS' existing Credit Facility. LTS is in ongoing discussions with the First Lien Lenders with respect to their further forbearance.

C. The Actions

17. As set out in the Preliminary Interim Order Affidavit and the Interim Order Affidavit, holders of certain Unsecured Notes have commenced the Actions in the Court of Queen's Bench of Alberta claiming oppression, misrepresentation and breach of contract in connection with the Second Lien Notes Transaction (as defined in the Preliminary Interim Order Affidavit).
18. LTS continues to negotiate with the plaintiffs in the Actions with a view to reaching a consensual resolution of that litigation. It has become apparent that additional time is required to allow for those negotiations to have a greater chance of success, which necessitates extending certain dates in the Interim Order.

D. Notice Requirements

19. To provide sufficient notice of the Meetings to the Noteholders and Shareholders, the Applicants require an extension to the date for the Meetings currently provided for in the Interim Order.
20. LTS has updated the Information Circular to reflect the dates set out in the proposed Amended Interim Order and to reflect the terms and status of the Replacement Credit Facility and Amended and Restated Support Agreement. A copy of the Information Circular blacklined to the version attached as Exhibit "B" to the Interim Order Affidavit is attached hereto as Exhibit "F".

E. Stay Period

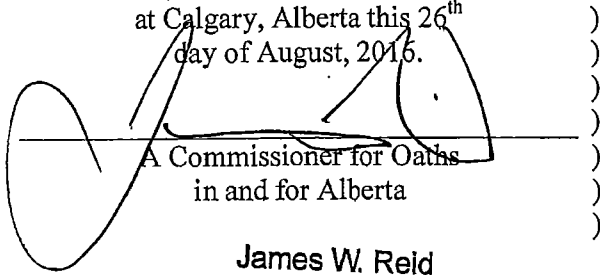
21. As set out in the Preliminary Interim Order Affidavit and the Interim Order Affidavit, the Stay Period is necessary to maintain the *status quo* and to provide the Applicants with the required stability to pursue the Arrangement, and provided the requisite approvals are obtained, bring an application for a Final Order.
22. The Stay Period as currently provided for in the Interim Order expires prior to the time the Applicants propose to bring an application for a Final Order.

- 23. The proposed Amended Interim Order extends the Stay Period to October 15, 2016, which will ensure the stay of proceedings is in place through the completion of the Meetings and any hearing for a Final Order.
- 24. As described in the Preliminary Interim Order Affidavit and the Interim order Affidavit, in determining the scope of the stay of proceedings, the Applicants have been careful to minimize the impact on, and material prejudice to, affected parties to no more than is necessary to achieve the objectives of the Arrangement.

III. CONCLUSION


- 25. For the forgoing reasons, the Applicants require that the Interim Order be amended to allow the Applicants to proceed with their proposed Arrangement and Recapitalization.
- 26. I swear this Affidavit in support of an application for the relief set out in paragraph 6 of this Affidavit.

SWORN (OR AFFIRMED) BEFORE ME)
 at Calgary, Alberta this 26th)
 day of August, 2016.)
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 A Commissioner for Oaths
 in and for Alberta

James W. Reid
 Barrister & Solicitor



PETER D. SCOTT