

SECOND FORBEARANCE AGREEMENT

BETWEEN

LIGHTSTREAM RESOURCES LTD.
as Borrower

– and –

**1863359 ALBERTA LTD., LTS RESOURCES PARTNERSHIP,
1863360 ALBERTA LTD., AND BAKKEN RESOURCES PARTNERSHIP**
as Loan Parties

– and –

**THE TORONTO-DOMINION BANK,
ROYAL BANK OF CANADA,
THE BANK OF NOVA SCOTIA,
CANADIAN IMPERIAL BANK OF COMMERCE,
WELLS FARGO BANK N.A., CANADIAN BRANCH,
BANK OF AMERICA, N.A., CANADA BRANCH,
CREDIT SUISSE AG, TORONTO BRANCH,
HSBC BANK CANADA,
UNION BANK, CANADA BRANCH,
CAISSE CENTRALE DESJARDINS,
ALBERTA TREASURY BRANCHES,
SUMITOMO MITSUI BANKING CORPORATION OF CANADA,
CANADIAN WESTERN BANK,
UNITED OVERSEAS BANK LIMITED, VANCOUVER BRANCH,
NATIONAL BANK OF CANADA, and
BUSINESS DEVELOPMENT BANK OF CANADA**
as Lenders

– and –

THE TORONTO-DOMINION BANK
as Administrative Agent

September 15, 2016

SECOND FORBEARANCE AGREEMENT

THIS AGREEMENT is made as of the 15th day of September, 2016 (the “Effective Date”),

B E T W E N:

LIGHTSTREAM RESOURCES LTD.
(the “Borrower”)

– and –

**1863359 ALBERTA LTD., LTS RESOURCES PARTNERSHIP,
1863360 ALBERTA LTD., AND BAKKEN RESOURCES PARTNERSHIP**
(together with the Borrower, the “Loan Parties” and each a “Loan Party”)

– and –

**THE TORONTO-DOMINION BANK,
ROYAL BANK OF CANADA,
THE BANK OF NOVA SCOTIA,
CANADIAN IMPERIAL BANK OF COMMERCE,
WELLS FARGO BANK N.A., CANADIAN BRANCH,
BANK OF AMERICA, N.A., CANADA BRANCH,
CREDIT SUISSE AG, TORONTO BRANCH,
HSBC BANK CANADA,
UNION BANK, CANADA BRANCH,
CAISSE CENTRALE DESJARDINS,
ALBERTA TREASURY BRANCHES,
SUMITOMO MITSUI BANKING CORPORATION OF CANADA,
CANADIAN WESTERN BANK,
UNITED OVERSEAS BANK LIMITED, VANCOUVER BRANCH,
NATIONAL BANK OF CANADA, and
BUSINESS DEVELOPMENT BANK OF CANADA**
(collectively, the “Lenders” and each a “Lender”)

– and –

THE TORONTO-DOMINION BANK
(the “Administrative Agent”)

RECITALS:

- A. The Borrower, Administrative Agent and Lenders, among others, have entered into a third amended and restated credit agreement dated as of May 29, 2015, as amended by: (i) a consent and first amending agreement dated as of June 30, 2015; and (ii) a second

- amending agreement dated as of December 2, 2015 (collectively, the “**Credit Agreement**”).
- B. The Borrower has issued: (i) US \$650 million of 9.875% second lien secured notes due June 15, 2019 (the “**Secured Notes**”) pursuant to a note indenture dated July 2, 2015 (the “**Secured Note Indenture**”); and (ii) US \$254 million of 8.625% senior unsecured notes due February 1, 2020 (the “**Unsecured Notes**”) pursuant to a note indenture dated January 30, 2012 (the “**Unsecured Note Indenture**”).
- C. The Borrower did not cure on July 15, 2016, a required interest payment due June 15, 2016, under the Secured Notes, which is an event of default under the Secured Note Indenture, which, pursuant to Section 16.1(h) of the Credit Agreement, constitutes an Event of Default (the “**Secured Note Indenture Cross Event of Default**”), and an event of default under the Unsecured Note Indenture, which, pursuant to Section 16.1(i) of the Credit Agreement constitutes a further Event of Default (the “**Unsecured Note Indenture Cross Event of Default**”).
- D. The Borrower and certain holders of Secured Notes holding not less than 90% of the aggregate amount of the obligations outstanding under the Secured Notes (collectively, the “**Supporting Secured Noteholders**”) have entered into a support agreement dated July 12, 2016 (as amended and restated by an amended and restated support agreement dated August 26, 2016, and as may be further amended, supplemented, re-enacted or replaced from time to time but only to the extent permitted hereunder, the “**Support Agreement**”), the entry of which constituted an Event of Default pursuant to Section 16.1(g) of the Credit Agreement (the “**Support Agreement Event of Default**”).
- E. Pursuant to the Support Agreement, the Supporting Secured Noteholders agreed to: (i) support the CBCA Plan (as defined below), subject to the conditions in the Support Agreement, and (ii) if the requisite votes are not obtained to implement the CBCA Plan, credit bid their debt or propose an alternate transaction structure acceptable to the Supporting Secured Noteholders and the Borrower, each acting reasonably, to acquire substantially all of the assets of the Borrower pursuant to a transaction under the CCAA with a closing date no later than December 31, 2016, and a replacement credit facility would be arranged to repay in full in cash all of the Obligations upon the closing of such acquisition (the “**Credit Bid Acquisition**”), as set forth in the Support Agreement.
- F. The Borrower’s commencement of proceedings under the CBCA on July 12, 2016 (the “**CBCA Restructuring**”), constitutes an Event of Default pursuant to Section 16.1(g) of the Credit Agreement (the “**CBCA Event of Default**”). If the Borrower commences proceedings under the CCAA, there would be another Event of Default under Section 16.1(g) of the Credit Agreement (the “**CCAA Event of Default**”).
- G. The Borrower’s failure to eliminate the Borrowing Base Shortfall by July 28, 2016, constitutes an Event of Default pursuant to Section 16.1(s) of the Credit Agreement (the “**Borrowing Base Shortfall Event of Default**”).

- H. The Borrower did not pay on August 2, 2016, a required interest payment under the Unsecured Note Indenture and which was not made within the 30-day cure period under the Unsecured Note Indenture, which constitutes an event of default thereunder, which is an Event of Default pursuant to Section 16.1(i) of the Credit Agreement (the “**Unsecured Note Payment Event of Default**”, and together with the Secured Note Indenture Cross Event of Default, the Unsecured Note Indenture Cross Event of Default, the Support Agreement Event of Default, the CBCA Event of Default, any CCAA Event of Default, and the Borrowing Base Shortfall Event of Default, the “**Specified Events of Default**”).
- I. On July 12, 2016, the Loan Parties, Administrative Agent and Lenders entered into a forbearance agreement (the “**First Forbearance Agreement**”), pursuant to which, *inter alia*, the Lenders agreed to the Loan Parties’ request that they forbear from exercising certain of their rights and remedies during the relief period set out therein in respect of the Secured Note Indenture Cross Event of Default, the Unsecured Note Indenture Cross Event of Default, the Support Agreement Event of Default and the CBCA Event of Default.
- J. In accordance with the First Forbearance Agreement and the Support Agreement, the Loan Parties commenced a sales and investment solicitation process (the “**SISP**”) that is presently continuing and that will be continued in the event of a CCAA Restructuring, as defined below, and which SISP presently includes and shall continue to include in the event of a CCAA Restructuring the steps and timelines set forth in Schedule “A” hereto.
- K. On July 27, 2016, the Loan Parties, Administrative Agent and Lenders entered into an amending agreement to the First Forbearance Agreement pursuant to which, *inter alia*, the relief period under the First Forbearance Agreement was extended at the request of the Loan Parties and the Lenders agreed to the Loan Parties’ request that they forbear from exercising certain of their rights and remedies during the relief period in respect of the Borrowing Base Shortfall Event of Default, and the Administrative Agent and the Lenders exercised their rights under Section 16.3(e) of the Credit Agreement to “true-up” the outstanding Aggregate Principal Amounts between the Operating Facility and the Syndicated Facility.
- L. On August 5, 2016, the Loan Parties, Administrative Agent and Lenders entered into a second amending agreement to the First Forbearance Agreement pursuant to which, *inter alia*, the relief period under the First Forbearance Agreement was further extended at the request of the Loan Parties and the Lenders agreed to the Loan Parties’ request that they forbear from exercising certain of their rights and remedies during such relief period.
- M. On August 9, 2016, the First Forbearance Agreement terminated in accordance with its terms as a result of the failure of the Loan Parties to meet the requirement thereunder to have obtained commitments regarding a new credit facility, satisfactory to the Lenders, by not later than August 9, 2016, which was an Additional Event of Default as defined in the First Forbearance Agreement. Since that time, the Lenders have not taken any steps to enforce their rights and remedies, whether under the Credit Agreement or otherwise, but have not waived, and have otherwise reserved, all such rights and remedies.

- N. The Loan Parties have received a revolving facility commitment letter dated August 26, 2016, from certain lenders, which provides for a new revolving credit facility with an aggregate commitment of \$400 million, the proceeds of which will be used to indefeasibly pay the Obligations and to fund certain capital expenditures and operating costs of the Loan Parties (the "**Commitment Letter**"), which Commitment Letter is satisfactory to the Lenders in its current form.
- O. As part of the CBCA Restructuring, the Borrower will receive additional cash proceeds of approximately US\$38.5 million from an offering of US\$39.3 million aggregate principal amount (issued with an original cash issue discount of 2%) of new 12% second lien secured notes of the Borrower due 2020 (the "**Second Lien Noteholder Commitment**").
- P. The Borrower is presently pursuing the CBCA Restructuring, which involves a proposed plan of arrangement (the "**CBCA Plan**") under the CBCA pursuant to which all of the Secured Notes and Unsecured Notes are converted into equity of the Borrower and all liens and guarantees in respect of either of them have been released and discharged, accompanied by the repayment in full. If the CBCA Plan fails to be approved, the Borrower intends to commence proceedings under the CCAA (the "**CCAA Restructuring**") to implement a transaction that will close by not later than December 31, 2016, and provide for the indefeasible repayment in full, in cash, of the Obligations and the cancellation of all credit facilities under the Credit Agreement, whether pursuant to the CCAA Plan or otherwise. Under the Support Agreement, the Supporting Secured Noteholders agreed to proceed with the Credit Bid Acquisition, which may be used as a stalking horse bid in the Borrower's SISP.
- Q. The Borrower has requested that the Lenders agree to forbear in the Relief Period (as defined below) from exercising their rights and remedies in respect of the Specified Events of Default and Swap Documents Cross Events of Default (as defined below) and in response thereto the Lenders have agreed to provide the interim relief set out herein, to provide the Borrower with sufficient time in which to pursue and implement the CBCA Plan or a CCAA Restructuring.
- R. As a result of the Specified Events of Default, events of default have occurred under the Swap Documents (collectively, the "**Swap Documents Cross Events of Default**") with the Swap Lenders and the obligations thereunder, absent this Agreement, would be crystallized upon termination resulting in Swap Indebtedness owing by the Borrower to the Swap Lenders. The Borrower has requested that the Swap Lenders similarly agree to forbear in the Relief Period.
- S. The Lenders and Swap Lenders are willing to forbear from exercising certain of their rights and remedies in respect of the Specified Events of Default and Swap Documents Cross Events of Default during the Relief Period, on the terms and conditions set out in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements between the Parties contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Interpretation

(a) Credit Agreement Definitions

Each capitalized term used and not otherwise defined in this Agreement shall have the meaning given to it in the Credit Agreement.

(b) Other Definitions

In this Agreement the following terms have the following meanings:

- (i) “**Additional Event of Default**” is defined in Section 7(a).
- (ii) “**Administrative Agent**” is defined in the Recitals hereto.
- (iii) “**Agreement**” means this agreement, including all Schedules, as it may be supplemented or amended by written agreement between the Parties.
- (iv) “**BIA**” means the *Bankruptcy and Insolvency Act (Canada)*.
- (v) “**Borrower**” is defined in the Recitals hereto.
- (vi) “**Borrower Financial Advisors**” means Evercore Capital L.L.C. and TD Securities Inc. in their capacities as financial and asset sale advisors to the Borrower.
- (vii) “**Borrowing Base Shortfall Event of Default**” is defined in the Recitals hereto.
- (viii) “**Cash Collateralized LCs**” means each Existing LC that has an expiry date or auto-renewal date on or prior to December 31, 2016.
- (ix) “**Cashflow Forecast**” is defined in Section 6(vi).
- (x) “**CBCA**” means the *Canada Business Corporations Act (Canada)*.
- (xi) “**CBCA Event of Default**” is defined in the Recitals hereto.
- (xii) “**CBCA Interim Order**” means the interim order sought in respect of the commencement of the CBCA Restructuring and granted by the Alberta Court of Queen’s Bench on August 5, 2016, and as amended on August 29, 2016.
- (xiii) “**CBCA Plan**” is defined in the Recitals hereto.

- (xiv) “**CBCA Restructuring**” is defined in the Recitals hereto.
- (xv) “**Claims**” is defined in Section 4.
- (xvi) “**CCAA**” means the *Companies' Creditors Arrangement Act* (Canada).
- (xvii) “**CCAA Event of Default**” is defined in the Recitals hereto.
- (xviii) “**CCAA Plan**” is defined in Section 3(g).
- (xix) “**CCAA Restructuring**” is defined in the Recitals hereto.
- (xx) “**Commitment Letter**” is defined in the Recitals hereto.
- (xxi) “**Credit Agreement**” is defined in the Recitals hereto.
- (xxii) “**Credit Bid Acquisition**” is defined in the Recitals hereto.
- (xxiii) “**DIP**” is defined in Section 3(j)(vii).
- (xxiv) “**Effective Date**” is defined in the Recitals hereto, and which shall also be the date on which the conditions to the effectiveness of this Agreement in Section 6 are satisfied.
- (xxv) “**Existing LCs**” is defined in Section 2(a)(viii).
- (xxvi) “**Existing Indebtedness**” is defined in Section 2(a)(viii).
- (xxvii) “**First Forbearance Agreement**” is defined in the Recitals hereto.
- (xxviii) “**Forbearance Fee**” is defined in Section 3(i).
- (xxix) “**Intercreditor Agreement**” means the Intercreditor and Priority Agreement dated as of July 2, 2015 among the Administrative Agent, Computershare Trust Company of Canada, as Second Lien Representative, and the Loan Parties.
- (xxx) “**LC Cash Collateral**” means the cash deposited by the Borrower to the Administrative Agent as collateral security for contingent obligations in connection with the Cash Collateralized LCs in accordance with Section 10.12 of the Credit Agreement.
- (xxxi) “**Lender**” and “**Lenders**” is defined in the Recitals hereto.
- (xxxii) “**Lender Financial Advisor**” is defined in Section 3(d).
- (xxxiii) “**Loan Party**” and “**Loan Parties**” is defined in the Recitals hereto.
- (xxxiv) “**Outside Date**” is defined in Section 3(a).

- (xxxv) **"Parties"** means the Lenders, Swap Lenders, Administrative Agent and the Borrower, collectively, and **"Party"** means any one of them.
 - (xxxvi) **"Releasees"** is defined in Section 4.
 - (xxxvii) **"Releasers"** is defined in Section 4.
 - (xxxviii) **"Relief Period"** is defined in Section 3(a).
 - (xxxix) **"Second Lien Noteholder Commitment"** is defined in the Recitals hereto.
 - (xl) **"Secured Note Indenture"** is defined in the Recitals hereto.
 - (xli) **"Secured Note Indenture Cross Event of Default"** is defined in the Recitals hereto.
 - (xlii) **"Secured Notes"** is defined in the Recitals hereto.
 - (xlili) **"SISP"** is defined in the Recitals hereto.
 - (xliv) **"Specified Events of Default"** is defined in the Recitals hereto.
 - (xlv) **"Support Agreement"** is defined in the Recitals hereto.
 - (xlvi) **"Support Agreement Event of Default"** is defined in the Recitals hereto.
 - (xlvii) **"Supporting Secured Noteholders"** is defined in the Recitals hereto.
 - (xlviii) **"Swap Documents Cross Events of Default"** is defined in the Recitals hereto.
 - (xlix) **"Unsecured Note Indenture"** is defined in the Recitals hereto.
 - (l) **"Unsecured Note Indenture Cross Event of Default"** is defined in the Recitals hereto.
 - (li) **"Unsecured Note Payment Event of Default"** is defined in the Recitals hereto.
 - (lii) **"Unsecured Notes"** is defined in the Recitals hereto.
- (c) Rules of Interpretation
- (A) Number and Gender. In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word

“including” in this Agreement is to be construed as meaning “including, without limitation”.

- (B) Headings. Headings, subheadings and any table of contents or index contained in this Agreement are inserted for convenience of reference only, and will not affect the construction or interpretation of the Agreement.
- (C) Subdivisions. Unless otherwise expressly stated, reference herein to a Schedule or to an Article, Section, paragraph or other subdivision is a reference to such Schedule to this Agreement, or such Article, Section, paragraph or other subdivision of this Agreement.
- (D) Time. Time is and will be of the essence of this Agreement. Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of the time period is not a Banking Day, the time period will end on the next Banking Day.
- (E) Statutes, Regulations and Rules. Unless otherwise expressly stated, any reference in this Agreement to any applicable Law is and will be a reference to that applicable Law as amended, supplemented, re-enacted or replaced from time to time, and, in the case of a statute, shall include all regulations and rules in force and effect in respect of such statute.
- (F) Monetary References. Whenever an amount of money is referred to herein, such amount will, unless otherwise expressly stated, be in Canadian Dollars.
- (G) Consent of the Lenders. Whenever the term “satisfactory to the Lenders” or “acceptable to the Lenders” or “consent of the Lenders” is used herein, the threshold for such satisfaction, acceptance or consent shall be determined in accordance with the terms of the Credit Agreement.

(d) Schedules

The following is a list of the Schedules to this Agreement:

- Schedule “A” – SISP
- Schedule “B” – Existing Indebtedness and Existing LCs

2. **Acknowledgments**

(a) **Acknowledgments of the Borrower**

The Borrower acknowledges, confirms, represents, warrants, covenants, and agrees that:

- (i) each of the Recitals set out above is true and correct in all material respects, and that such Recitals form an essential part of this Agreement upon which the Lenders are relying;
- (ii) except for the CCAA Event of Default (which has not yet occurred), the Specified Events of Default have occurred and are continuing during the Relief Period, and are each an Event of Default under the Credit Agreement and other Loan Documents that entitles the Lenders to immediately exercise their rights and remedies under the Credit Agreement and the other Loan Documents and enforce Security in respect thereof and under applicable Law;
- (iii) except for the CCAA Event of Default (which has not yet occurred), the Swap Documents Cross Events of Default have occurred and are continuing during the Relief Period, and are each an event of default under the Swap Documents that entitles the Swap Lenders to exercise their rights and remedies under the Swap Documents and enforce security in respect thereof and under applicable Law, all in accordance with the terms of the Credit Agreement;
- (iv) no Default or Event of Default under the Credit Agreement exists other than the Specified Events of Default, and no default or event of default under the Swap Documents exists other than the Swap Documents Cross Events of Default;
- (v) the Lenders have not waived the Specified Events of Default and the Swap Lenders have not waived the Swap Documents Cross Events of Default, and nothing contained in this Agreement or the transactions contemplated by this Agreement is or will be deemed to constitute any such waiver;
- (vi) the Credit Agreement, the Security, the other Loan Documents, the Swap Documents, the Obligations, the Existing Indebtedness and the Swap Indebtedness constitute legal, valid and binding obligations of the Loan Parties, enforceable against them in accordance with their respective terms, and the Lenders have and shall continue to have valid, enforceable and perfected first priority Liens created pursuant to the Security, subject only to Liens expressly permitted in the Loan Documents and as may have otherwise been agreed to in writing by the Lenders;

- (vii) to the knowledge of the Borrower, the Security has been properly perfected and registered, as the case may be, in all applicable jurisdictions;
- (viii) as of the Effective Date, the Aggregate Principal Amount owing is \$370,920,485.00, together with the accrued interest, fees, costs, expenses and other charges now payable by the Borrower to the Lenders in accordance with the Credit Agreement and this Agreement, as set out in Schedule "B" (including the Letters of Credit which remain outstanding under the Credit Agreement as of the date hereof as outlined in Schedule "B" (the "**Existing LCs**")), plus the Swap Indebtedness and all other Obligations owing by the Borrower (collectively, the "**Existing Indebtedness**");
- (ix) as of the Effective Date, the aggregate amount of the Cash Collateralized LCs is approximately \$8.3 million, for which \$561,600.00 in LC Cash Collateral has been provided;
- (x) the Existing Indebtedness is unconditionally owing by the Borrower to the Lenders, without any valid claim for set-off, counterclaim, damages or any other defence of any kind, nature or description whatsoever;
- (xi) absent this Agreement, the Lenders are otherwise entitled to immediately accelerate and demand full payment of the Existing Indebtedness;
- (xii) the Loan Parties do not have any Claims of any kind whatsoever against the Lenders, or any of its employees, advisors, officers, directors, affiliates or representatives;
- (xiii) further interest, fees, costs, expenses and other charges shall continue to accrue and be incurred on and in respect of the Existing Indebtedness in accordance with the Credit Agreement, the other Loan Documents, the Swap Documents and this Agreement in the applicable amounts and at the applicable rates set out therein and herein;
- (xiv) subject to applicable Law and the relief granted by the Lenders and Swap Lenders hereunder, the Lenders and Swap Lenders are and will be entitled to the rights, remedies and benefits provided for in the Loan Documents; the Swap Documents, this Agreement and under applicable Law;
- (xv) the Lenders and Swap Lenders have informed the Loan Parties that they have conditionally agreed to forbear from exercising their rights and remedies under the Credit Agreement and the Swap Documents in respect of the Specified Events of Default and the Swap Documents Cross Events of Default, respectively, only because the Parties have agreed to the terms and conditions stated in this Agreement;

- (xvi) the SISP has been commenced and is being conducted in accordance with the steps, timelines and details set out in Schedule "A" hereto;
- (xvii) based on the advice of the Borrower Financial Advisors, whether conducted in a CBCA proceeding, CCAA proceeding or otherwise, the SISP is commercially reasonable in all respects (including the proposed length thereof and the steps to be taken and the SISP milestones as shown in Schedule "A"), and permits the Borrower to canvass thoroughly the market with a view to the best interests of the Borrower and its stakeholders, and that the Lenders are relying on this in entering into this Agreement;
- (xviii) a Borrowing Base Shortfall occurred as set forth in the notice delivered by the Administrative Agent to the Borrower dated April 29, 2016, and is continuing. Pursuant to Section 16.1(s) of the Credit Agreement, the failure to eliminate the Borrowing Base Shortfall by July 28, 2016, was an Event of Default; and
- (xix) as a result of the Specified Events of Default, including the Borrowing Base Shortfall, the Borrower is not entitled to any Drawdown under the Credit Agreement, and nothing in this Agreement alters or suspends this or otherwise affects any of the Lenders' rights or remedies in respect of the Specified Events of Default.

(b) Acknowledgments of the Loan Parties

Each of the Loan Parties acknowledges, confirms and agrees that it accepts and does not and will not contest or dispute the validity, truth and accuracy of the acknowledgements, confirmations, representations, warranties, covenants, and agreements of the Borrower set out in Section 2(a) above. Each Loan Party represents and warrants that it does not possess any knowledge that the Borrower's acknowledgements, confirmations, representations, warranties, covenants, and agreements set out in Section 2(a) above are or may be incorrect or incomplete in any way.

(c) Acknowledgement of Lenders

Notwithstanding any provision of the Intercreditor Agreement, including without limitation the Standstill Period (as defined in the Intercreditor Agreement), the Lenders hereby acknowledge and agree that the Supporting Secured Noteholders may immediately pursue the Credit Bid Acquisition in any CCAA proceedings, as contemplated by the Support Agreement and this Agreement, and in accordance with the terms of this Agreement, the Support Agreement and section 6.2 of the Intercreditor Agreement.

3. **Relief**

(a) **Forbearance of Further Enforcement Action**

In reliance upon the acknowledgments, confirmations, representations, warranties, covenants and agreements of the Loan Parties contained in this Agreement, and subject to the terms and conditions of this Agreement and any documents or instruments executed in connection herewith, the Lenders agree to forbear from exercising their rights and remedies under the Loan Documents and/or applicable Laws arising solely from any Specified Events of Default, including the Swap Lenders and their right to terminate any of the Swap Documents or their obligations thereunder solely because of the Swap Documents Cross Events of Default, for the period (such period being referred to herein as the “**Relief Period**”) commencing on the Effective Date and ending on the earlier of:

- (i) indefeasible repayment in full, in cash of the Obligations, and the cancellation of all credit facilities under the Credit Agreement;
 - (ii) 2:00 p.m. (Calgary time) on October 31, 2016, unless (A) implementation of the CBCA Plan is delayed beyond this date solely due to requisite approvals under the *Investment Canada Act* (Canada) and/or *Competition Act* (Canada), in which case the applicable date shall be 2:00 p.m. (Calgary time) on November 30, 2016 or (B) the Borrower has commenced proceedings under the CCAA, in which case the applicable date shall be 2:00 p.m. (Calgary time) on December 31, 2016; and
 - (iii) the occurrence or existence of an Additional Event of Default,
- (such earlier date being the “**Outside Date**”).

Effective immediately on the Outside Date (except in the case of the occurrence of item (i) above), the agreement of the Lenders and Swap Lenders to forbear from exercising their rights and remedies as set forth herein shall automatically and without further notice, demand or any other requirement by the Lenders made to the Borrower expire and be of no further force and effect (but, for certainty, this Agreement shall not terminate and shall remain in full force and effect), it being expressly agreed that the effect of such expiration will be to permit the Lenders and Swap Lenders to exercise, without further notice or demand, their rights and remedies immediately, including, without limitation, applying to a court of competent jurisdiction to enforce any private or other remedies available to the Lenders or Swap Lenders or to seek the appointment, subject to applicable Law, of any permanent or interim receiver or receiver and manager or any trustee in bankruptcy under the BIA as against the Loan Parties, or to privately appoint a receiver and manager or receiver against the Loan Parties. The Outside Date may only be extended with the written consent of the Lenders.

(b) **No Other Waivers and Reservation of Rights**

No waiver or indulgence by the Lenders or Swap Lenders of any of their rights and remedies hereunder, or under the Credit Agreement, Swap Documents, the Security, other

Loan Documents or applicable Law shall be construed as a waiver of any other or subsequent right or remedy of the Lenders or Swap Lenders, and no delay or omission in the exercise or enforcement by the Lenders or Swap Lenders of their rights and remedies hereunder, under the Credit Agreement, Swap Documents the Security, other Loan Documents or applicable Law shall be construed as a waiver of any right or remedy of the Lenders or the Swap Lenders, and they, subject to Section 4, reserve all rights, claims and remedies that they have or may have against the Loan Parties hereunder or under the Credit Agreement, Swap Documents, the Security, the other Loan Documents or applicable Law. Without limiting the foregoing:

- (i) the Lenders and Swap Lenders have not waived, and are not by this Agreement waiving, and have no intention of waiving, any Default or Event of Default (including the Specified Events of Default or the Swap Documents Cross Events of Default) that exist or may be continuing on the Effective Date or any Additional Event of Default (whether the same as or similar to the Specified Events of Default or otherwise); and
- (ii) subject to Section 3(a) of this Agreement, the Lenders and Swap Lenders reserve the right, in their sole discretion, to exercise any or all of their rights or remedies under any of the Loan Documents or applicable Law as a result of the Specified Events of Default, Swap Documents Cross Events of Default, or any Additional Events of Default, and the Lenders have not waived any such rights or remedies.

(c) Tolling

As of the date hereof and continuing until 30 days following the Outside Date, and whether or not demand for payment or a notice of intention to enforce security has previously been delivered by the Administrative Agent or the Lenders to the Borrower, the Parties hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the Existing Indebtedness, the Loan Documents (including the Security), the Swap Documents, and any rights, remedies or benefits arising from the Loan Documents, the Swap Documents and any other related matters, and each of the Parties confirms that this Agreement is intended to be an agreement to suspend or extend the limitation period provided by Section 3(1)(a) of the *Limitations Act* (Alberta), as well as the limitation period provided by Section 3(1)(b) of the *Limitations Act* (Alberta), in accordance with the provisions of Section 7(1) of the *Limitations Act* (Alberta), and any contractual time limitation on the commencement of proceedings, any claims or defenses based upon any applicable statute of limitations, contractual limitations, or any time related doctrine including waiver, acquiescence or laches.

(d) Lender Financial Advisor

The Loan Parties acknowledge that PricewaterhouseCoopers Inc. has been engaged as a financial advisor (the "**Lender Financial Advisor**") to assist the Lenders in the evaluation of the Borrower's financial information, asset or business valuations, forecasts and reporting as well as evaluating the CBCA Restructuring, SISP, potential CCAA restructuring,

financings (including DIP/debtor-in-possession financings), equity infusions, take-overs, or other restructuring proposals or proposed corporate transactions. The Borrower shall give full access to the Lenders and/or the Lender Financial Advisor to its management, properties, projects, systems and books and records and will pay for the reasonable fees and disbursements of the Lender Financial Advisor in accordance with the engagement letter with PricewaterhouseCoopers Inc. dated June 28, 2016.

(e) Interest

During the Relief Period, interest will continue to accrue and be payable to the Lenders on the Obligations at the default rate provided in the Credit Agreement.

(f) Reporting

During the Relief Period, and without limiting any reporting obligations of the Loan Parties under the Loan Documents, the Borrower shall promptly upon request provide to the Administrative Agent and the Lender Financial Advisor timely, complete and accurate information regarding the Loan Parties and their property, assets, affairs, activities and developments, including, without limitation:

- (A) on the 15th calendar day and last calendar day of each month (unless, in each case, such day is not a Banking Day, in which case, the next Banking Day), a comparison report of actual versus forecast results and a material variance analysis against the Cashflow Forecast, which report shall be in form and substance satisfactory to the Administrative Agent, acting reasonably, and shall be provided to the Administrative Agent by not later than 5:00 p.m. (Calgary time) on the applicable day for the bi-monthly period ending on such day, starting on Monday, September 15, 2016, in respect of the period from September 1, 2016 to September 15, 2016 inclusive;
- (B) detailed updates on the status and progress of the CBCA Restructuring and any CCAA Restructuring (including any proposed debt financing commitment and the preparation of definitive documentation in connection therewith, and the status of negotiations of the CBCA Restructuring and any CCAA Restructuring with stakeholders), on a weekly basis and, in any case, promptly upon the request of the Administrative Agent or its counsel or the Lender Financial Advisor;
- (C) the Borrower shall provide the Lender Financial Advisor and counsel to the Administrative Agent, with access to the Borrower's financial advisors who are assisting with the SISF and shall provide the Lender Financial Advisor and counsel to the Administrative Agent with updates on the status and progress of the SISF on a weekly basis and, in any case, promptly upon request

of the Lender Financial Advisor or counsel to the Administrative Agent, as follows:

(i) a list of any new parties signing non-disclosure agreements or that have been given access to the data room in the past week;

(ii) any material written or oral communication between each potential investor or purchaser and the Borrower or Borrower Financial Advisors, including with respect to:

- 1) indications of interest or changes thereto (including contemplated structure, sources of financing, timeline, and other relevant matters);
- 2) withdrawal of participation in the SISP;
- 3) feedback after any site visit; and
- 4) potential investors or purchasers or their representatives attending site visits or participating in management meetings or communications with the Borrower or the Borrower Financial Advisors; and

(iii) forthwith upon receipt of same by the Borrower and in any event not later than one (1) Banking Day following receipt of same by the Borrower: a copy of any bid, offer, term sheet, proposal or agreement (whether binding or non-binding), process letter, correspondence and other documents with respect to the SISP or any proposed purchase and sale of all or any part of any Loan Party's assets out of the ordinary course or any recapitalization, refinancing, restructuring or similar transaction and any material notices related thereto,

provided that: (i) the Lender Financial Advisor and counsel to the Administrative Agent, shall maintain the confidentiality of, and not provide to the Administrative Agent or any other Lender any such information in respect of the SISP; and (ii) but, for greater certainty, the Lender Financial Advisor and counsel to the Administrative Agent may report to the Administrative Agent and other Lenders in generic or non-specific terms that maintains the confidentiality of such information, including expressing any views or opinions that they have formed upon receiving and reviewing the information in question, and from and after the commencement of any CCAA Restructuring, the Lender Financial Advisor and counsel to the Administrative Agent may disclose to any Lender which has executed a separate confidentiality agreement satisfactory to the Borrower (acting reasonably) any of the information provided pursuant to this paragraph (f)(C)(iii);

- (D) forthwith upon receipt of same by the Borrower and in any event not later than one (1) Banking Day following receipt of same by the Borrower: a copy of any notice received by any Loan Party in which any creditor, landlord or other Person delivers a notice of default, demand, claim, acceleration, termination, or enforcement, or any threat or statement of intention to do any of the foregoing, in respect of any alleged or actual claim or obligation of any Loan Party, in an amount in excess of \$1,000,000, including, for certainty, any builders' liens or construction liens placed on the assets of any Loan Party;
- (E) immediate notice of any material adverse change after the date hereof in the business, assets or financial condition of any of the Loan Parties, or the occurrence of any Default, Event of Default, Additional Event of Default or any event that with notice or lapse of time or both would constitute an Event of Default or Additional Event of Default; and
- (F) all other information that is requested by the Administrative Agent or the Lender Financial Advisor from time to time, acting reasonably.

(g) CBCA Restructuring and SISP

At all times following the Effective Date, the Borrower shall conduct and advance the CBCA Restructuring in accordance with this Agreement and the Support Agreement and the timelines set forth herein and therein. The Borrower will not amend, supplement, re-enact or replace the Support Agreement without the consent of the Lenders provided that such consent is only required to the extent such amendment, supplement, re-enactment or replacement is adverse to the Lenders. Without limitation: (i) a meeting of affected persons to vote on the CBCA Plan shall have occurred by not later than September 30, 2016; (ii) the granting of a CBCA Final Order approving the CBCA Plan, in form and substance satisfactory to the Lenders (acting reasonably), shall have occurred by not later than October 7, 2016; (iii) the CBCA Plan shall be implemented by not later than October 31, 2016 (save and except that if implementation is delayed beyond this date solely due to requisite approvals under the *Investment Canada Act* (Canada) and/or *Competition Act* (Canada), then implementation shall occur by not later than November 30, 2016; and (iv) the CCAA Restructuring, including any plan of arrangement under the CCAA (a "CCAA Plan") or CCAA sale transaction, shall be implemented by not later than December 31, 2016. The Borrower shall provide the Lenders with a copy of all draft CBCA Restructuring, CCAA Restructuring or SISP documents substantially contemporaneously with distribution to the holders of Secured Notes pursuant to the Support Agreement.

At all times following the Effective Date, the Borrower shall conduct and advance the SISP with the objective of, among other things, soliciting, exploring, assessing and negotiating possible transactions for: (i) capital investments in the Borrower's business or any part thereof; (ii) joint venture or partnership opportunities; and/or (iii) the sale of the Loan Parties or their assets or any part thereof, in each case with a view to unconditionally and

irrevocably repaying in full in cash all of the Obligations. No transaction shall be pursued or completed by the Borrower that does not provide for the unconditional and irrevocable repayment in full in cash of the Obligations, without the written consent of the Lenders. The Lender Financial Advisor shall be provided access to any physical or electronic data room that will be established in connection with the CBCA Restructuring, any CCAA Restructuring, Credit Bid Acquisition, SISP, or any proposed debt financing commitment. Each transaction proposal accepted by the Borrower pursuant to the Credit Bid Acquisition, SISP, or otherwise, must be acceptable to the Lenders, but shall be deemed to be acceptable to the Lenders if: (i) it provides for the unconditional and irrevocable repayment of the Obligations in full in cash; (ii) such repayment in full shall occur on or before (A) the implementation date of the CBCA Plan and in any event by not later than October 31, 2016 (save and except that if implementation is delayed beyond this date solely due to requisite approvals under the *Investment Canada Act* (Canada) and/or *Competition Act* (Canada), then implementation shall occur by not later than November 30, 2016), or (B) on or before the completion of the CCAA Restructuring, including the implementation date of any CCAA Plan or closing date of any CCAA sale transaction, and in any event not later than December 31, 2016; and (iii) the closing of such transaction is not subject to conditions precedent that are not acceptable to the Lenders, acting reasonably.

The Borrower shall from time to time at the Administrative Agent's or Lender Financial Advisor's request promptly cause its respective management and legal and financial advisors, including the Borrower Financial Advisors and any chief restructuring officer appointed, to make themselves available for any discussions or to provide any information reasonably required by the Administrative Agent or the Lender Financial Advisor. The Borrower shall provide, or cause to be provided to, the Lender Financial Advisor and Torys LLP, in its capacity as counsel to the Lenders, with information as to the process of the SISP, the CBCA Restructuring or the CCAA Restructuring, that either such party may reasonably request. In addition, the Borrower: (a) shall provide, or cause to be provided to, the Lender Financial Advisor with access to any data room that is set up in relation to the SISP, (b) shall provide the Lenders with the same level of information and documents related to the SISP, CBCA Restructuring, and CCAA Restructuring as it provides to holders of Secured Notes or Unsecured Notes; and (c) shall provide the Lender Financial Advisor and Torys LLP with the same information and documents related to the SISP, CBCA Restructuring, and CCAA Restructuring as it provides to any advisor, consultant, representative or counsel of the Secured Notes or the Unsecured Notes.

(h) Acknowledgment and Agreement as to Process.

The Loan Parties acknowledge and agree that, pursuant to the Support Agreement and this Agreement, in the event that the CBCA Restructuring cannot be effected, a sale transaction will be pursued pursuant to a CCAA proceeding. No transaction shall be pursued or completed by the Loan Parties in a CCAA proceeding that does not provide for the unconditional and irrevocable repayment in full in cash of the Obligations, without the written consent of the Lenders. If the CBCA Restructuring cannot be effected, the Loan Parties covenant that they shall seek a form of CCAA Initial Order that is satisfactory to the Lenders, acting reasonably, including: (i) containing an express approval of a sales and investment process that is consistent with the SISP (including having the same steps and timelines set out therein, except that to the extent that a CCAA proceeding is commenced following the meeting of creditors in the CBCA

Restructuring (expected to occur not later than September 30, 2016), the deadline for the submission of indicative offers will be no more than 30 days following commencement of the CCAA proceeding); (ii) a declaration that the Obligations owing to the Lenders shall be unaffected by any plan of compromise or arrangement; (iii) providing for the payment of interest as and when required under the Credit Agreement; (iv) containing court-ordered charges that, to the extent such court-ordered charges rank in priority to or are *pari passu* with the Security, are satisfactory to the Lenders in both amount and priority; and (v) approving a cash flow forecast that is satisfactory to the Lenders.

(i) Forbearance Fee

The Borrower shall pay to the Administrative Agent, on behalf of the Lenders, a non-refundable fee (the “**Forbearance Fee**”) to compensate such Lenders for the additional time incurred and to be incurred, and the costs and risks borne and to be borne, in connection with the forbearance contemplated herein and in monitoring the ongoing affairs of the Borrower, as follows: (i) \$150,000 to be paid on the Effective Date; and (ii) \$175,000 to be paid earlier of (A) the implementation date of the CBCA Plan, and (B) the date immediately prior to the date of commencement of any CCAA Proceeding, to be paid to the Lenders, to be divided proportionally based upon their Individual Commitment Amounts. The Forbearance Fee is in addition to all other fees, interest, costs and expenses payable in connection with the Loan Documents, and may be charged by the Administrative Agent to any account of the Borrower maintained by the Administrative Agent. The fees will be fully earned by the Agent on the date hereof despite any failure by any Party to comply with any other term of this Agreement.

(j) Additional Agreements

The Borrower agrees to the following, and the Credit Agreement is hereby amended accordingly irrespective of whether the Relief Period terminates or not:

- (i) Adherence to Agreements. During the Relief Period, the Borrower shall strictly adhere to all of the terms, conditions and covenants of this Agreement, the Loan Documents and the Swap Documents, including, without limitation, terms requiring prompt payment of principal, interest, fees and other amounts when due, except to the extent that such terms, conditions and covenants are otherwise specifically amended by this Agreement.
- (ii) Corporate Status. The Loan Parties shall maintain their respective existence as valid and subsisting corporations or partnerships, as applicable, except for the continuance and amalgamation of the Borrower as contemplated under the CBCA Plan.
- (iii) Public Disclosure Obligations. The Borrower shall comply with all of its public disclosure obligations.
- (iv) Spending Restrictions. During the Relief Period, the Borrower shall not: (i) make any material acquisitions or investments; (ii) engage in any new hedging activities; (iii) consensually create any further Liens,

provided that, subject to the Second Lien Note Intercreditor Agreement, any steps taken for or on behalf of the holders of Secured Notes necessary to ensure that their existing security is valid and perfected, including the filing of additional liens and fixed charges to perfect such existing security shall be permitted; (iv) make or provide any capital contributions or financial assistance to third parties; (v) make any discretionary bonus payments to any management or employees; (vi) make any expenditures except in accordance with the Cashflow Forecast, subject to a negative variance not to exceed 15% in the aggregate on a cumulative basis (as tested on a bi-monthly basis), without the prior written consent of the Lenders, but excluding expenditures relating to required payments by the Borrower during the Relief Period pursuant to independent operator notices and any required reimbursement of professional and advisory expenses incurred during the Relief Period; or (vii) make any payment to or in respect of Secured Note Indenture or Unsecured Note Indenture, or the holders of the Secured Notes or the Unsecured Notes, including any payment of fees or expenses of the indenture trustee or the holders of Secured Notes or the Unsecured Notes, or their respective advisors, unless and until the Obligations have been repaid in full. Notwithstanding the foregoing, the Loan Parties may pay the fees and expenses of the ad hoc committee of holders of Secured Notes in accordance with the Cashflow Forecast.

- (v) Operation of Business. Notwithstanding anything else in the Loan Documents, the Loan Parties shall not, other than in the ordinary course of business and consistent with past practice, incur or enter into any new material liability or obligation, of any nature or kind, during the Relief Period, except in accordance with the CBCA Restructuring, any CCAA Restructuring or SISP, without the prior consent of the Lenders.
- (vi) Liens. The Borrower shall remain current in the payment of any obligations to its employees and governmental obligations (including all taxes and the remittance of all source deductions and sales taxes for which any of the Loan Parties is responsible) or any other payable or other secured claim that is capable of ranking in priority to or *pari passu* with the Obligations.
- (vii) Right of First Refusal regarding DIP Financing and Insolvency Proceeding. To the extent the Borrower receives any solicited or unsolicited offer(s) from any party other than the Lenders regarding a debtor-in-possession financing (“DIP”), the Borrower shall provide such offer to the Lenders on the same Banking Day such offer is received, and the Lenders are hereby granted a right of first refusal over any such offer(s), which may be exercised by the Lenders within five (5) Banking Days of receiving such offer.

- (viii) Bank Accounts. The Borrower will not, and will not permit any other Loan Party to, establish or maintain any operating accounts, deposit accounts or other bank or securities accounts with any financial institution except the Administrative Agent.
- (ix) Cash Collateralization of Letters of Credit. The Borrower shall provide LC Cash Collateral for all of the Cash Collateralized LCs (except the Cash Collateralized LCs for which LC Cash Collateral has already been provided, as acknowledged in Section 2(a)(ix)) from existing cash on hand in the face amount of each applicable Cash Collateralized LC as follows: (i) \$2,700,000 on the Effective Date; and (ii) the balance on September 26, 2016, and such LC Cash Collateral will be held and applied in accordance with Section 10.12 of the Credit Agreement. This cash collateral arrangement shall be effected by the Agent restricting the applicable amounts from the Borrower's cash on hand without further notice or instruction. The Loan Parties agree to take all such further actions or execute all such further documents that may be reasonably requested by the Administrative Agent to give effect to the foregoing.
- (x) Notices to Agent. The notice information for the Agent in Section 20.1(b) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:
 - (i) For Drawdowns, Rollovers, Conversions and Repayments:

The Toronto-Dominion Bank, as Agent
Ernst & Young Tower
222 Bay Street, 15th Floor
Toronto, Ontario M5K 1A2
Attention: Vice President, Loan Syndications-Agency
Fax: (416) 982-5535
E-mail: tdsagencyadmin@tdsecurities.com
 - (ii) For all other notices:

The Toronto-Dominion Bank, as Agent
TD Bank Tower
66 Wellington Street West, 9th Floor
Toronto, Ontario M5K 1A2
Attention: Vice President, Loan Syndications-Agency
E-mail: Andrew.Ford@tdsecurities.com

4. General Release / Covenant Not To Sue

In consideration of, among other things, the Administrative Agent's and Lenders' execution and delivery of this Agreement, each of the Loan Parties, on behalf of itself and their

respective agents, representatives, officers, directors, shareholders, advisors, employees, subsidiaries, affiliates, successors and assigns (collectively, "**Releasors**"), hereby forever waives, releases and discharges, to the fullest extent permitted by applicable Law, each Releasee from any and all claims (including, without limitation, crossclaims, counterclaims, claims of lender liability, rights of set-off and recoupment), actions, causes of action, suits, debts, accounts, interests, liens, promises, warranties, damages and consequential damages, demands, judgments, executions, costs, expenses or claims whatsoever (collectively, the "**Claims**"), that such Releasor now has or hereafter may have, of whatsoever nature and kind, whether known or unknown, whether arising at law or in equity, against any or all of the Administrative Agent, the Lead Arranger, the Lenders, the Issuing Lenders and the Swap Lenders in any capacity and their respective affiliates, subsidiaries, shareholders and "controlling persons" (within the meaning of any applicable Laws), and their respective successors and assigns and each and all of the officers, directors, employees, agents, attorneys and other representatives of each of the foregoing (collectively, the "**Releasees**"), in each case based in whole or in part on facts, whether or not now known, existing before the Effective Date, that relate to, arise out of or otherwise are in connection with:

- (i) any or all of the Obligations, Loan Documents, transactions contemplated hereby or any actions or omissions in connection therewith;
- (ii) any aspect of the dealings or relationships between or among the Loan Parties, on the one hand, and any or all of the Administrative Agent, the Lead Arranger, the Lenders, the Issuing Lenders and the Swap Lenders, on the other hand, relating to any or all of the indebtedness, documents, transactions, actions or omissions referenced in clause (i) hereof; or
- (iii) any aspect of the dealings or relationships between or among any or all of the Agent, the Issuing Lenders and the Lead Arranger, on the one hand, and the Lenders and the Swap Lenders, on the other hand, to the extent such dealings or relationships relate to any or all of the indebtedness, documents, transactions, actions or omissions referenced in clause (i) hereof.

and the Loan Parties are not aware of any such Claims against any of the Releasees. The entering into of this Agreement by the Loan Parties shall constitute a ratification, adoption, and confirmation by such Parties of the foregoing general release of such Claims against the Releasees that are based in whole or in part on facts, whether or not now known or unknown. In entering into this Agreement, the Loan Parties consulted with, and have been represented by, legal counsel and expressly disclaims any reliance on any representations, acts or omissions by any of the Releasees and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth above do not depend in any way on any such representations, acts and/or omissions or the accuracy, completeness or validity hereof. Each of the Loan Parties, on behalf of itself and all other Releasors, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise), and will not encourage or support, directly or indirectly, any other Releasor or other Person in suing, or commencing any proceedings or exercising or

purporting to exercise rights or remedies against, any Releasee on the basis of any Claim released, remised and discharged by the Borrower hereunder. The provisions of this Section 4 shall survive the termination of this Agreement, the Credit Agreement, and the other Loan Documents, and payment in full of the Obligations. Notwithstanding the foregoing, the foregoing releases and covenants not to sue shall not apply, as to any Releasee, to any Claim which is determined by a court of competent jurisdiction, in a final and non-appealable judgment, to have resulted from the gross negligence, wilful misconduct, or breach of this Agreement of or by such Releasee.

5. Representations and Warranties

Each of the Loan Parties hereby represents and warrants to the Lenders as follows:

- (i) this Agreement, the Loan Documents, the Swap Documents and any other agreements or documents entered into pursuant to this Agreement have been duly authorized, executed and delivered to the Lenders and the Swap Lenders by them, as applicable to the extent a party thereto, are in full force and effect, as modified hereby, and constitute legal, valid and binding obligations enforceable against it in accordance with their terms;
- (ii) each of the representations and warranties made by on or behalf of the Loan Parties to the Lenders in any of the Loan Documents and Swap Documents was true and correct when made, and in all material respects, or in all respects to the extent such representations and warranties are already qualified by materiality, remains true and correct on the Effective Date (except to the extent stated to be made only as of a specified date, and except to the extent that any such representation or warranty is not true or correct by virtue of the Specified Events of Default), with the same full force and effect as if each of those representations and warranties had been made by the applicable Loan Party on the date of, and within, this Agreement;
- (iii) there is no matter, fact or event that is known to it that has not been disclosed to the Lenders that is likely to have a material adverse effect on the performance of their obligations under this Agreement, and it has conducted such investigations as it considers reasonably necessary to make this representation and warranty;
- (iv) all remittances owing by the Loan Parties to the federal and provincial governments and agencies in respect of income taxes, provincial sales tax, goods and services tax, harmonized sales taxes, employee payroll remittances, wages, pension plan obligations, vacation pay and similar obligations and source deductions are current and in good standing; and

- (v) the authorization, execution and delivery and performance of this Agreement by it will not violate any applicable Law or any order, declaration or judgment binding on it, any consent, license, permit or approval to which it is party or beneficiary, or any agreement to which it is a party and will not result in, or require, the creation or imposition of any lien on any of its assets, property or undertaking.

6. Conditions to Effectiveness

This Agreement, including, without limitation, the agreement of the Lenders to forbear enforcement contained herein, shall not be effective unless and until:

- (i) the Lenders have received a copy of this Agreement, duly authorized, executed and delivered by the Loan Parties;
- (ii) the Administrative Agent shall have received \$150,000 on account of the portion of the Forbearance Fee due on the Effective Date, and \$2,700,000 on account of the required LC Cash Collateral pursuant to Section 3(j)(ix);
- (iii) the reasonable legal fees and expenses of Torys LLP, and the fees and expenses of any other advisor or consultant to the Lenders (including, without limitation, the Lender Financial Advisor), for which invoices have been provided to the Borrower prior to the Effective Date, have been paid;
- (iv) no Default or Event of Default (other than the Specified Events of Default) has occurred and is continuing;
- (v) the Support Agreement remains in full force and effect, unamended, and has not been terminated;
- (vi) the Borrower has provided an operating budget setting forth the weekly forecasted revenues and expenses from the Effective Date through to and including the December 31, 2016, which budget shall be in form and substance satisfactory to the Lenders, acting reasonably (the "**Cashflow Forecast**");
- (vii) the preliminary interim order granted in respect of the commencement of the CBCA Restructuring and the CBCA Interim Order shall be and remain in full force and effect, unamended; and
- (viii) the Lenders shall have received a certificate of an officer of each of the Loan Parties indicating that each of the representations and warranties set forth in Section 5 is true and correct in all material respects and that no Default or Event of Default (other than the Specified Events of Default) has occurred and is continuing.

7. **Events of Default under the Agreement**

(a) Events of Default

The following shall each be and be considered to be an “**Additional Event of Default**” under this Agreement (without limiting any event, action or occurrence that constitutes a Default or Event of Default under the Credit Agreement or any other Loan Document):

- (i) any Event of Default (other than the Specified Events of Default and Swap Documents Cross Events of Default) that is existing as of the Effective Date or that may occur at any time on or after the Effective Date;
- (ii) non-payment of interest, principal or other amounts when due in accordance herewith, or any other monetary obligations set out herein;
- (iii) if the obligations under the Secured Notes, Secured Note Indenture, Unsecured Notes, or Unsecured Note Indenture are accelerated or if the trustee under the Secured Note Indenture issues a notice to the Administrative Agent under section 5.1(a) of the Second Lien Note Intercreditor Agreement between the Lenders and the Secured Note holders;
- (iv) if any material breach by any Loan Party or the Initial Consenting Holders (as defined in the Support Agreement) occurs under the Support Agreement or the Support Agreement is terminated;
- (v) if the Support Agreement or SISP are amended, supplemented, re-enacted or replaced in any manner that the Lenders determine, in their sole discretion, are materially adverse or prejudicial to their interests, without the prior written consent of the Lenders;
- (vi) if any CBCA Restructuring transaction or CCAA Restructuring transaction or other document or pleading is filed (including a plan of arrangement or CCAA Plan) by the Borrower in the CBCA Restructuring or any CCAA Initial Order, or any order is sought or granted in the CBCA Restructuring or any CCAA Restructuring, that is not in form and substance satisfactory to the Lenders, acting reasonably, or if the CBCA Restructuring is unsuccessful (including, as a result of a failure to obtain the requisite approvals of affected persons voting on the CBCA Plan at a meeting of affected persons to vote on the CBCA Plan or the court’s refusal to grant a CBCA Final Order in form and substance satisfactory to the Lenders) and is not replaced reasonably promptly by a CCAA Initial Order in form and substance satisfactory to the Lenders, acting reasonably, pursued pursuant to a CCAA proceeding;

- (vii) failure by the Borrower to satisfy any of the CBCA Restructuring or any CCAA Restructuring or SISP milestones, approvals, steps, and other requirements by the dates set out herein or in the Support Agreement (as the same may be amended in accordance with the Support Agreement, provided such amendment is not materially adverse or prejudicial to the Lenders' interests, as the Lenders' determine in their sole discretion, without the prior written consent of the Lenders), the result of which failure is adverse or prejudicial to the Lenders' interests, as determined in their sole discretion, without the prior written consent of the Lenders, provided that the failure to satisfy any of the foregoing milestones, approvals, steps, and other requirements in respect of the CBCA Restructuring shall not be an Additional Event of Default if such failure is followed reasonably promptly by the commencement of the CCAA Restructuring and the CCAA Initial Order is in full force and effect and in form and substance satisfactory to the Lenders, acting reasonably;
- (viii) any Loan Party, as the case may be, fails to comply with, breaches, or defaults in the performance or observance of any of the terms, conditions, covenants, agreements or undertakings under or provided for in the Commitment Letter or the Second Lien Noteholder Commitment, or in any definitive documentation entered into by such Loan Parties in connection therewith, or any Commitment Letter, Second Lien Noteholder Commitment or definitive documentation are otherwise terminated;
- (ix) if the mandate of the Borrower Financial Advisors is terminated for any reason and a new financial advisor satisfactory to the Lenders, is not engaged within 10 Banking Days following the earlier of the Borrower: (i) receiving notice from the Borrower Financial Advisors, or any one of them, of such termination, or (ii) otherwise having actual knowledge of such termination;
- (x) failure by the Borrower to provide reports or other information when required pursuant to this Agreement (and such failure continues for a period of three (3) Banking Days following the earlier of the Borrower: (i) receiving notice of such failure from the Administrative Agent, and (ii) having actual knowledge thereof);
- (xi) other than in respect of the CBCA Restructuring or any CCAA Restructuring, any insolvency, bankruptcy, restructuring or similar proceedings described in Sections 16.1(f) and (g) of the Credit Agreement are commenced by or against any of the Loan Parties, in Canada or elsewhere, or any action is taken by any of the Loan Parties in furtherance of any such proceedings;

- (xii) any Loan Party, as the case may be, fails to comply with or defaults in the performance or observance of any of the terms, conditions, covenants, agreements or undertakings under or provided for in this Agreement;
- (xiii) any Loan Party, as the case may be, fails to comply with, breaches, or defaults in the performance or observance of any of the terms, conditions, covenants, agreements or undertakings under or provided for in the other Loan Documents (other than in respect of the Specified Events of Default or other Additional Events of Default set out elsewhere in this Section 7(a)) and such failure continues for a period of 2 days following the earlier of the Borrower; (i) receiving notice of such failure from the Administrative Agent, and (ii) having actual knowledge thereof, provided such period shall not, in any event, extend past the Relief Period;
- (xiv) if the CBCA Interim Order or CCAA Initial Order are replaced, amended or varied in any manner that is not satisfactory to the Lenders, acting reasonably, or if the CBCA Interim Order ceases to be in full force and effect, unless the CCAA Restructuring is commenced reasonably promptly thereafter and the CCAA Initial Order is in full force and effect and in form and substance satisfactory to the Lenders, acting reasonably;
- (xv) enforcement by any creditor of any material claim or Lien against the Borrower or any of its assets, property or undertaking (and for the purpose of this clause, a claim or the aggregate value of multiple claims held by the same or related Persons shall be material if in an amount in excess of \$10,000,000); and
- (xvi) any challenge is made to the legality, validity, binding nature or enforceability of this Agreement, the Obligations, the Existing Indebtedness, the Credit Agreement, Security, or any other Loan Document by any Loan Party.

(b) Events of Default

Nothing in this Agreement shall prejudice the Lenders' or Swap Lenders' rights to pursue any of their remedies including, without limitation, enforcing the Security: (i) prior to the effectiveness of this Agreement; (ii) upon the Outside Date (whether arising from the expiration or termination of the Relief Period or otherwise); or (iii) in respect of rights or remedies other than in respect of the Specified Events of Default and the Swap Documents Cross Events of Default.

8. **General Provisions**

(a) **Entire Agreement**

This Agreement, together with the other Loan Documents and the agreements and other documents to be delivered pursuant to this Agreement, constitute the entire agreement between the Lenders on the one hand, and the Loan Parties on the other hand, pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties, waivers or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement, the Loan Documents or any other agreements and documents delivered pursuant to this Agreement.

(b) **LC Acknowledgement**

The parties acknowledge and agree that notwithstanding anything else set forth in the Loan Documents, the Existing LCs are to be treated as Fronted Letters of Credit for purposes of Article 10 and Section 16.3 of the Credit Agreement.

(c) **Severability**

If the whole or any portion of this Agreement or application thereof to any circumstance will be held invalid or unenforceable to an extent that does not affect the operation of this Agreement in a fundamental way, the remainder of this Agreement or its application to any circumstance other than to which it has been held invalid or unenforceable, will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable Law.

(d) **Loan Documents**

In all respects, other than as expressly set out herein, the provisions of the Credit Agreement, Swap Documents and the other Loan Documents shall continue to apply unamended and shall remain in full force and effect, and all such Loan Documents are hereby specifically ratified, restated, and confirmed by all Parties hereto as of the Effective Date. This Agreement is and shall be deemed to be a Loan Document for all purposes of the Credit Agreement.

(e) **Governing Law**

This Agreement will be governed by and construed in accordance with the law in force in the Province of Alberta and the federal laws of Canada applicable therein, from time to time.

(f) **Attornment**

The Parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement or any of the transactions contemplated thereby and to the extent legally permitted, waive any right they may have to, or to apply for, trial by jury in connection with any

matter, action, proceeding, claim or counterclaim arising out of or relating to the Agreement or any of the transactions contemplated hereby.

(g) Conflicts

To the extent that there is any inconsistency or ambiguity between the provisions of this Agreement and the Credit Agreement or any other Loan Document, the provisions of this Agreement will govern to the extent necessary to eliminate such conflict, inconsistency or ambiguity.

(h) Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Agreement, all at the expense of the Borrower.

(i) Enurement

This Agreement shall be binding upon and enure to the benefit of each of the Parties and its respective successors and permitted assigns.

(j) Costs and Expenses

The Borrower hereby absolutely and unconditionally agrees to pay to and fully indemnify the Lenders, on demand by the Lenders at any time and as often as may be required, whether or not all or any of the transactions contemplated by this Agreement are consummated, all reasonable fees and disbursements of any counsel to the Lenders, any other consultant (financial, appraiser, technical, or otherwise, including any Lender Financial Advisor) or agent and all other expenses incurred by the Lenders in connection with this Agreement or the Loan Documents, including, without limitation: (a) reasonable legal expenses in connection with the preparation, negotiation and interpretation of this Agreement, the other agreements or documents contemplated by this Agreement or the Loan Documents; (b) all reasonable expenses of advisors and consultants to the Lenders (including, for certainty, (i) legal expenses on a full indemnity basis and (ii) all costs and expenses of any advisor or consultant incurred in connection with the protection and enforcement of this Agreement or the Security, or the SISP, or in connection with any proceeding in respect of bankruptcy, insolvency, winding up, receivership, dissolution, reorganization, liquidation, moratorium, arrangement or assignment for the benefit of creditors involving any Party, in each of the foregoing events whether under the CBCA, BIA, CCAA, or any similar federal, state, provincial or foreign bankruptcy, insolvency, reorganization, receivership or similar law. To the extent the Borrower does not satisfy such existing and future fees and disbursements, and other expenses that are due and payable under this Agreement or the Credit Agreement within 14 days of receiving an invoice in respect of such fees and disbursement or notice of expenses that are due and payable, the Borrower specifically authorizes the Administrative Agent to debit from any of the Borrower's accounts with the Administrative Agent the amount of any such existing and future fees and disbursements, and other expenses that are due and payable under this Agreement or the Credit Agreement. Details of such debits made to any bank accounts of the Borrower shall be provided promptly to the Borrower by the Administrative Agent. The Borrower specifically waives all rights it may have

to assess any of the legal, agents or other fees previously paid or payable by the Administrative Agent to its solicitors or payable to its solicitors, agents or others in connection with or in any way related to the Borrower up to the date of this Agreement arising under any law or statute.

(k) Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Agreement and such other document, and no investigation by the Lenders or any closing shall affect the representations and warranties or the rights of the Lenders to rely upon such representations and warranties.

(l) Assignment

The Loan Parties shall not be entitled to assign any of their respective rights and/or obligations hereunder or any interest herein without the prior written consent of the Lenders.

(m) Execution

This Agreement may be executed in any number of counterparts (including by facsimile transmission or other electronic transmission) and by different Parties in separate counterparts, each of which when so executed will be deemed to be an original and all of which taken together will constitute one and the same instrument.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

LIGHTSTREAM RESOURCES LTD.,
as Borrower

Per:




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

Per:


Name: _____
Title: _____

1863359 ALBERTA LTD., as Loan Party

Per: 
Name: Peter D. Scott
Title: Senior Vice President
and CFO

Per: _____
Name:
Title:

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

Per: 
Name: Peter D. Scott
Title: Senior Vice President
and CFO

Per: _____
Name:
Title:


1863360 ALBERTA LTD., as Loan Party

Per: 

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

Per: _____
Name:
Title:

**BAKKEN RESOURCES
PARTNERSHIP, as Loan Party, by its
managing partner, LIGHTSTREAM
RESOURCES LTD.**

Per: 
Name: Peter D. Scott
Title: Senior Vice President
and CFO

Per: _____
Name:
Title:

THE TORONTO-DOMINION BANK,
as Administrative Agent

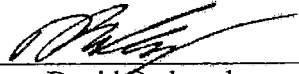
Per:  _____

Name: Andrew Ford
Title: Vice President, Loan Syndications-Agency

Per: _____

Name:
Title:

THE TORONTO-DOMINION BANK,
as Lender

Per: 
Name: David Radomsky
Title: Managing Director

Per: 
Name: Glen Cameron
Title: Director

ROYAL BANK OF CANADA, as Lender

Per: _____

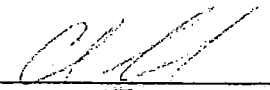
Name: *George Smith*
Title: *General Manager*

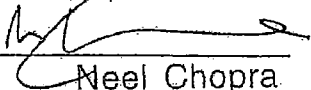
Per: _____

Name:
Title:

Second Forbearance Agreement - Lightstream

THE BANK OF NOVA SCOTIA, as
Lender

Per: 
Name: **Clare Horan**
Title: **Director**

Per: 
Name: **Neel Chopra**
Title: **Director**

Second Forbearance Agreement – Lightstream

CANADIAN IMPERIAL BANK OF
COMMERCE, as Lender

Per: DOUG BROWN
Name: DOUG BROWN
Title: Vice-President & Deputy

Per: Shadi
Name: SUPRIYA SARIN
Title: Senior Director

WELLS FARGO BANK N.A.,
CANADIAN BRANCH, as Lender

Per: _____

Name:

Title:


DAN LINDQUIST
Managing Director

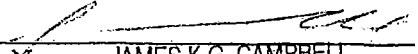
Per: _____

Name:

Title:

Second Forbearance Agreement -- Lightstream

**BANK OF AMERICA, N.A., CANADA
BRANCH, as Lender**

Per: 
Name: JAMES K.G. CAMPBELL
Title: DIRECTOR


Per: _____
Name:
Title:

**CREDIT SUISSE AG, TORONTO
BRANCH, as Lender**

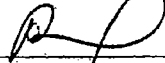
Per: Szymon Ordys
Name: **SZYMON ORDYS**
Title: **AUTHORIZED SIGNATORY**

Per: Chris Gage
Name: **Chris Gage**
Title: **authorized Signatory**

HSBC BANK CANADA, as Lender

Per: 

Name: Natalie Coates
Title: AVP, Loan Management Unit

Per: 

Name: Paul Irving
Title: VP, Loan Management Unit


Second Forbearance Agreement – Lightsream

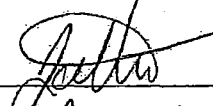
UNION BANK, CANADA BRANCH, as
Lender

Per: 
Name: **Esau Filkowski**
Title: **Vice President**

Per: _____
Name:
Title:

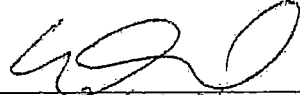
CAISSE CENTRALE DESJARDINS, as
Lender

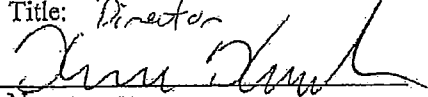
Per: 
Name: V. PRESIDENT
Title:

Per: 
Name: P. LATTUCA
Title: MANAGER

Second Forbearance Agreement – Lightstream.

ALBERTA TREASURY BRANCHES,
as Lender

Per: 
Name: Rick Miller
Title: Director

Per: 
Name: Kevin Kynoch
Title: Senior Director Energy

SUMITOMO MITSUI BANKING
CORPORATION OF CANADA, as
Lender

Per: 


Name: Alfred Lee
Title: Managing Director

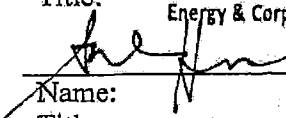
Per: _____

Name:
Title:

Second Forbearance Agreement – Lightstream

CANADIAN WESTERN BANK, as
Lender

Per: 
Name: Kuno Ryckborst
Title: Senior Manager,
Energy & Corporate Banking

Per: 
Name: Amin Haque
Title: Manager,
Energy & Corporate Banking

UNITED OVERSEAS BANK
LIMITED, VANCOUVER BRANCH, as
Lender

Per: Jane Taylor
Name:

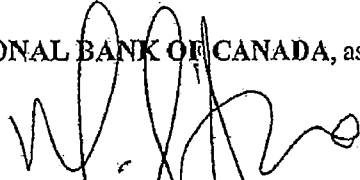
Title: **Jane Taylor**
VP, Corporate Banking

Per: _____
Name:
Title:

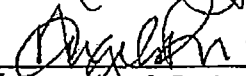
Second Forbearance Agreement - Lightstream

NATIONAL BANK OF CANADA, as
Lender

Per:

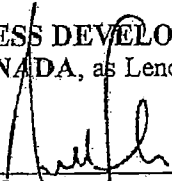

Name: M. D. RONZELLO
Title: Director

Per:

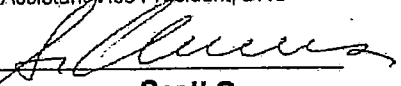

Name: Angela Becker
Title: Director
Credit Capital Markets

**BUSINESS DEVELOPMENT BANK
OF CANADA, as Lender**

Per: _____


Name: Russell W. French
Title: Assistant Vice President, BRU

Per: _____

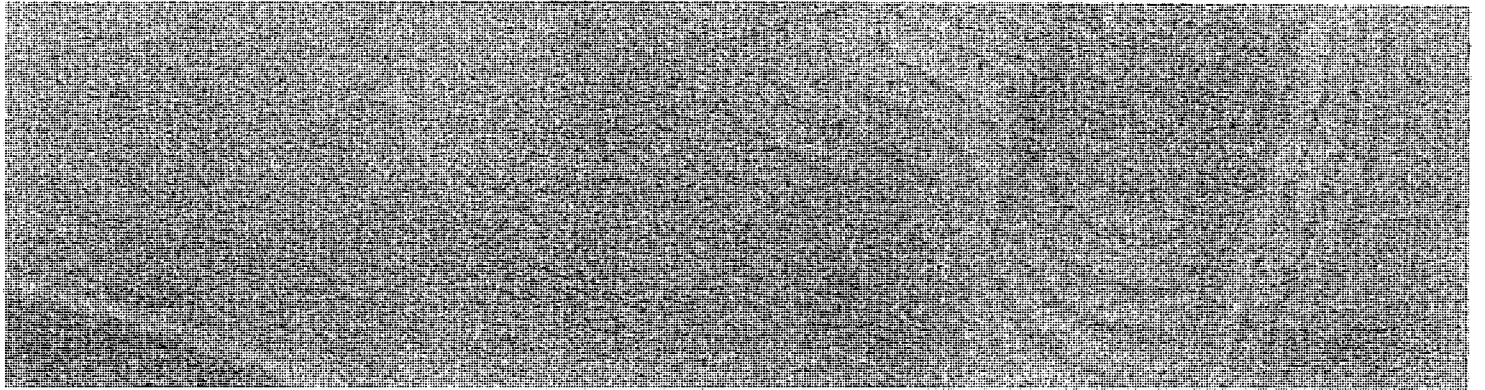

Name: **Scott Overes**
Title: Director, Syndicated Financing
Directeur, Financement syndiqué
Wholesale Financing | Financement indirect

SCHEDULE "A"

SISP

Activity	Deadline
Opening of Virtual Data room	July 13, 2016
Commencement of Technical Presentations	Week of July 20, 2016
Indicative offers submitted	Week of October 7, 2016
Closing of a SISP transaction in accordance with the second paragraph of section 3(g) of this Agreement	December 31, 2016

TD Securities



LIGHTSTREAM RESOURCES LTD.
CORPORATE OFFERING | JULY 2016

TD Energy Advisors / TD Securities Inc.
421 – 7th Avenue S.W., 36th Floor, Calgary, Alberta T2P 4K9 • Telephone: 403 503 4848 • Fax: 403 503 4849
www.tdenergyadvisors.com



Introduction

Lightstream Resources Ltd. (the "Company") has engaged TD Securities Inc. ("TD") to manage a process to divest all of the Company's assets (the "Offering"). The Company is a predominantly light oil Canadian exploration and production company with a focused asset portfolio in three core areas: Bakken, Cardium and Swan Hills. Interested parties are encouraged to review the Offering from an asset value perspective, independent of the current capitalization.

INVESTMENT HIGHLIGHTS

- **High-netback, light oil production base**
 - » Strong operating netback of \$17.18/boe⁽¹⁾ driven by low operating costs of \$12.57/boe⁽²⁾ and a light oil-weighted production stream
 - » At current pricing, Lightstream's assets generate strong free cash flow to support future growth
- **Two major core areas account for 93% of current production**
 - » Total production of 25,921 boe/d; 67% Oil and Liquids⁽²⁾
 - » The vast majority of Lightstream's production comes from two Business Units:
 - › The Cardium Business Unit: 14,680 boe/d (51% Oil and Liquids)⁽²⁾
 - › The Saskatchewan Business Unit: 9,355 boe/d (93% Oil and Liquids)⁽²⁾
 - » Low base decline rate of 23%
- **Long-life reserves; significant oil-in-place with low current recovery factors**
 - » 142 mmmboe of 2P reserves, almost 50% PDP⁽³⁾; 15 year RLI
 - » ~2.3 billion barrels of Discovered Petroleum-Initially-in-Place ("DPIIP")
 - › Cardium Business Unit current recovery factor of 3.3%
 - › Saskatchewan Business Unit current recovery factor of 2.9%
- **Business provides compelling upside from large inventory of economic drilling locations and secondary recovery projects**
 - » 486 booked⁽³⁾, 1,036 unbooked drilling locations
 - » Secondary recovery projects implemented in the Bakken and the Swan Hills core areas with natural gas flood and waterflood ultimate recoveries expected to be 15-25%
- **Strong environmental liability position⁽⁴⁾**
 - » Alberta LMR: 3.22
 - » Saskatchewan LMR: 3.47
 - » BC LMR: 1.03

(1) Based on May 2016 Lease Operating Statement values

(2) Average based on Lease Operating Statements Jan-May 2016

(3) Sproule December 31, 2015 Reserves Report, January 1, 2016 pricing per Sproule

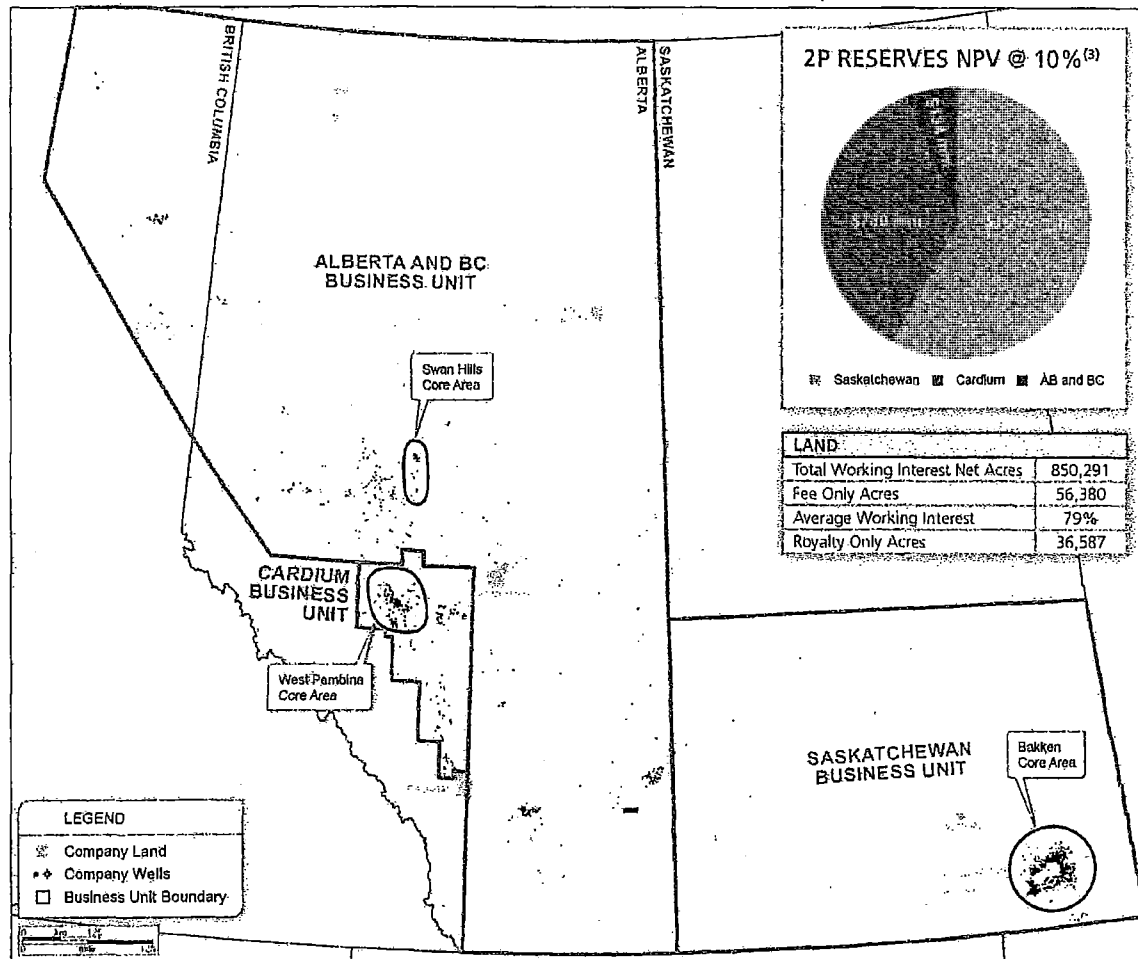
(4) As of June 2016



Business Highlights

Production of 25,921 boe/d⁽¹⁾ concentrated in three oil and liquids-rich core assets results in high netbacks, predictable declines and strong support for over 1,500 booked and unbooked drilling locations.

OFFERING MAP



OFFERING SUMMARY

BUSINESS UNIT	TOTAL PRODUCTION ⁽¹⁾	OIL AND LIQUIDS SPLIT ⁽¹⁾	NET OPERATING INCOME ⁽²⁾	1P VOLUMES ⁽²⁾	2P VOLUMES ⁽²⁾	1P NPV10 ⁽³⁾	2P NPV10 ⁽³⁾
	(boe/d)	(%)	(\$mm)	(mmboe)	(mmboe)	(\$mm)	(\$mm)
Cardium	14,680	51%	28.7	45.7	66.2	582	780
Saskatchewan	9,355	93%	21.8	36.4	63.1	730	1,270
AB and BC	1,886	57%	-0.2	7.5	13.1	73	134
TOTAL	25,921	67%	50.3	89.6	142.4	1,385	2,184

(1) Average based on Lease Operating Statements Jan-May 2016

(2) Company actuals from Lease Operating Statements Jan-May 2016, average WTI price during period was US\$37.48/bbl

(3) Sproule December 31, 2015 Reserves Report, January 1, 2016 pricing per Sproule

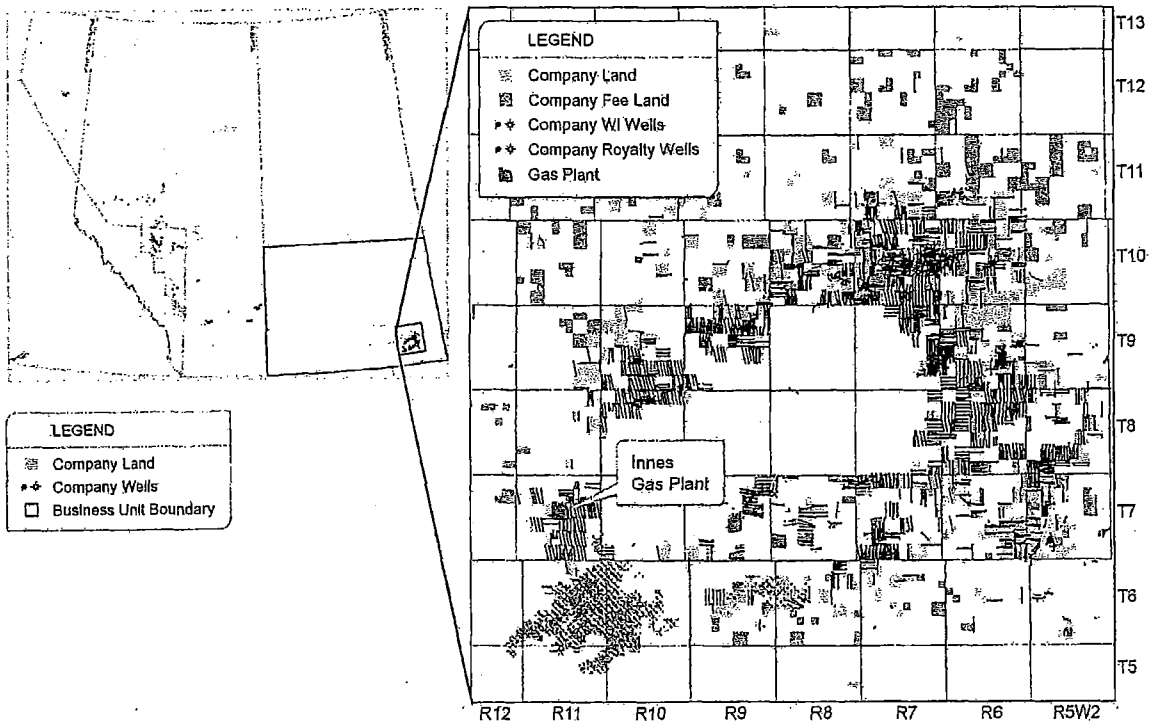


Saskatchewan Business Unit Summary

- The Bakken zone is the core asset within the Saskatchewan Business Unit and is one of Canada's largest unconventional oil reservoirs with significant remaining recoverable volumes
- Significant, high-working interest position in 286,000 net acres of Contiguous Crown, Private Freehold, and Corporate Fee Title land
 - » Corporate Fee Title land of ~56,000 acres
- Lightstream's land position in the Bakken reservoir is estimated to contain an DPIIP of 1.4 billion barrels with cumulative recovery of 2.9% (July 2016) across the lands
 - » Significant opportunity for EOR via both natural gas and water injection
- Additional low risk development and exploration upside provided by Mississippian prospects
- High netback of \$23.07/boe⁽¹⁾
 - » 42.1-45.4 °API Bakken light oil production of 7,841 boe/d⁽²⁾
 - » 30.2-33.0 °API Mississippian light oil production of 1,492 boe/d⁽²⁾
 - » 32 boe/d⁽²⁾ of royalty production
- 62.8 mmboe of 2P reserves (December 31, 2015)
- Total inventory of Bakken and Mississippian locations (booked and unbooked) of 805 and 209, respectively

BUSINESS UNIT	SASKATCHEWAN
PRODUCTION⁽³⁾	
Average Production	9,355 boe/d
Oil and NGLs	93%
FINANCIALS⁽³⁾	
Net Operating Income	\$21.8 mm
Capex	\$2.5 mm
Opex	\$15.95/boe
Free Cash Flow	\$19.3 mm
RESERVES	
2P NPV @10%	\$1,270 mm
2P Reserves Volumes	63,061 mboe
UPSIDE OPPORTUNITIES	
Undeveloped Land	146,097 net acres
Booked Locations	293 net
Unbooked Locations	721 net

BAKKEN CORE AREA MAP



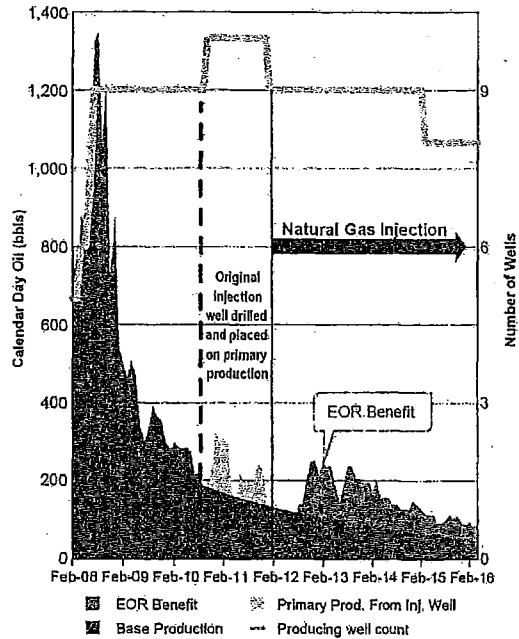
4 (1) Based on May 2016 Lease Operating Statement values
 (2) Average based on Company field estimate production
 (3) Average based on Company Lease Operating Statements Jan-May 2016



Saskatchewan Business Unit Opportunities

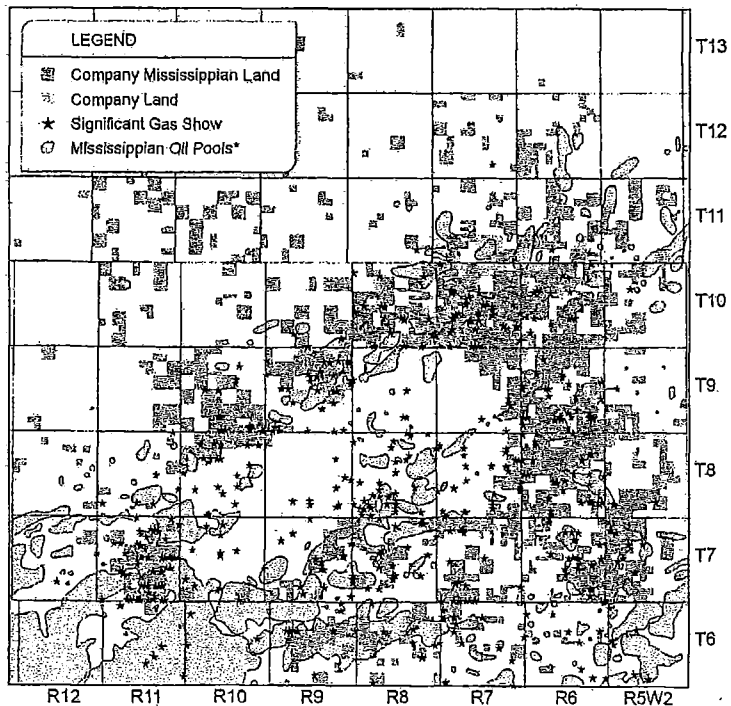
- Lightstream has developed the Bakken into an asset generating significant free cashflow with an extensive existing infrastructure and large inventory of infill, step-out and field extension locations
- Current inventory >800 Bakken drilling locations, Lightstream has also implemented two natural gas injection schemes, one at Creelman and one at Midale
 - » Patterns have demonstrated positive results and enhanced recovery since operations began in 2011
- EOR schemes are expected to increase the recovery factor to 15 – 25%
- Sproule recognizes a total of 622 mboe of remaining reserves for the 16-34 EOR pattern (December 31, 2015)
 - » EUR increased reserves by 32.5% due to secondary recovery (to-date)
- Majority of the Bakken landbase suitable for either natural gas or waterflooding efforts

EOR PERFORMANCE CHART (16-34 PATTERN)



- Mississippian hydrocarbon accumulations exist along the various subcrop edges of the formations and their sub-units, as well in structurally defined erosional highs
- Lightstream has developed a large database of Mississippian gas shows which, when combined with seismic, has significantly de-risked a large inventory of highly economic Mississippian drilling locations
 - » Drilling down to the Bakken provides a free look at the Mississippian horizon
- Current total Mississippian inventory of 209 locations
 - » Only 34 locations booked
- Creelman/Frobisher discovery at 101/09-35-008-10W2/00 key analog to further development

MISSISSIPPIAN SIGNIFICANT GAS SHOWS MAP



*Sherwin GeoEdges Inc.

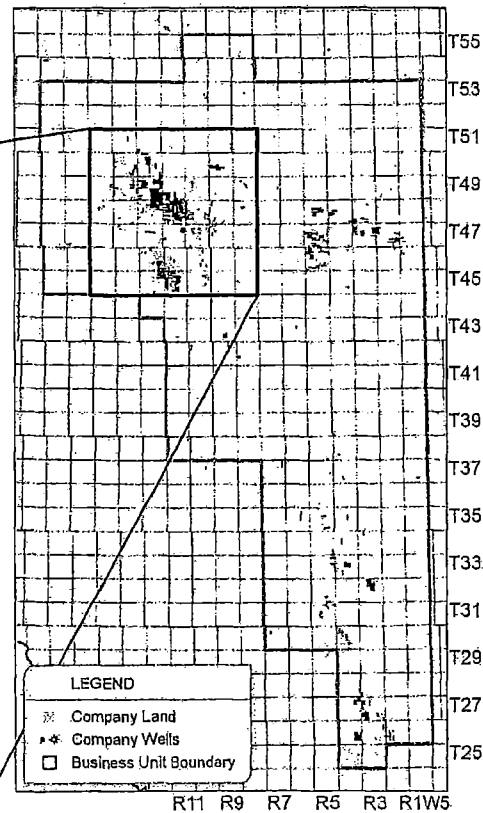
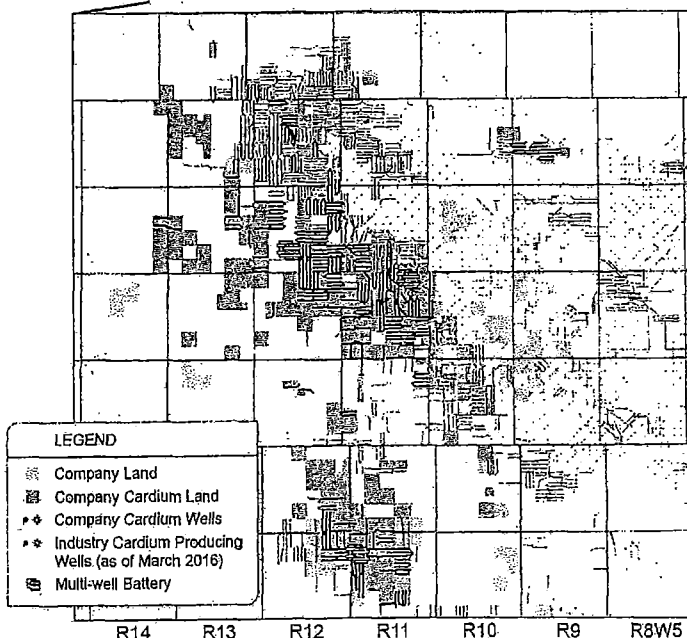


Cardium Business Unit Summary

- Predictable base production of 14,879 boe/d⁽¹⁾ declining at 14%
 - » Cardium Formation: 11,517 boe/d⁽¹⁾; 61% Oil and Liquids
 - » Falher/Notikewin Formations: 2,884 boe/d⁽¹⁾; 14% Oil and Liquids
- Attractive land base of ~183,000 net acres of land
 - » Largely concentrated in the West Pembina and Brazeau areas where horizontal drilling and multi-stage fracturing have unlocked additional reserves
 - » 152,468 net acres of Cardium Rights
 - » 31,504 net acres of Mannville Rights
- Minimal expiry concerns in the most prospective areas
- Almost 80% of the 2P reserves are concentrated in West Pembina and Brazeau
- Very attractive LMR of 5.0 due to recent nature of development
- Sufficient inventory available to achieve steady production of ~15,000 boe/d while generating free cash flow
 - » 430 booked, unbooked and contingent net locations targeting the Cardium (395) and Mannville (35) formations
- Recent Company activity has focused on the liquids-rich Mannville gas opportunities at Brazeau

BUSINESS UNIT	CARDIUM
PRODUCTION⁽²⁾	
Jan-May 2016	
Average Production	14,680 boe/d
Oil and NGLs	51%
FINANCIALS⁽¹⁾	
Jan-May 2016	
Net Operating Income	\$28.7 mm
Capex	\$1.3 mm
Opex	\$9.05/boe
Free Cash Flow	\$27.4 mm
RESERVES	
Sproule 31-Dec-15	
2P NPV @10%	\$780 mm
2P Reserves Volumes	66,231 mboe
UPSIDE OPPORTUNITIES	
Undeveloped Land	77,053 net acres
Booked Locations	151 net
Unbooked Locations	279 net

WEST PEMBINA CORE AREA MAP

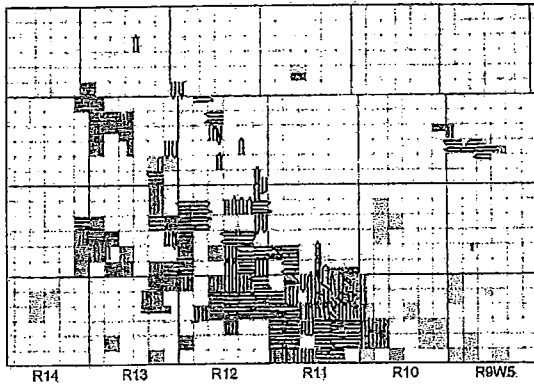


6 (1) Average based on Company field estimate production
 (2) Average based on Company Lease Operating Statements Jan-May 2016

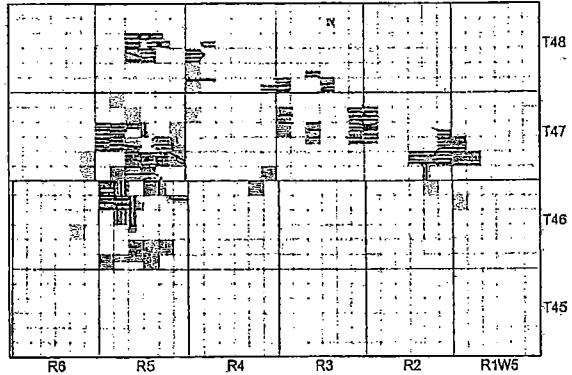


Cardium Formation Opportunities

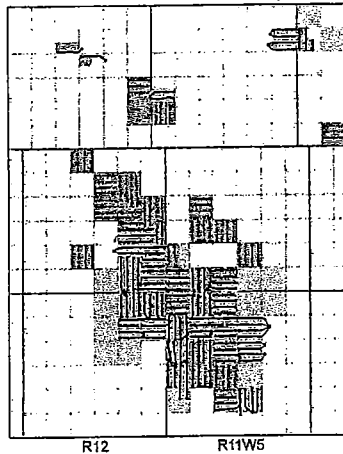
WEST PEMBINA



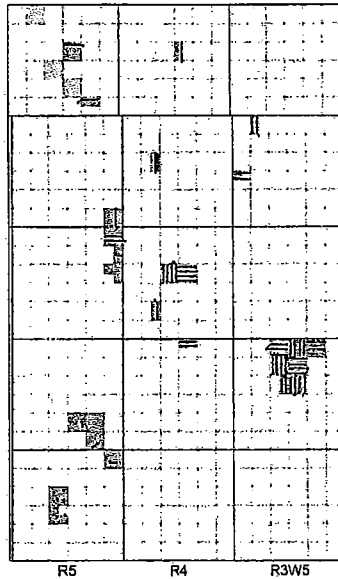
EAST PEMBINA



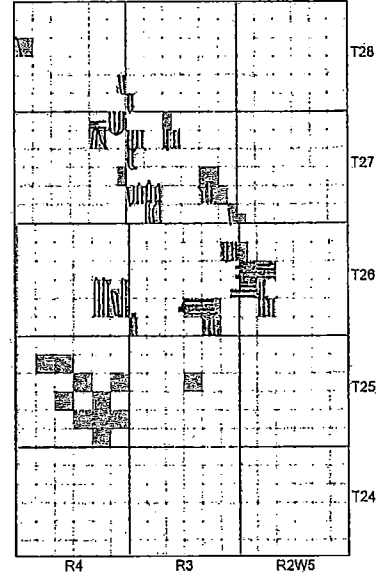
BRAZEAU



GARRINGTON



LOCHEND



LEGEND

- Company Cardium Land
- Company Land
- Company Cardium Wells
- Booked Locations
- Unbooked Locations

CARDIUM LOCATION INVENTORY

CORE AREA	BOOKED	UNBOOKED	CONTINGENT
West Pembina	66.9	89.3	15.3
East Pembina	25.4	42.2	8.8
Brazeau	42.0	48.3	11.9
Garrington	6.0	1.6	2.0
Lochend	8.9	14.9	9.3
Other	0.9	0.9	0.0
TOTAL	150.1	197.2	47.3

NEED TO KNOW

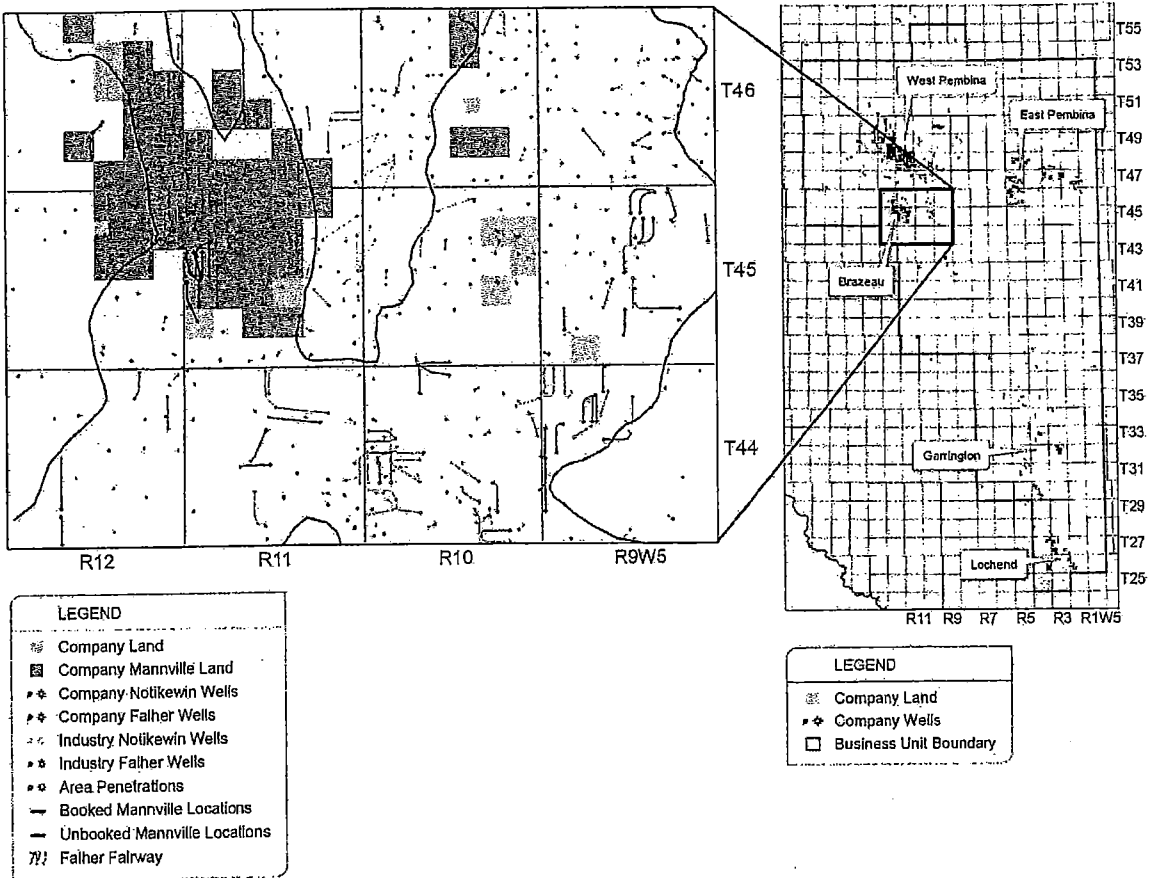
- Oil-weighted focused area currently being exploited with infills and step-out drilling
 - » 89% of Cardium inventory located in West Pembina, East Pembina and Brazeau
- Waterflood EUR implemented in July 2014
- Company operates key facilities and infrastructure



Other Cardium Business Unit Opportunities

- Existing Cardium infrastructure allows Mannville formations such as the Falher and Notikewin to be optimally developed
- Considerable Mannville (Falher/Notikewin) industry activity in the Brazeau region with 204 producing horizontal wells and current production of ~380 mmcf/d
- Lightstream has 5.1 net wells on production and to date an inventory of ~35 net Mannville locations

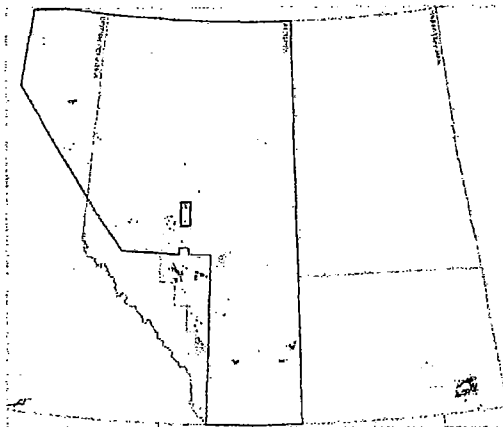
BRAZEAU CORE AREA MAP



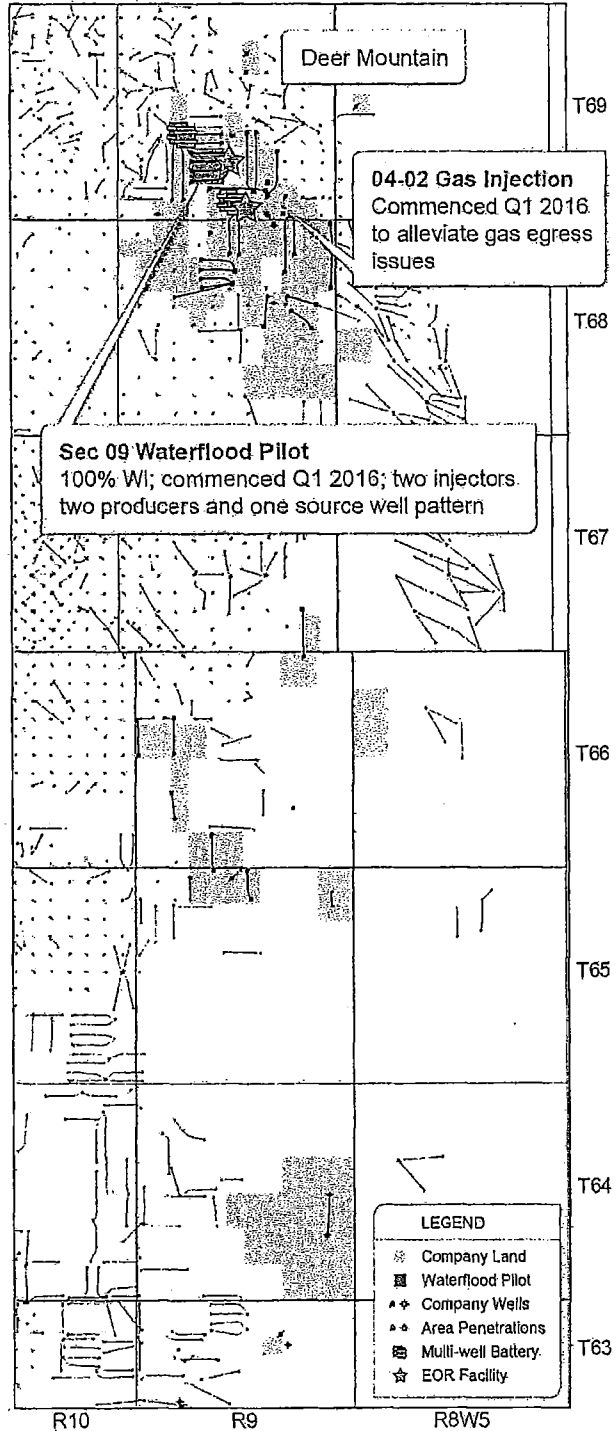
Alberta and British Columbia Business Unit Summary

- The Alberta/BC Business Unit is comprised of the Swan Hills core asset and other legacy production from Southern Alberta and West Central Alberta and BC
- The Swan Hills region features high impact development and exploration upside with large DPIIP of ~8 mmbbl/section at Deer Mountain
- The Deer Mountain area also contains significant EOR potential due to proven projects in close proximity, LTS owned infrastructure and a high working interest
- 317 boe/d currently shut-in due to 3rd party gas system constraints
 - » Company is currently re-injecting solution gas to maintain oil production

BUSINESS UNIT	SWAN HILLS	OTHER AB/BC
PRODUCTION⁽¹⁾		
Jan-May 2016		
Average Production	887 boe/d	1,000 boe/d
Oil and NGLs	96%	23%
FINANCIALS⁽¹⁾		
Jan-May 2016		
Net Operating Income	\$1.9 mm	-\$2.1 mm
Capex	\$1.0 mm	\$1.4 mm
Opex	19.79/boe	\$26.12/boe
Free Cash Flow	\$0.9 mm	-\$3.5 mm
RESERVES		
Sproule 31-Dec-15		
2P NPV @10%	\$117 mm	\$17 mm
2P Reserves Volumes	9,999 mboe	3,131 mboe
UPSIDE OPPORTUNITIES		
Undeveloped Land	18,413 net acres	196,258 net acres
Booked Locations	39 net	2 net
Unbooked Locations	33 net	0 net



SWAN HILLS CORE AREA MAP



(1) Average based on Company Lease Operating Statements Jan-May 2016



Process and Contacts

Lightstream Resources Ltd. has engaged TD Securities to manage a process to divest the Company's entire Canadian asset portfolio. The Company is a light oil-focused Canadian exploration and production company with a diverse producing and resource portfolio. Although the offering is separated into three packages (Saskatchewan, Cardium, and Alberta/British Columbia) the Company's strong preference is to complete an en bloc transaction.

It is the intention of the Company and TD to conduct the Offering process such that it minimizes any disruption to the Company's operations. Interested Parties should not contact the Company directly regarding any aspect of the Offering.

A Confidentiality Agreement can be found on the TD Energy Advisors website www.tdenergyadvisors.com. Virtual data room access may be obtained upon executing and submitting a Confidentiality Agreement via email to the attention of Tom Hades (tom.hades@tdsecurities.com). All other inquiries, communications or additional information requests related to the Offering should be directed to one of the following individuals at TD Securities.

TD SECURITIES TD Canada Trust Tower Suite 3600, 421 - 7th Ave SW Calgary, AB T2P 4K9 Tel: 403-503-4848	
TD Energy Advisors	Investment Banking
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Ruben Contreras, P.Eng Director T: 403 503 4853 ruben.contreras@tdsecurities.com	Scott Barron Managing Director T: 403 292 1283 scott.barron@tdsecurities.com
Diego Cuba, P.Eng Associate T: 403 503 4859 diego.cuba@tdsecurities.com	Michael Charron Vice President T: 403 299 8505 michael.charron@tdsecurities.com

Timing

- Virtual Data Room: July 13, 2016
- Technical Presentations: Commencing week of July 20, 2016
- Indicative Offer to be Submitted: Week of ~~OCTOBER 7~~ 2016



Disclaimer

This document was prepared solely for informational purposes and is being provided to assist prospective purchasers in considering their interest in acquiring Lightstream Resources Ltd. ("Lightstream" or the "Company") and its subsidiaries. Lightstream has engaged TD Securities Inc. as its sole financial advisor in connection with this transaction. By accepting this document, the recipient acknowledges that it has read, understood and accepted the terms of this notice.

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SCHEDULE "B"

EXISTING INDEBTEDNESS

Type of Advance	Aggregate Principal Amount (Cdn \$)
Canadian Prime Rate Loans	\$359,000,000.00
Letters of Credit	\$11,920,485.00
<u>TOTAL:</u>	\$370,920,485.00

Existing LCs

LC #	Beneficiary	Current Amount	CCY	Issue Date	Actual Expiry	Date upon which LC will auto-renew
S197698	Enbridge Pipelines (Sask) Inc.	3,500,000.00	CAD	02-Jun-11	01-Jun-17	02-May-17
S198072	Mountain View County	50,000.00	CAD	02-Jun-11	21-Sep-17	22-Aug-17
S198490	Rockyview County	50,000.00	CAD	02-Jun-11	03-Mar-17	01-Feb-17
S202018	BC Oil and Gas Commission	4,423,885.00	CAD	09-Dec-14	09-Dec-16	09-Nov-16
S202146	Enmax Commercial Services Inc.	540,000.00	CAD	09-Feb-15	05-Feb-17	07-Dec-16
S202147	Pembina Pipelines Ltd.	800,000.00	CAD	09-Feb-15	05-Feb-17	07-Nov-16
S202196	Husky Oil Operations Limited	100,000.00	CAD	27-Feb-15	24-Feb-17	25-Jan-17
S202752	Harmattan Gas Processing LP	300,000.00	CAD	15-Oct-15	01-Oct-17	01-Sep-17
S202753	AltaGas Processing Partnership	50,000.00	CAD	15-Oct-15	01-Oct-17	01-Sep-17
S202831	NOVA Gas Transmission Ltd.	161,600.00	CAD	18-Nov-15	12-Nov-17	14-Aug-17
S202891	Keyera Partnership	1,600,000.00	CAD	15-Dec-15	04-Dec-16	05-Oct-16
S202917	Suncor Energy Products	300,000.00	CAD	22-Dec-15	02-Dec-16	02-Nov-16
S203168	Apache Canada Ltd.	45,000.00	CAD	22-Apr-16	19-Apr-17	20-Mar-17
Total LCs Outstanding		11,920,485.00				